Bora Pharmaceuticals

Bora Pharmaceuticals Co., Ltd.

2023 Annual Report

Stock Code：6472

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System：https://mops.twse.com.tw
Bora Pharmaceuticals Co., Ltd. 2020 Annual Report is available at：https://bora-corp.com

Printed on APR 24, 2024

I. Name, title, telephone number and email of spokesperson and acting spokesperson:

Spokesperson		Acting Spokesperson	
Name:	Chen Shih-Min	Name:	Alice Wang
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III. Name, address, website and telephone of agency handling shares transfer:

Name: Stock-Affairs Agency Department, Taishin Securities Co., Ltd

Address: B1, No. 96, Jianguo North Road, Section 1, Zhongshan District, Taipei City 104

Website: http://www.tssco.com.tw Telephone: (02)2504-8125

IV. The name of the certified public accountant who duly audited the annual financial report

for the most recent fiscal year, and the name, address and telephone: number of said person's accounting firm.

Name of certified public accountants: Certified public accounts Hung Kuo-sen and Chen Ming-Hung

Name of the accounting firm: Ernst & Young, Taiwan

Address: 11F., No. 189, Sec. 1, Yongfu Rd., Tainan City

Website: http://www.ey.com/tw/ Telephone: (06)292-5888

V. The name of any exchanges where the Company's securities are traded offshore, and the method of accessing the information: N/A None.

VI. Company website: https://bora-corp.com/

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A. Letter to Shareholders

Dear Shareholders,

Enclosed is the 2023 business report of the Company, presenting the operational status of the Bora Pharmaceuticals Group over the past year and our future development strategies to our shareholders.

The Bora Pharmaceuticals Group has achieved operational growth through its dual-engine strategy of CDMO and global sales. 2023 marked a milestone of historical highs in various financial and operational aspects. We successfully achieved our financial and operational objectives, signifying the significant success of Bora Pharmaceuticals Group's dual-engine development strategy.

Bora Pharmaceuticals excels in expanding its scale through mergers and acquisitions. Following the acquisition of TWi Pharmaceuticals in 2022, the Group witnessed significant increases in both revenue and profitability, as reflected in the 2023 financial report. Over the past year, the Bora Pharmaceuticals team has also completed two distinct merger projects, aimed at expanding our business footprint. These projects are poised to enhance our long-term growth momentum and market competitiveness significantly.

Firstly, we successfully acquired certificates of six branded pharmaceutical products, enabling our entry into the branded pharmaceutical market in the United States. Leveraging our existing TWi Pharmaceuticals sales platform in the US, we rapidly expanded our business, diversifying our global sales portfolio beyond generic drugs. Additionally, we plan to transition the production of branded pharmaceuticals in-house within the group, aiming to lower production costs and enhance the competitiveness of our pharmaceutical products.

On the other hand, we have embarked on a collaborative partnership with Taiwan's hidden champion, SunWay Biotech, through share conversion. This collaboration extends our business into the global healthcare product market. By combining Sunway's high-quality healthcare and nutritional product ingredients with Bora Pharmaceuticals' global marketing network under Bora Health, this partnership is poised to accelerate our presence in the international healthcare market.

In the midst of rapid industry transformation in the post-pandemic era, Bora Pharmaceuticals achieved its set financial goals in 2023 through a combination of organic growth and mergers and acquisitions, vertically and horizontally integrating CDMO technology and global sales channels. This harvest of strategic synergies showcases the robust performance and excellent management of the Company. It has laid a solid foundation for our future development, and we are committed to striving for more goals to create greater value for our shareholders.

I. 2023 Operating Results

(I) Business Plan Implementation Results

The comsolidated net operating revenue of the company for the fiscal year 2023 amounted to NT$14,200,068 thousands, representing a 35% increase compared to NT$10,494,470 thousands in the same period last year. The net profit attributable to the owners of the parent company after tax for this period reached NT$3,030,142 thousands, up by 118% from NT$1,391,916 thousands in the same period last year. This significant growth was primarily attributed to the stable development and contribution to revenue and net profit from our two main business entities: global CDMO operations and global sales operations.

(II) Budget Execution Status

The Company did not publish a financial forecast for 2023, and hence there is no budget execution.

(III) Analysis of revenues and expenditures, and profitability

Unit: NTD thousands

	2022	2023	Increase (decrease)%
Net revenue	10,494,470	14,200,068	35
Gross profit	2,912,775	6,991,238	140
Net profit attributable to the parent company after tax	1,391,916	3,030,142	118
Return on asset	9.82%	13.25%	35
Return on stockholder's equity	36.24%	44.52%	23
Operating profit to paid-in-capital	254%	517%	266
Profit before tax to paid-in-capital	243%	400%	36
Net profit rate	13	21	62
EPS	14.26	30.20	112

(IV) Research and development status

In the global CDMO business segment, the Company added a total of 40 new development projects in 2023, including 36 small molecule products (including 3

new ophthalmic drug projects) and 4 large molecule products. Our various manufacturing sites will continue to integrate and support the launch of TWi Pharmaceuticals' products in the United States.

In terms of global sales operations, the Company's 100% owned subsidiary, TWi Pharmaceuticals, has submitted over 30 applications for special generic drugs to the U.S. FDA as of the end of August 2023. The FDA has accepted and reviewed these applications. Among them, 23 special generic drugs have successfully obtained FDA approval or provisional review approval, including 11 Paragraph IV generic drug certificates and 12 certificates for high technical threshold generic drugs. As of the printing date of this handbook, over 20 special generic drug products have been marketed in the United States, including Dexlansoprazole DR Capsules for treating gastroesophageal reflux disease, Diltiazem HCl ER Capsules for hypertension/angina, Nifedipine ER Tablets and Guanfacine Tablets for hypertension, Megestrol Acetate 125mg/mL for AIDS patients with significant weight loss due to anorexia/cachexia, Testosterone Gel 1.62% for testosterone deficiency, Dimethyl Fumarate DR Capsules for multiple sclerosis, and Guanfacine ER Tablets for attention deficit hyperactivity disorder (ADHD). The Company's research and development achievements are remarkable, and we will continue to focus on and concentrate on high-value R&D projects through the integration of group resources.

II. 2024 Business Plan

(I) Business Strategy

Accelerating Growth Niches in 2024 through Integration of New Product Lines and Businesses

In early 2024, the Board of Directors approved our first acquisition in the U.S. market, acquiring the renowned century-old pharmaceutical company Upsher-Smith, to accelerate our global expansion. Upsher-Smith operates two manufacturing facilities in Minnesota, capable of producing various dosage forms including oral solids, powders (for oral and topical use), and liquids, along with packaging lines. Among them, the production facility in Maple Grove is currently the largest single-site oral solid dosage form manufacturing plant in the United States, with an indoor area exceeding 600,000 square feet, and it has its own warehousing and logistics center.

This acquisition marked Bora Group's first domestic manufacturing plant in the United States, serving as our foothold for entering the U.S. domestic market and

tapping into the largest pharmaceutical demand market in North America. Through this integration, Bora Pharmaceuticals not only acquired Upsher-Smith's commercialized drug registrations but also gained significant capacity advantages required for CDMO. In 2024, we will execute a strategic integration plan, leveraging Bora Group's existing business development platforms and sales networks to secure CDMO contract orders and cash flow, integrate Bora Pharmaceuticals' global contract manufacturing capacity, and focus on manufacturing high-barrier-to-entry products to provide more comprehensive contract manufacturing services to our global CDMO customers.

(II) Expected sales volume and its basis

The Company’s sales plan is estimated based on contract, historical sales record and market changes, and the business goals are expected to maintain a stable growth in 2024.

(III) Important production and sales strategies

1、 Contract development and manufacturing (CDMO) business:

The main CDMO business are with GSK, US Amneal and Taiwan’s Eisai. Bora owns high-end facilities approved by various countries including the United States, United Kingdom, Europe, Japan, etc. The sites are capable to manufacture diverse types of dosage forms, including nasal spray, oral solid dosage form, liquid dosage form and semi-solid dosage form for external application. The Company will continue to invest effectively in equipment upgrades and new technologies, utilize existing business platforms efficiently, and continuously expand various growth drivers.

2、 Partnering (license-in and license-out services):

Bora Group is dedicated to establishing long-term partnerships with international in-licensing and out-licensing companies. Creating a win-win situation is also a successful model which Bora adopts. In recent years, Bora actively searches products that can be acquired and licensed domestically and internationally. Products with stable market size or potential are the company’s strategic targets. Besides the domestic market, the Company will continue to expand into the international market to increase revenue sources.

3、 Global Pharmaceutical Market Entry:

Bora owns the world’s most advanced laboratories, possesses advanced pharmaceutical knowledge, and familiar with the global pharmaceutical

market. The research and development team not only has extensive pharmaceutical market experience, but also dedicates in the professional development and analysis of generic drugs and new dosage forms. Being familiar with the latest drug laws and regulations and the various countries' regulations of the application process make us the most beneficial and competitive partner in helping our customers to develop and launch their pharmaceutical products to new markets.

III. The Company's future development strategies

(I) Strengthen Bora Pharmaceuticals' CDMO R&D capacity to increase the overall gross margin and economic of scale

(II) Bora initially focused on domestic distribution operations and gradually expanded into international pharmaceutical manufacturing, successfully achieving its goal of 'internationalization.' In addition to securing a strong position in the CDMO business, to further enhance gross profit and expand benefits, we need to strengthen our research and development capabilities within CDMO. Our merger targets are set with certain standards, requiring considerable research and development capabilities, teams, and experience while also aligning with Bora's 'internationalization' standards. Our subsidiary, TWi Pharmaceuticals, possesses high-barrier-to-entry drug research and manufacturing technology and has successfully commercialized specialty generics and 505B2 new drug formulations with high market potential, cultivating many excellent teams in the United States. They are familiar with U.S. pharmaceutical regulations, market competition, and technical analysis, making them highly competitive in the market. In the future, we will invest in the CDMO business as planned to address drug development and manufacturing challenges for more customers, accelerate their development processes, and increase Bora's overall gross profit and subsequent economic benefits.To develop the complete dosage form and become the comprehensive international CDMO company

(III) At present, the Bora Group owns multiple pharmaceutical manufacturing plants. The Canadian plant is capable of producing various dosage forms including tablets, liquids (oral liquids, nasal sprays), and semi-solids (gels, creams, ointments), and has obtained international standard certifications from multiple countries, making it an internationally recognized high-quality pharmaceutical production facility. The Guantian plant in Tainan and the Zhunan plant both have different formulation product lines, offering a diverse range of products. In addition to oral solid dosage forms, the Zhunan plant also has the production line and technological capabilities for oral sustained-release capsules. Through acquisitions, Bora has become one of the

largest domestic manufacturing plants in terms of production capacity, with a comprehensive CDMO line serving customers across major global markets, laying the foundation for a comprehensive international professional pharmaceutical manufacturing facility. Bora will continue to invest in vertical and horizontal integration, expanding its manufacturing capabilities for small molecule sterile injections and large molecule gene therapy and antibody-drug conjugates."Starting from Taiwan, expanding the international service model, and leading the domestic industry towards internationalization

IV. The global pharmaceutical market has shown a long-term growth trend, while the pharmaceutical industry in Taiwan faces structural challenges, including a small domestic market, challenges with health insurance drug pricing, and intense competition from lower-priced alternatives. Developing into an 'internationalized' pharmaceutical manufacturer is not easy for the Taiwanese pharmaceutical industry. Bora has extensive experience in collaborating with foreign partners in Taiwan, while TWi Pharmaceuticals has considerable recognition in the United States. The merger between Bora and TWi Pharmaceuticals will create synergies where 1+1 is greater than 2, which will contribute to enhancing the visibility of Taiwanese companies on the international stage. With the incorporation of TWi Pharmaceuticals' research and development capabilities, Bora will significantly enhance the completeness of its CDMO services, attracting more resources and international clients, leading the Taiwanese pharmaceutical industry towards internationalization, and contributing to the advancement of the pharmaceutical industry in Taiwan.**Effect of external competition, the legal environment, and the overall business environment**

(I) The pulse of the global pharmaceutical industry market will be influenced by the following key factors, affecting future market supply, demand, and growth potential.The advent of a global aging society

According to a United Nations report, it is projected that the global population will reach 9.7 billion by 2050, with approximately 16.4% of the population being aged 65 or above. This demographic shift towards an aging population is expected to increase the demand for medications related to elderly and chronic diseases.

(II) The global pharmaceutical market continues to experience steady growth

According to the latest IQVIA statistical report, the global pharmaceutical market reached approximately US$1.6 trillion in 2023, representing a growth of about 8.4% compared to US$1.48 trillion in 2022, which had a growth rate of 4.2%. This indicates a doubling of the growth rate. The estimated compound annual growth rate (CAGR) for the global pharmaceutical market from 2024 to 2028 is projected to be 7.3%, with the total

market size reaching US$2.3 trillion by 2028.

Regarding the generic drug market, governments worldwide are actively promoting the use of low-cost, high-quality generic drugs to replace branded drugs as a means to control drug spending and restore fiscal balance. With the accelerating global aging population trend and economic downturn in European and American markets, governments are vigorously cutting medical costs by promoting the use of generic drugs to replace expensive branded drugs. This trend contributes to the steady growth of the global generic drug market. According to a survey report by Research And Markets, the global generic drug market is expected to increase from US$361.7 billion in 2022 to US$682.9 billion by 2030, with a compound annual growth rate (CAGR) of 8.3%.

The Company and its subsidiaries will respond to market changes and demand-supply dynamics by adjusting our business models to focus on generating profits from a few blockbuster drugs and diversifying products and sales territories to enhance profitability.

Bora continues to seek further merger and acquisition plans to strengthen the group. With its own production facilities and sales teams, Bora Group can leverage acquisitions to produce drugs internally, reducing production costs, enhancing drug sales competitiveness, and improving factory capacity utilization. Additionally, integrating internally produced drugs into existing sales channels of the sales team can broaden the breadth of product distribution. These conditions will continue to strengthen and build Bora's advantages and competitiveness in mergers and acquisitions.

Person in charge:	Managerial Personnel:	Chief Accountant:
Sheng Pao-Shi	Sheng Pao-Shi	Ting Chen

B. Company Profile

I. Date of establishment: June 12, 2007

II. Company history

Date	Important Milestones
2007	● Company established
2009	● Restructured and renamed as Bora International Co., Ltd. with a capital of NT$2 million and Mr. Sheng Pao-Shi as chairman.
2010	● Lexapro, distributed by the Company, is Taiwan's bestselling Antidepressant drug. ● Co-developed a new lipid-lowering drug with Johnson Chemical Pharmaceutical Works Co., Ltd. As the drug is extremely unstable, special technologies were required. It was an innovation and breakthrough in the country's pharmaceutical technology and has obtained clinical trial approval from the Ministry of Health and Welfare.
2011	● At the end of 2011, launched self-developed IMMU BOOST. The research and development of this self-owned brand effervescent tablet took two years. The natural health product contains various vitamins, minerals and herbal extracts and has been experimentally confirmed by Taipei Medical University. ● Applied and obtained drug permit license for self-developed BREXA F.C. Tablets. The drug is used for treating Schizophrenia and other psychosis with obvious positive or negative symptoms, and manic episode of bipolar disorder. It is a prescription drug to prevent bipolar disorder recurrence and has passed bioequivalence (BE) product.
2012	● In March, IMMU BOOST launched the new "Apple" flavor. ● In July, Bora officially imported South Korea's No. 1 drink, "Vline Corn silk Tea", and launched it in FamilyMart. ● In October, IMMU BOOST's "BEAUTY BOOST", which has been researched for a long time, was launched. It is the market's first mixed berries essence effervescent tablet that contains berry extracts such as strawberry, Nordic cranberry, grape seed, elderberry, etc., and Vitamin C, offering female consumers a new choice of beauty and healthcare products. ● With the tense and stressful lifestyle of modern people, sleep disorder is becoming a new disease of civilization. To help the large number of chronic insomnia patients to have better sleep quality and thereby improve their quality of life, liaised with manufacturer Boehringer and obtained exclusive distribution of Lendormin, a type of sedative-hypnotic used for treating short-term insomnia.

Date	Important Milestones
2013	● In August, obtained exclusive distribution license of Japan's bestselling Jintan probiotics. ● In October, acquired Tainan Gongtian facility from Eisai Taiwan Inc. (Eisai Taiwan), a Taiwan subsidiary of Japanese pharmaceutical company, Eisai Co., Ltd. (Eisai). The facility is a professional pharmaceutical manufacturing facility with PIC/S GMP certification. With the acquisition, the Company is able undertake CDMO contracts of all products of Eisai for the next five years, and export products to 15 countries, thereby expanding the export market. ● After obtaining the distribution license of many brands and generic drugs and acquiring the professional PIC/S GMP certified pharmaceutical manufacturing facility, the Company made use of the profitable growth momentum to invest in the research and development of new drugs. It set up a research and development center in Neihu District of Taipei City and actively develops new dosage forms for better curative effect to benefit the society. ● Company renamed as Bora Pharmaceuticals Co., Ltd. ● Applied and obtained drug permit license for its self-developed Denset S.C. Tablets "Bora". The drug is a compounded medication for treating anxiety disorder and depression and has passed bioequivalence (BE). ● Applied and obtained self-developed "PITAVOL F.C. Tablets" drug permit license. The drug treats primary hypercholesterolemia and mixed dyslipidemia, is covered by national health insurance, and has passed bioequivalence testing (BE).
2014	● In May, the expansion of the research and development center officially went into operation. ● In July, in response to future business development, the Company acquired Union Chemical Co., Ltd., targeting its advantage of its dedication in generic drugs over the years, and its numerous drug permits, stable sales channel and good reputation in the industry. ● In August, application for Taipei's Small Business Innovation Research (SBIR) was approved, and SBIR subsidy was obtained. ● In August, approved for initial public offering. ● In September, launched new product, IMMU BOOST HOT drink. ● In October, registered on TPEx Emerging Stock Board. ● In November, awarded Excellent Manufacturer for Cooperative Counseling Visit in 2014 Good Distribution Practice (GDP) by the Ministry of Health and Welfare.
2015	● In May, passed the final review for SBIR subsidy. ● In May, awarded Top 10 Outstanding Enterprises in the 12th Golden Torch Award by Outstanding Enterprise Manager Association

Date	Important Milestones
	(CDMOA).
2016	● In January, distributed Mobic by Boehringer, a drug that treats the pain in rheumatoid arthritis, osteoarthritis and ankylosing spondylitis. ● In April, distributed Eisai's Sahne Cream and Sahne Aloe Skin Gel.
2017	● In April, IPO on Taipei Exchange. ● In July, established Yuta Heath Co., Ltd. with Yuta Pharmaceutical, a distributor of health care and skin care products owned by SSP, Japan's third largest pharmaceutical manufacturer in the cosmeceuticals market, and Eisai, Japan fourth largest pharmaceutical manufacturer, in Taiwan. ● In September, obtained drug license BSAD-1303. ● In October, Tainan Gongtian facility obtained Pharmaceutical Good Manufacturing Certificate - liquid dosage form, from the Ministry of Health and Welfare: Drug solution production line was approved.
2018	● In February, acquired 100% shares of Bora Pharmaceutical Laboratories Inc., including the facility and equipment from US listed company, Impax (now Amneal), with US$18.5 million, and signed supply agreement. ● In February, obtained PIC/S GDP certification for manufacturing and retailing. ● In April, BSAT-1301 obtained Taiwan Invention Patent. ● Paid-in capital increase to 294,620 thousand.
2019	● In April, obtained exclusive distribution in-licensing in Taiwan for pharmaceutical products of France brand, BOIRON. ● In August, set up US subsidiary, Bora Pharmaceuticals USA Inc. ● In November, signed purchase agreement of Neihu Ruiguang Building with Banxin Asset Management Co., Ltd. ● Paid-in capital increase to 394,272 thousand.
2020	● In January, set up Canadian subsidiary, Bora Pharmaceuticals Services Inc. ● In March, signed a contract with the listed company, GlaxoSmithKline Inc. (hereinafter referred to as GSK), to acquire the relevant business assets of the GSK Canada facility in Mississauga and signed a five-year supply agreement. ● In July, obtained exclusive distribution in-licensing in Taiwan for SS Pharmaceutical Co., Ltd. (hereinafter referred to as SSP), Japan's top three pharmaceutical manufacturers in the cosmeceuticals market. ● In September, it was an oral sustained-release drug Potassium Chloride ER (KCL) for the treatment of hypokalemia by Vitruvias Therapeutics Inc. of the United States and obtained the "Const-K" drug license issued by the Ministry of Health and Welfare of Taiwan.

Date	Important Milestones
	● In December, the Canadian subsidiary, Bora Pharmaceuticals Services Inc., acquired the GSK facility and officially operated, providing world-class professional and complete CDMO pharmaceutical services, and started contributing to the Group's revenue. ● Paid-in capital increase to 541,154 thousand.
2021	● In January, Head Office moved to the newly acquired Neihu Ruiguang Building. ● In April, set up Bora Management Consulting Co., Ltd. to strengthen future investment synergy. ● In September, sign the contract with KYOWA Pharmaceutical Industry Co. Ltd. ● In October, Numient and Potassium Chloride ER (KCL) acquire payment package from National Health Insurance Administration ● In December, the Company announced a partnership with Taishin Healthcare Limited Partnership at the 2021 Biotech Investor Forum to increase the CDMO footprint and scale, and strengthen its international competitiveness. ● Paid-in capital increase to 684,123 thousand.
2022	● In February, the new dosag research and development center has been approved by Ministry of Science and Technology to Hsinchu Science Industrial Park. ● In March, the subsidiary Bora Health Inc. signed the distribution contract with Hong Kong Bright Future Pharmaceuticals for Parkinson disease drug-Numient (export name Rytary) in China, Hong Kong and Macau, focusing on Greater China market. ● In March, establish the Sustainabe Development Committee to strengthen the corporate governance, invest in social welfare and initiate the corporate sustainability vision plan ● In April, the Company’s subsidiary Bora Pharmaceutical Service Inc. received a subsidy from the Canada Ontario Government’s mutual fund to expand the plant's CDMO solid dosage production line to meet the needs of more customers and focus on global market. ● In May, the Board of Director approved the subsidiary Bora Biologics Co., Ltd(hereinafter referred to as Bora Biologics) to acquire the operating asset from Eden Biologics, Inc., and sign the CDMO contract, to facilitate the business growth on large molecule and cell therapy. The Company became the international pharmaceutical company with both small and large molecule CDMO. ● In June, the Board of Director approved to acquire TWi Pharmaceuticals, Inc.’s all common shares. Global CDMO and research and development on drugs are strengthen to provide one stop CDMO

Date	Important Milestones
	service. ● In September, the Company integrated TWi Pharmaceuticals, Inc. and became the largest pharmaceutical company by volume production in Taiwan. ● In September, the PIV generic drug Dexlansoprazole DR Capsule(DLS), developed by the Company's subsidiary TWi Pharmaceuticals, Inc, acquired the drug certificate from USFDA. The product will be sold directly by the 100% owned subsidiary TWi Pharmaceuticals USA, Inc. in US market, which will strengthen the product portfolio and establish the international authorization for itw own product and distribution business in US market. ● In November, the Company's 100% owned subsidiary TWi Pharmaceuticals USA, Inc. was ranked No. 1 for launch on new generic drug according to IQVIA data. The strong sales capability is approved by the US clients, the largest pharmaceuticals market in the world. ● In November, the Company's stock became the constituent stock for MSCI Global Small Cap Index. The Company was awarded bronze medal for health care for the 15th TCSA Sustainability Report. ● In December, the Company's subsidiary Synpac Kingdom Pharmaceutical Co., Ltd. passed the Pre-Approval Inspeaction, PAI) from USFDA for its manufactured eye drop product. It is the first USFDA approved plant for prescription eye drop in Taiwan. The speciality of the eye drop plant will provide CDMO opportunity for clients for exporting to US for international eye drop business opportunity. ● Paid-in capital increase to NTD 757,065 thousand.
2023	● In March, the high entry generic drug for hypertension Diltiazem ER Capsules, developed by the Company's subsidiary TWi Pharmaceuticals, Inc, acquired the drug certificate from USFDA. TWi Pharmaceuticals, Inc, has acquired total 21 generic drug certificate from USFDA. ● In March, the Company's stock became the constituent stock for FTSE Global Equity Index Series Small Cap Index. The Company was awarded as High-Growth Companies Asia-Pacific for one of the five hundred fastest growing companies in the Asia-Pacific. The Company was also the only awarded Taiwan pharmaceutical company. ● In July, we acquired the distribution rights for the Taiwanese market from the global neurology specialty pharmaceutical company Lundbeck Export A/S (Lundbeck). ● In August, the Company's subsidiary, TWi Pharmaceuticals, Ltd., acquired six branded drug registrations in the United States, including

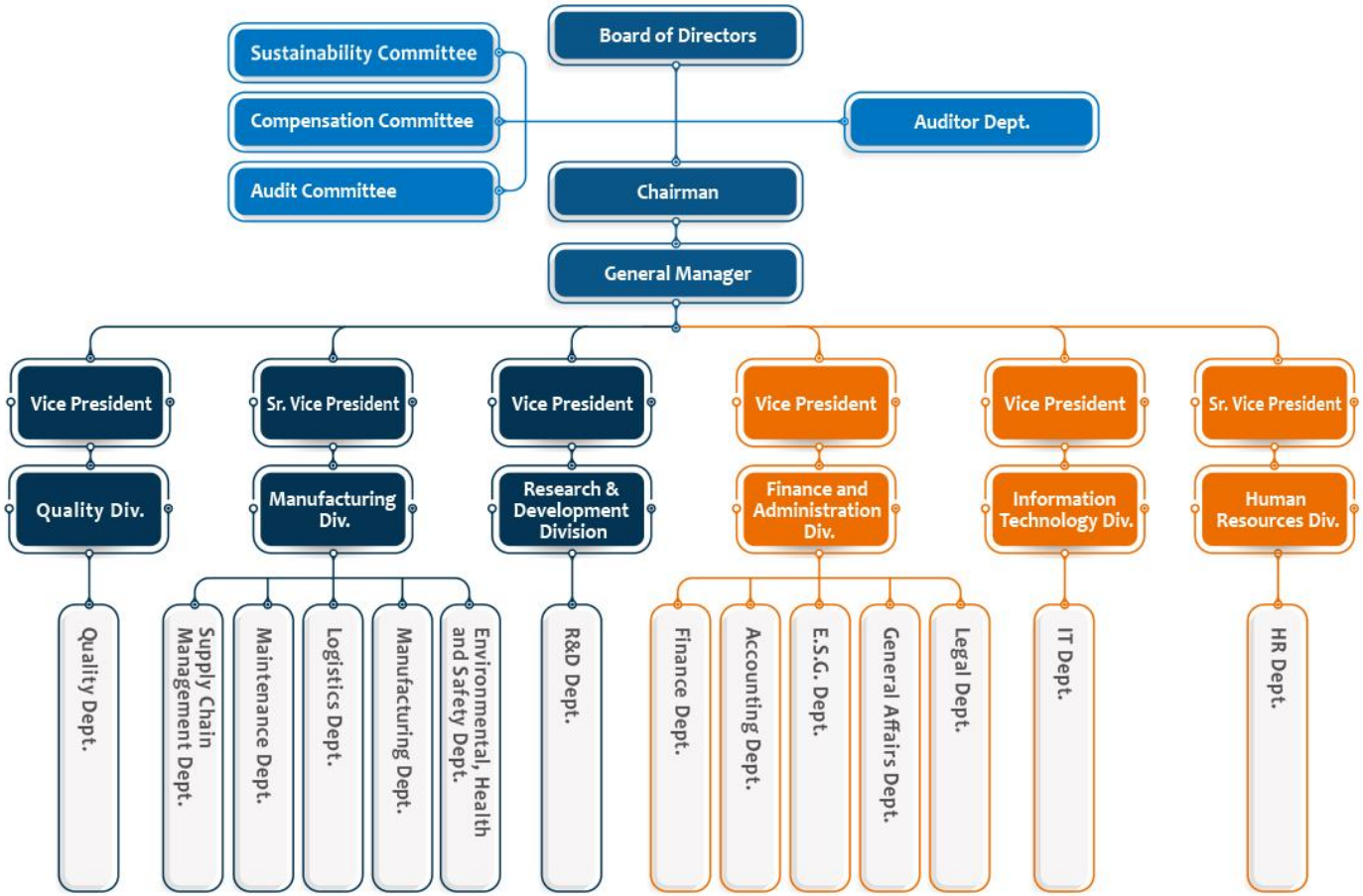
Date	Important Milestones
	three cardiovascular drugs (Zestril, Tenormin, and Tenoertic) and three central nervous system drugs (Forfivo XL, Naprelan, and Fluoxetine HCL). Leveraging the existing manufacturing and sales resources of the group, we aim to establish a competitive advantage in the branded/patent drug market development. ● In August, the Company's subsidiary, Bora Health Inc., engaged in a share swap with SunWay Biotech Co., Ltd., integrating the strengths of both parties' resources to aggressively pursue opportunities in the international health supplement market. ● In November, the Company became the largest shareholder of SunWay Biotech Co., Ltd. and formally included SunWay in the consolidated financial statements of the Group. ● In November, for the second consecutive year, we were awarded the Bronze Award in the Healthcare category for Sustainability Reports at the 16th Taiwan Corporate Sustainability Awards (TCSA) in 2023. ● In December, the Company's subsidiary, TWi Pharmaceuticals, Ltd., obtained official approval from the United States Food and Drug Administration (FDA) for its antiepileptic drug Topiramate Capsules USP and acquired the corresponding pharmaceutical license. ● In December, the Company's subsidiary, Bora Health Inc., signed a cooperation agreement with Shionogi Healthcare Co., Ltd. in Japan, obtaining exclusive rights for the sales and distribution of all health food and OTC product lines in Taiwan. This collaboration enhances the uniqueness and diversity of our products in the healthcare market. ● In December, the Company was officially listed for trading on the Taiwan Stock Exchange. ● Paid-in capital increase to NTD 1,014,128 thousand.
2024	● In January, the Board of Directors approved the acquisition of Upsher-Smith Laboratories, Inc., a century-old pharmaceutical manufacturer based in the United States. Upon completion of the acquisition, it will serve as the first foothold for Bora Group to enter the U.S. domestic market, positioning itself as the largest single-site oral solid dosage manufacturer in the United States. This strategic move aims to penetrate and meet the market demand for pharmaceuticals in North America, which is one of the world's largest pharmaceutical markets. ● In March, the Company was included as one of the constituent stocks in the Taiwan Mid-Cap 100 Index, Developed Index, and Taiwan Stock Exchange 500 Index. ● In April, the Company officially acquired Upsher-Smith Laboratories, Inc., which will greatly strengthen Bora's growth engine of sales business in America and provide complete CDMO services customers.

Date	Important Milestones
	● In Apirl, the Company wins the Presidential Innovation Award. The Company was the first pharmaceutical company to win the award. ● Paid-in capital increase to NTD 1,014,901 thousand.

C. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Business Functions of Major Departments

Department	Main responsibilities
Board of Directors	Highest level decision-makers, establishes the Company's operating goals and strategies.
General Manager	Lead the departments in achieving the Company's overall operating performance, and in organizing, planning and development, and formulating company policies.
Audit Department	Assess the soundness, reasonableness and effectiveness of the Company's internal management systems, and conduct internal audit.
Manufacturing Division	(1) Planning management and execution of production plans so as to produce products that comply with PIC/S quality standards. (2) Purchase, sales and inventory control and warehouse management. (3) Responsible for product development and modulation, scale-up and process improvement.
Research & Development Division	(1) Formulation technology research and development, process design and improvement. (2) Product technology support and technology transfer
Quality Division	(1) Establish operational and development strategies for quality management. (2) Standardize quality procedure and improve quality management procedure.
Finance and Administrative Division	(1) Strategic development and investment research, fund management, and handling of stock related matters. (2) Handling of accounting affairs and preparation of management reports for the management in decision-making and analysis. (3) Handling of tax exemption matters. (4) Communication with stakeholders, safeguarding interests, and promoting the group's brand image. (5) Deepen the vision of sustainable development, fulfill corporate social responsibility, and strengthen sustainability as a priority. (6) General administration and procurement affairs (7) Legal risk evaluation and preventation
Information Technology Division	(1) Information application system and management, planning and audit of network and information security (2) Establishment of information system strategy and system planning (3) Optimize and integrate business information platform.
HR Division	(1) Human resource planning (2) Personnel system, welfare and education arrangement and execution. (3) Compensation Committee operation.

II. Information regarding Directors, Indendent Directors, General Manager, Vice Presidents, Division Directors, and Heads of Departments and Subsidiaries

(I) Directors and Indendent Directors' information:

March 29, 2024, Unit: Shares; %

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Sheng Pao-Shi	Male 46-55	2023.06.06	3 years	2014.08.26	4,123,996	5.31	5,392,672	5.31	—	—	21,322,741	21.00	Bachelor of Economics, University of California, Berkeley General Manager, Hoan Pharmaceuticals Ltd.	General Manager of the Company Chairman, Union Chemical & Pharmaceutical Co., Ltd. Director, Wellpool Co., Ltd. Director, Bao Lei Co., Ltd. Director, Rui Bao Xin Investment Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Independent director, BIONET Corp. Chairman, Bora Health Co., Ltd. Chairman, Bora Pharmaceutical Laboratories Inc. Chairman, Bao En International Co., Ltd. Chairman, Jia Xi International Co., Ltd. Chairman, Bora Management Consulting Co., Ltd. Chairman, Bora Biologics Co., Ltd Chairman, Bora	—	—	—	Note 1

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
																Pharmaceuticals Ophthalmic Inc. Chairman, TWi Pharmaceuticals, Inc. Chairman, Bora Pharmaceutical and Consumer Health Inc. Director, Bora Pharmaceuticals USA Inc. Director, Bora Pharmaceuticals Services Inc. Director, TWi Pharmaceuticals USA, Inc. Director, Bora Pharmaceutical Holding, Inc. Director, Upsher-Smith Laboratories, LLC.				
Director	Republic of China	TA YA Venture Capital Co., Ltd.	–	2023.06.06	3 years	2014.08.26	3,158,515	4.07	3,893,482	3.83	–	–	–	–	–	Director of INADAY'S BIOTECH CO.,LTD. Director of TA YA GREEN ENERGY TECHNOLOGY CO., LTD., Director of Hengs Technology Co., Ltd. Director of Caodamu Co., Ltd. Supervisor of VSENSE CO.,LTD. Director of NOWNEWS NETWORK CO., LTD. Supermedia&Crespark Co., Ltd. Director of	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
																SAVITECH CORP. Supervisor of UNITED ELECTRIC INDUSTRY CO., LTD. Director of TENART BIOTECH LIMITED Director of Farm-direct Co., Ltd. Director of BIGBEST SOLUTIONS, INC., Director of Istaging corp. Director of FULLHOPE BIOMEDICAL CO., LTD.				
	Republic of China	Representative: Shen Shang-Hung (Note 2)	Male 56-65	2023.06.06	3 years	2014.08.26	–	–	–	–	2,857	0.00	–	–	Department of Electrical Engineering, National Taiwan University MBA, US EMORY University Manager, Electronic Engineering Department, US AT&T	Note 2	–	–	–	–
Director	Republic of China	Bao Lei Co., Ltd.	–	2023.06.06	3 years	2019.06.11	14,400,561	18.54	18,704,939	18.42	–	–	–	–	–	–	–	–	–	–
	Republic of China	Representative: Chen Kuan-Pai	Male 46-55	2023.06.06	3 years	2019.06.11	–	–	–	–	–	–	1,180,000	1.16	MBA, University of Southern California (USC) Chairman, Hundred River International Investment Corp.	Chairman, Hundred River International Investment Corp. Independent director, Gamania Digital Entertainment Co., Ltd. Independent director, TECO Image Systems Co., Ltd. Supervisor,	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
																Bai Yi Feng Capital Co., Ltd. Representative of juristic person director, Joe's Pizza Co., Ltd. Representative of juristic person director, New Future Capital Co., Ltd.				
Director	Republic of China	Chen Shih-Min	Male 46-55	2023.06.06	3 years	2014.08.26	943,971	1.22	1,112,746	1.10	–	–	–	–	Masters, Department of Chemistry, National Chung Hsing University Business Development Manager, Hoan Pharmaceuticals Ltd.	Vice President of the Company Representative of juristic person director, Bora Pharmaceutical Laboratories Inc. Vice President of the Bora Health Inc. Supervisor, Bora Pharmaceuticals Ophthalmic Inc. Supervisor, TWi Pharmaceuticals, Inc. Vice Chairman, SunWay Biotech Co., Ltd. Director, the Bora Sheng Wei En Foundation	–	–	–	–
Independent Director	Republic of China	Lin Jui-Yi	Male 46-55	2023.06.06	3 years	2015.04.09	–	–	–	–	–	–	–	–	MBA, George Washington University President, Shung Ye Trading Co., Ltd.	Chairman, STARTRII Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Director, Shung Ye Investment Co., Ltd. Director, Shung Ye Trading Co., Ltd. Director, Yu Yue Automotive Co., Ltd. Director, Jin Yi Investment Co., Ltd.	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
																Director, Jian Yi Automobile Industry Co., Ltd. Representative of juristic person director, Shun Yi Property Insurance Agency Co., Ltd. Director, Lien Chen Automotive Co., Ltd. Director, An De Shun Enterprise Co., Ltd. Director, Zhao An Investment Co., Ltd. Director, Bai Yi Feng Capital Co., Ltd. Representative of juristic person Supervisor , Joe's Pizza Co., Ltd.				
Independent Director	Republic of China	Lai Ming-Jung	Male 46-55	2023.06.06	3 years	2017.06.20	–	–	–	–	–	–	–	–	EMBA, Advanced Finance Program, National Chengchi University Executive Director, Advisory Department, EY Taiwan Executive Director, Assurance Department, EY Taiwan	Lecturer, The Insurance Development Center	–	–	–	–
Independent director	Republic of China	Lee Yi-Chin	Male 46-55	2023.06.06	3 years	2017.06.20	–	–	–	–	32,351	0.03	–	–	Masters and Ph.D, Resources Planning, Civil Engineering Department, Stanford University	Partner., FCC Partners Inc. Independent director, Allied Industrial Corp. Supervisor, Pacific Electric Wire &	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Senior consultant, McKinsey & Co. President, China Food Co., Ltd.	Cable Co., Ltd Supervisor, Athena Capital Management Co., Ltd. Supervisor, De An Innovation Investment Co., Ltd.				
Independent director	Republic of China	Lin Hsin-Yi	Female 36-45	2023.06.06	3 years	2023.06.06	-	-	1,000	0.00	-	-	-	-	Master of Laws (LL.M.), Columbia University, USA	Partner Lawyer at LexPro Attorneys-at-Law	-	-	-	-

Note 1: The Company's Chairman is also the General Manager. The main reason being the Company is in its early stage of development and is actively negotiating acquisitions and mergers matters, hence in order to facilitate business operations and prompt and effective communication with the board of directors, the Chairman serving as the General Manager will facilitate the Company in seizing opportunities and conducting projects. Therefore, there is reasonableness and necessity in doing so. Also, the Company has 8 directors on the board and 4 independent directors at present, and more than half are not employees or managerial personnel concurrently, which is in compliance with the regulations of corporate governance. In the future, the Company will also make appropriate adjustments based on the business operations and changes in the laws and regulations.

The Company officially acquired the operation of Upsher-Smith Laboratories on April 1, 2024, and the Company's chairman serves as the director of the US subsidiary.

Note 2: CEO of TA YA Electric Wire & Cable Co., Ltd., Chairman of CUPRIME MATERIAL CO., LTD., Chairman of UNITED ELECTRIC INDUSTRY CO., LTD., Director of TA YA (CHINA) HOLDING LTD Director of TA YA VENTURE CAPITAL CO., LTD., Chairman of TA YA Innovation Investment Co., Ltd., Director of TA YA VENTURE HOLDINGS LTD., Director of TA YA ELECTRIC WIRE & CABLE (H.K.) CO., LTD., Chairman of HENG YA ELECTRIC LTD., Director of HENG YA ELECTRIC (KUNSHAN) LTD., Director of HENG YA ELECTRIC (DONGGUAN) Ltd., Director of TA YA ZHANGZHOU WIRES CABLE CO.,LTD., Chairman of TA YA ELECTRIC WIRE & CABLE (H.K.) CO., LTD., Director of TA YA (VIETNAM) INVESTMENT HOLDING LTD., Director of TA YA (Vietnam) ELECTRIC WIRE & CABLE JOINT STOCK COMPANY, Supervisor of TA HO ENGINEERING, CO., LTD., Chairman of CUGREEN METAL TECH CO., LTD., Director of TA YI PLASTIC(H.K.) LTD., Director of PLASTIC TECHNOLOGY INVESTMENT HOLDING LTD., Chairman of CUPRIME ELECTRIC WIRE & CABLE (H.K.) CO., LTD., Director of TA YA VIETNAM(cayman) HOLDINGS LTD., Director of CUPRIME MATERIAL PTE. LTD, Director of CUPRIME VENTURE HOLDING CO., LTD, Director of CUPRIME INVESTMENT HOLDING COMPANY LIMITED, Director of LUCKY MAX CAPITAL INVESTMENT LIMITED, Chairman of TA YA Green Energy Technology Co., Ltd., Chairman of Bosi Solar Energy CO., LTD., Chiarman of TOUCH SOLAR POWER CO.,LTD., Chairman of BRAVO SOLAR POWER CO.,LTD., Chairman of Sin Jhong Electric Co., Ltd., Chairman of BO YAO POWER CO.,LTD., Chairman of JHIH-GUANG ENERGY CO., LTD., Chairman of BO-JIN ENERGY CO., LTD., Chairman of , TA YA ENERGY STORAGE TECHNOLOGY CO., LTD., Chairman of BO FENG ENERGY STORAGE CO., LTD., Chairman of BO SHENG ENERGY STORAGE CO., LTD., Chairman of INFINITY ENERGY STORAGE TECHNOLOGY CO., LTD., Chairman of UNION STORAGE ENERGY SYSTEM LTD., Chairman of TA YA GENESIS CAPITAL CO., LTD., Chairman of HongYe Investment Co., Ltd., Chairman of IASHAN INVESTMENT HOLDING CO.,LTD., Chairman of JIA HSI INVESTMENT HOLDING CO., LTD., Director of JUNG SHING WIRE CO., LTD.), Director of the Company, Director of Theia Medical Technology Co., Ltd., Director of Iridium Medical Technological Co., Ltd., Director of BIGBEST SOLUTIONS, INC., Independent Director of Mercuries Data Systems Ltd., Independent Director of ASIA POLYMER CORPORATION, Independent Director of Partner Tech Corp., Director of Acrocyte Therapeutics Inc., Director of JUMP INTERNATIONAL CORPORATION, Director of T-E Pharma Holding, and Director of ABLE MAX CAPITAL INVESTMENT LIMITED

Major shareholders of corporate shareholders

April 02, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio
TA YA Venture Capital Co., Ltd.	TA YA Electric Wire & Cable Co., Ltd.	96.87%
	Cuprime Material Co. Ltd.	3.12%

April 02, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio
Bao Lei Co., Ltd.	Sheng Pao-Shi	95.00%

Major shareholders of major corporate shareholders

April 02, 2024

Corporate shareholder name	Major shareholders of corporate shareholders	
	Shareholder	Shareholding Percentage
TA YA Electric Wire & Cable Co., Ltd.	Shen San-Yi	2.40%
	Jia Hsi Investment Holding Co., Ltd.	1.90%
	Shen Shang-Hui	1.60%
	Wang Wen-Hua	1.55%
	Shen Shang-Pang	1.35%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.19%
	JP Morgan Chase Bank in custody for JP Morgan Securities Investment Account	1.17%
	Chia Shang Investment Co., Ltd.	0.98%
	Hong Yao-Kun	0.90%
	Shen Shang-Hung	0.87%

Corporate shareholder name	Major shareholders of corporate shareholders	
	Shareholder	Shareholding Percentage
Cuprime Material Co. Ltd.	TA YA Electric Wire & Cable Co., Ltd.	54.01%
	Shen Jia-Rong	3.12%
	Shen Shang-Hui	3.02%
	Wang Wen-Hua	3.01%
	Shen San-Yi	2.99%
	Shen Shang-Pang	2.15%
	Shen Shang-Hung	1.54%
	Tsai Yi-Jiu	1.47%
	Value Logic Co., Ltd. Representative: Lu Jia-Hui	1.34%
	Shen Su-Xiang	1.21%

Professional qualification and independence of the directors and independent directors:

Criteria / Name	Professional qualifications and working experience	Compliance of independence	Number of companies the person concurrently serves as an independent director
Sheng Pao-Shi	For director's professional qualifications and working Experience, please refer to "C. Corporate Governance Report, II. Information regarding Directors, Supervisors, General Manager, Vice Presidents, Division Directors, and Heads of Departments and Subsidiaries (page 21-25)". None of the circumstances in the subparagraph of Article 30 of the Company Act applies. (Note 1)	The directors do not have a spouse or second-degree relative relationship between seats.	3
TA YA Venture Capital Co., Ltd. Representative: Shen Shang-Hung			2
Bao Lei Co., Ltd. Representative: Chen Kuan-Pai			2
Chen Shih-Min			0
Lin Jui-Yi		All independent director complies with the following: 1. Comply with the Article 14-2 of the Security Exchange Act issued by Financial Supervisory Commision and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note 2) 2. The person (including using others' names), his/her spouse, minor children, does not have more than 1% of the total number of outstanding shares. 3. Did not provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company provider in the past 2 years and receive any interest.	1
Lai Ming-Jung			0
Lee Yi-Chin			1
Lin Hsin-Yi			0

Note 1: (1) Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

(2) Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

(3) Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

(4) Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;

(5) Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or

(6) Having no or only limited disposing capacity.

(7) Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2: (1) Not a government agency, a juristic person, or a representatives mentioned in Article 27 of the Company Act.

(2) Number of companies the person concurrently serves as an independent director does not exceed 3.

(3) No following condition exist for any director or supervisor two fiscal years before being elected to the office or during the term of office.

(a) Not employed by the Company or any of its affiliates.

(b) Not serving as a director or supervisor of any of the Company's affiliated companies (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(c) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.

(d) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

(e) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country)

(f) Not a director, supervisor, or employee of a company with a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(g) Not a director, supervisor, or employee of a company or institution with the same chairman, president, or equivalent position, or a spouse thereof (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(h) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(i) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

The Diversity and Independence of the Board of Director

The Company has 8 directors, including 4 independent directors. The terms of office is 3 year. Board of directors are selected based on their professionalism and diverse background, the selected criteria includes business management, business operation, finance and accounting, industrial knowledge, crisis management and leadership skill. Nomination and election of the members of the Company's board of directors adopts the candidate nomination system in accordance with the Articles of Incorporation, and is in compliance with the "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the members of the board.

(1) Diversification of the Board of Directors

In accordance with the Company's Corporate Governance Best Practice Principles, each board member has the necessary knowledge, skill, and experience. To achieve the ideal goal of corporate governance, the board of directors possesses the following abilities:

A. The ability to make judgments about operations.
B. Accounting and financial analysis ability.
C. Business management ability.
D. Crisis management ability.
E. Knowledge of the industry.
F. An international market perspective.
G. Leadership ability.
H. Decision-making ability.

The Company's 11th term Board of Director has 8 directors and is composed of industry elites and experts in various field. There are 4 independent directors (accounted for 50%), and the consecutive terms shall not exceed three terms for principle. 6 Board of Directors (accounted for 75%) who do not have position as directors, supervisors or employees in the company, subsidiaries or affiliated companies. There are 1 director aged from 35-45 (accounted for 13%), 4 directors aged from 46-55 (accounted for 50%) and 3 directors aged from 56-65 (accounted 38%). The Company's Board of Directors have strong ability to lead, make operational judgments, manage business operations, conduct mergers and acquisitions, conduct transnational investment, manage crisis, and possess industrial knowledge and international market perspective include Sheng Pao-Shi, Shen Shang-Hung, Chen Kuan-Pai and Lin Jui-Yi, and among them, Director Shen Shang-Hung has professional competence in electrical engineering. Director Lee Yi-Chin used to work in an internationally renowned management consulting company and has professional knowledge in global industries and investment analysis. Director Lai Ming-Jong possesses the qualifications and experience of a certified public accountant, and has years of experience as a lecturer in the insurance industry, and expertise in financial accounting, securities insurance and corporate governance. Director Lin Hsin-yi is qualified to practice law in both the United States and Taiwan. She specializes in legal cases related to patents, trade secrets, corporate labor disputes, and corporate, securities, and M&A matters. Director Chen Shih-Min has served the Company for years, and his professional knowledge in biotechnology and pharmaceutical and international market perspective are greatly beneficial to the Company's business operations.

The Company's Board Member's diversity for implementation and achievement are as follows:

Diversified core elements / Name/Title/Gender	Age			Industrial experience					Expertise				
	35 - 45	46 - 55	56 - 65	Securities investment	Media technologies	International trade	Bank insurance	Asset management	Accounting Economics	Electrical Civil engineering	Business management	Biotechnology and medicine	Law
Sheng Pao-Shi Chairman (Male)		V		V	V	V		V	V		V	V	
Shen Shang-Hung Director (Male)			V	V		V		V		V	V		
Chen Shih-Min Director (Male)		V										V	
Chen Kuan-Pai Director (Male)		V		V							V		
Lai Ming-Jung Independent director (Male)			V	V			V	V	V				
Lee Yi-Chin Independent director (Male)			V	V	V					V	V		
Lin Jui-Yi Independent director (Male)		V			V	V	V	V			V		
Lin Xin-Yi Independent director (Female)	V												V
Total ratio %	**13**	**50**	**38**	**63**	**38**	**38**	**25**	**50**	**25**	**25**	**63**	**25**	**13**

Considering the demostic pharmaceutical companies are facing competition from domestic and internationally, the Company plan to rely on directors' international investment management, digital technology and other industry's experience. With the comprehensive discussion, sharing and exchanging ideas among the directors, the Company's operating performance and stockholder's return will increase.

- Goal: Board member who serves as the Company's employee concurrently should be less than 30% of the Board member
- Achievement: Two Board member serve as the Company's employee concurrently, around 25% of the Baord member, and does not exceed 30%. Achieved.
- Goal: The composition of Board member should be diversified with different industry experience and professional expertise. To implement the diversification, the overlap of each industry experience and professional experience should not be 100%.
- Achievement: The Company's Board of Director consist of eight member, including 4 independent directorsand 4 directros. Directors are coming from different background and with differernt expertise. The industry experience and professional experience are for the Company's operational needs and the overlap does not reach 100%, which meet the Company's Board of Director diversification policy.
- Goal: The Company emphasizes gender equality in the composition of the board of directors, with at least one female director seat among the board members.
- Achievement: The Company added one female independent director in 2023, in line with its gender equality policy.

(2) Independence of the Board of Directors

The current Board of Directors of the company consists of a total of 8 members, including 4 independent directors (estimated proportion of all board members is 50.00%). The number of independent director seats exceeds one-third, with no spousal or second-degree relative relationships between independent directors or between independent directors and other directors. As of the printing date of the annual report, the independent directors all comply with the regulations of the Financial Supervisory Commission Securities and Futures Bureau regarding independent directors, and there are no circumstances as stipulated in Article 26-3, Paragraphs 3 and 4 of the Securities Exchange Act between directors and independent directors.

Succession plan for Board member and management

1. Board member succession plan

The company's bylaw states the Company's director number is between 7 to 9 directors, and with candidate nomination system. The Company's also establish audit, renumberation and sustainability development committee to provide professional opinion and to assist Board to formulate the best decision. The Company's audit and renumeration committee member are composed by independent directors with different industry background. The Company's sustainability development committee member are composed by Sheng Pao-Shi, Chen Shih-Min and Lee Yi-Chin. The Company's Board member who concurrently serve as the Company's employee does not exceed one third, which comply with the Company's diversity policy. For the Company's Board member succession plan, the Company's will arrange managers to report their business to the Board quarterly. Managers not only can understand the Board function but also exchange ideas with Board members to facilitate the growth of managers' decision making, leadership, and internationalization.

The Company's Board member learn continuously every year and attend the training session hosted by the Company to maintain and enhance the professional knowledge. The Company conduct regular internal and external evaluation and review in accordance to the Company's "Board Performance Evaluation Procedure". The above information is used as the reference when distributing director's renumeration and nominating the Board member.

To cultivate and foster the growth of Board talent, the Company will arrange rotate managers to subsidiary to become board, supervisor, or managers, to understand the Board function and each unit's business. With different view point and increase in work scale, manager's leadship skill and industry knowledge will enhance and gradually become the Company's talent pool.

2. Manager succession plan

The Company's managers are hired in accordance to local regulation. Performance review and promotion are conduct regularly in accordance to internal procedure. The above procedures are reviewed and approved by the renumeration committee and the Board to ensure the suitability of managers.

For talent development, the Company arrange manager's strategic workshop to discuss future strategic planning, topic include strategic thinking and planning, strategic map, change management, talent development, leadership, etc. In 2022, the Company introduce international evaluation tool. With the quantitative analysis and qualitative interview, the individual's evaluation on overall leadersip analysis report is complete to analyze the success factor, profession, and key behavior system.

For individuals, individual evaluation result and individual development plan is established jointly with supervisor. The Company also provide work expansion to train manager's vision and as multinational talent. Promotion is evaluated based on individual performance, potential, and organizational structure to set up the succession plan for the Company's managers.

(II) Information of the General Manager, Vice Presidents, Division Directors, and Supervisors from each department and branch organizations

March 29, 2024, Unit: Shares; %

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Republic of China	Sheng Pao-Shi	Male	2009.10.21	5,392,672	5.31	—	—	21,322,741	21.00	Bachelor of Economics, University of California, Berkeley General Manager, Hoan Pharmaceuticals Ltd.	Chairman, Union Chemical & Pharmaceutical Co., Ltd. Director, Wellpool Co., Ltd. Director, Bao Lei Co., Ltd. Director, Rui Bao Xin Investment Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Independent director, BIONET Corp. Chairman, Bora Health Co., Ltd. Chairman, Bora Pharmaceutical Laboratories Inc. Chairman, Bao En International Co., Ltd. Chairman, Jia Xi International Co., Ltd. Chairman, Bora Management Consulting Co., Ltd. Chairman, Bora Biologics Co., Ltd Chairman, Synpac-Kingdom Pharmaceutical Co.,Ltd. Chairman, TWi Pharmaceuticals, Inc. Chairman, Bora Pharmaceutical and Consumer Health Inc. Director, Bora Pharmaceuticals USA Inc. Director, Bora Pharmaceuticals Services	—	—	—	Note 1

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
												Inc. Director, TWi Pharmaceuticals USA, Inc. Chairman, SunWay Biotech Co., Ltd. Independent Director, Advanced Power Electronics Co., Ltd. Director, Bora Pharmaceutical Holding, Inc. Director, Upsher-Smith Laboratories, LLC.				
Vice President	Republic of China	Chen Shih-Min	Male	2013.04.01	1,112,746	1.10	—	—	—	—	Masters, Department of Chemistry, National Chung Hsing University Business Development Manager, Hoan Pharmaceuticals Ltd.	Director of the Company Representative of juristic person director, Bora Pharmaceutical Laboratories Inc. Vice President of the Bora Health Inc. Supervisor of Bora Pharmaceuticals Ophthalmic Inc. Supervisor of TWi Pharmaceuticals, Inc Vice Chairman of SunWay Biotech Co., Ltd. Director of Bora ShengWeiEn Foundation	—	—	—	—

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Senior Vice President	Republic of China	Tom Chang	Male	2019.08.05	97,737	0.10	—	—	—	—	Department of Industrial and Systems Engineering, Chung Yuan Christian University General Manager, Bora Pharmaceutical Laboratories Inc. Plant Manager, Pfizer's Pharmaceutical Co., Ltd.	General Manager and Representative of juristic person director, Bora Pharmaceutical Laboratories Inc. Representative of juristic person director, TWi Pharmaceuticals, Inc Director and general manager, Bora Pharmaceuticals Ophthalmic Inc	—	—	—	—
Vice President	Republic of China	Chang Hsiu-Jung	Female	2023.05.12	10,187	0.01					Taipei Medical University, Department of Pharmacy Quality Vice President, Bora Pharmaceuticals Co., Ltd. Pharmaceutical Supervisor and Quality Senior Manager, Bora Pharmaceutical Laboratories Inc. Quality Manager, Johnson & Johnson Co., Ltd.	—	—	—	—	—

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Vice President, Finance & Accounting Division	Republic of China	Alice Wang	Female	2013.05.01	206,428	0.20	—	—	—	—	AALTO University EMBA Department of Accounting, Feng Chia University Finance Director, Thecus Technology Corp. Assistant Finance Manager, ABIT Computer Corporation. Accounting Officer, ALi Corporation Senior Auditor, Deloitte Taiwan Internal auditor	Representative of juristic person supervisor, Bora Pharmaceutical Laboratories Inc. Representative of juristic person director, Bora Health Inc. Representative of juristic person director, Bora Biologics Co., Ltd. Representative of juristic person director, TWi Pharmaceuticals, Inc Director of the Bora ShengWeiEn Foundation	—	—	—	—
Vice President, Information Technology	Republic of China	Frank Chen	Male	2022.11.14	—	—	—	—	—	—	MBA, University of Iowa IT Director, Top Victory Electronics Head of IT, ASML Taiwan Asia Pacific IT Manager, Broadcom Taiwan	Representative of juristic person director, TWi Biotechnology, Inc.	—	—	—	—

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director, Information Technology Division	Republic of China	Raymond Lee	Male	2018.06.25	78,480	0.08	—	—	—	—	MBA, University of Southampton IT Director, Synmosa Project Manager, Collective Elite IT Manager, Amkor System Analyst, ASE Production planner, TDK Taiwan Electronics	-	—	—	—	—
Director, Human Resource Department	Republic of China	Ellen Chen	Frmale	2022.04.01	5,000	—	—	—	—	—	Master in Counselling, Xavier University HR and Administrative Director, Hitron Technologies HR Director, Motech Industries	—	—	—	—	—
Vice Director, Finance & Accounting Division t	Republic of China	Ting Chen	Frmale	2022.03.09	3,000	—	—	—	—	—	Master, Pace University Assistant Manager, Poindus Systems KPMG, Assistant Manager Certified Public Accountant, New York State, USA Passed Certified Financial Analyst Level II Exam	Supervisor, Bora Biologics Co., Ltd.	—	—	—	—

Note 1: The Company's Chairman is also the General Manager in order to actively expanding business and executing merger and acquisition to integrate internal and external resource. The main reason being the Company is in its early stage of development and is actively negotiating acquisitions and mergers matters, hence in order to facilitate business operations and prompt and effective communication with the board of directors, the Chairman serving as the General Manager will facilitate the Company in seizing opportunities and conducting projects. Therefore, there is reasonableness and necessity in doing so. Also, the Company has 8 directors on the board and 4 independent directors at present, and more than half directors are not employees or managerial personnel concurrently, which is in compliance with the regulations of corporate governance. In the future, the Company will also make appropriate adjustments based on the business operations

and changes in the laws and regulations.

The Company officially acquired the operation of Upsher-Smith Laboratories on April 1, 2024, and the Company’s chairman serves as the director of the US subsidiary.

III. Remuneration paid during the most recent fiscal year to Directors, Independent Directors, the General Manager, and Vice President

(I) Remuneration paid to Directors, Independent Directors, the General Manager, and Vice President

1. Remuneration paid to Directors and Independent Directors

2023; Unit: NTD thousands; %

Title	Name	Directors' remuneration								Total remuneration (A+B+C+D) and as a percentage of net income after tax		Remuneration received as the Company's employee								Total remuneration (A+B+C+D+E+F+G) and as a percentage of net income after tax		Remuneration received from investees other than subsidiaries or the parent company
		Remuneration (A)		Severance pay and pension (B)		Directors' remuneration (C)		Business execution expenses (D)				Salary, bonus and allowance, etc. (E)		Severance pay and pension (F)		Employees' remuneration (G)						
																The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial report	
Chairman	Sheng Pao-Shi	—	—	—	—	30,644	30,644	235	241	30,879 1.02	30,885 1.02	19,909	19,909	108	108	18,050	—	31,240	—	68,946 2.28	82,142 2.71	None
Director	Bao Lei Co., Ltd.																					
Representative of corporate director	Chen Kuan-Pai																					
Director	TA YA Venture Capital Co., Ltd.																					
Representative of corporate director	Shen Shang-Hung																					

Director	Chen Shih-Min																				
Independent director	Lin Jui-Yi Lee Yi-Chin Lai Ming-Jung Lin Xin-Yi	3,022	3,022	—	—	—	—	225	225	3,247 0.11	3,247 0.11	—	—	—	—	—	—	—	—	3,247 0.11	3,247 0.11	None

1. Independent directors' remuneration policies, system, standard and structure, and the relation to the individual's responsibilities, risk, time spent by the individual, etc.: The Company's independent directors' remuneration policies, system, standard and structure are set based on the industry standard and the individual's responsibilities, risk, and time spent, and yearly reviews are conducted based on the Company's operations and industry standard. The review results are then submitted to the competent authority for assessment, and for any adjustments required, the results will be submitted to the board of directors for resolution, so as to safeguard the interest of the shareholders.
2. Remuneration provided to a director for providing services (such as serving as a non-employed consultant) to any company in the financial report in the most recent fiscal year: None.

Range of remuneration chart

Remuneration range for each director in this Company	Name of Director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than NT$1,000,000	Lin Jui-Yi, Li Yi-Chin, Lai Ming-Jung, Lin Xin Yi, Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd representatives Shen Shang-Hung	Lin Jui-Yi, Li Yi-Chin, Lai Ming-Jung, Lin Xin Yi, Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd representatives Shen Shang-Hung	Lin Jui-Yi, Li Yi-Chin, Lai Ming-Jung, Lin Xin Yi, Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd representatives Shen Shang-Hung	Lin Jui-Yi, Li Yi-Chin, Lai Ming-Jung, Lin Xin Yi, Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd representatives Shen Shang-Hung
NT$1,000,000 (include) to NT$2,000,000 (exclude)				
NT$2,000,000 (include) to NT$3,500,000 (exclude)	–	–	–	–
NT$3,500,000 (include) to NT$5,000,000 (exclude)	Bao Lei Co., Ltd., TA YA Venture Capital Co., Ltd., Chen Shi-Min	Bao Lei Co., Ltd., TA YA Venture Capital Co., Ltd., Chen Shi-Min	Bao Lei Co., Ltd., TA YA Venture Capital Co., Ltd.	Bao Lei Co., Ltd., TA YA Venture Capital Co., Ltd.
NT$5,000,000 (include) to NT$10,000,000 (exclude)	–	–	Chen Shi-Min	–
NT$10,000,000 (include) to NT$15,000,000 (exclude)	–	–	–	Chen Shi-Min
NT$15,000,000 (include) to NT$30,000,000 (exclude)	Sheng Pao-Shi	Sheng Pao-Shi		–
NT$30,000,000 (include) to NT$50,000,000 (exclude)	–	–	–	–
NT$50,000,000 (include) to NT$100,000,000 (exclude)	–	–	Sheng Pao-Shi	Sheng Pao-Shi
Higher than NT$100,000,000	–	–	–	–
Total	10 persons	10 persons	10 persons	10 persons

2. Supervisors' Remuneration: Not applicable as the Company has established an Audit Committee which is formed by all independent directors.

3. General Manager and Vice President Remunerations

2023; Unit: NTD thousands; %

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D)				Total remuneration (A+B+C+D) and as a percentage of net income after tax		Remuneration received from investees other than subsidiaries or the parent company
								The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash Amount	Stocks Amount	Cash Amount	Stocks Amount	The Company	All companies in the financial report	
General Manager	Sheng Pao-Shi	22,452	26,565	450	540	18,154	18,154	26,689	–	44,001	–	67,745 2.24	89,260 2.95	None
Vice President	Chen Shih-Min													
Vice President	Alice Wang													
Vice President	Frank Chen													
Senior Vice President	Tom Chang													
Vice President of Quality Operations	Hsiu-Jung Chang													

Range of remuneration chart

Remuneration range for General Manager and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies in the financial report
Less than NT$1,000,000	–	–
NT$1,000,000 (include) to NT$2,000,000 (exclude)	–	–
NT$2,000,000 (include) to NT$3,500,000 (exclude)	–	–
NT$3,500,000 (include) to NT$5,000,000 (exclude)	Hsiu-Jung Chang	–

NT$5,000,000 (include) to NT$10,000,000 (exclude)	Chen Shih-Min、Alice Wang、Frank Chen	Chen Shih-Min、Alice Wang、Frank Chen、Hsiu-Jung Chang
NT$10,000,000 (include) to NT$15,000,000 (exclude)	Tom Chang	Tom Chang
NT$15,000,000 (include) to NT$30,000,000 (exclude)	—	—
NT$30,000,000 (include) to NT$50,000,000 (exclude)	Sheng Pao-Shi	Sheng Pao-Shi
NT$50,000,000 (include) to NT$100,000,000 (exclude)	—	—
Higher than NT$100,000,000	—	—
Total	6 persons	6 persons

(II) Names of managerial personnel provided with employee's compensation and state of distribution:

2023; Unit: NTD thousands; %

Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax
General Manager	Sheng Pao-Shi	—	30,578	30,578	1.01%
Vice President	Chen Shih-Min				
Vice President	Alice Wang				
Vice President	Frank Chen				
Senior Vice President	Tom Chang				
Vice President	Hsiu-Jung Chang				
Director	Raymond Lee				
Director	Ellen Chen				
Accounting Manager	Ting Chen				

(III) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of total remuneration paid to directors, supervisors, general managers, and vice presidents over the past two years by the Company and all companies listed in the consolidated report as a percentage of net profit after tax of parent or individual financial report

Unit: NTD thousands; %

Item \ Year	2022		2023	
	The Company	Consolidated Report	The Company	Consolidated Report
Total directors' remuneration	17,575	17,575	30,644	30,644
Directors' remuneration	1.26%	1.26%	1.01%	1.01%

as a percentage of net income after tax				
Total supervisors' remuneration	—	—	—	—
Supervisors' remuneration as a percentage of net income after tax	—	—	—	—
Total General Manager and Vice Presidents remuneration	46,621	46,621	67,745	89,260
General Manager and Vice Presidents remuneration as a percentage of net income after tax	3.35%	3.35%	2.24%	2.95%
Income after tax	1,391,916	1,391,916	3,030,142	3,030,142

The total remuneration of directors for 2023 increased compared to 2022, mainly due to the increase in net profit after tax in 2023. However, the proportion of total director remuneration to net profit after tax decreased in 2023 compared to 2022. The total remuneration of the general manager and deputy general managers for 2023 increased compared to 2022, attributable to the increase in net profit after tax in 2023 and the addition of two vice presidents in 2023 to meet operational needs.

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) Remuneration policies, standards, and packages:

The Company’s directors remuneration is paid in accordance to the Company’s Article 16 of the Articles of Incorporation, and taking into consideration the

individual's participation in the operation of the Company, the value of contribution, and normal industry standard. According to the Company's Article 20 of the Article of Incorporation, it shall set aside no higher than 5% of the profit as directors' remuneration and no lower than 20% as employee renumeration.

The Company's Renumeration Committee establishs and reviews the Board member and managers' performance, renumeration policy, system, standard and structure in accordance to Article 2 of the "Renumeration Policy Organizational Structure". Board member and managers' renumeration are reviewed periodically based on industry standard and individual performance, Company's operation performance, and reasonableness of future risk. To prevent Board member and managers pursue renumeration and take excessive risk, the Company will consider industry characteristic and the Company's operation to adjust the short term performance bonus and payment time for flexible renumeration.

The Company has establishs "Board Member Renumeration Distribution Policy" and "Manager's Renumberation Distribution Policy" for the Company's Board member and managers. The above procedures have been reviewed by the audit committee and submit to Board of Director for approval. The composition of renumeration for the Company's Board member and managers are as follows"

A. Board renumeration: All Board member who participate the Company's daily operation and independent director will receive salary, bonus and severance payment. Board renumeration including renumeration, traveling allowance, and surplus distribution. Travelling allowance is not related to operating performance, it is the traveling expense for Board member attending the Board meeting.

B. Manager renumberation: Renumeration is evaluated based on human resource market, industry standard, and the Company's renumeration policy. Renumeration includes fix salary, variable salary, and stock.

(2)Linkage to operating performance and future risk exposure:

For the Company's renumeration policy, the independent director receives renumeration, travelling allowance and managers received monthly fixed salary. Board member's surplus distribution are distributed in accordance to "Board Member Renumeration Distribution Procedure", and based on each director's participation and contribution on the Company's operation. Different weight will be given based on position and responsibility (for example: being the joint guarantor for the Company's financing). Surplus distribution will reviewed by the renumeration committee, submit to Board of Director for approval and report on the stockholder meeting. For manager's variable renumeration distribution, like performance bonus, employee

renumeration, and project bonus, it is evaluated based on the Company's profit, manager's yearly target achievement and performance plan. The distribution plan is reviewed by the renumeration committee in accordance to article 2 of the "Renumberation Committee Organizational Structure" to prevent managers pursue renumeration and take excessive risk. The Company's profit increase 117.70% from 2022 to 2023, the Company's operating performance is highly correlated to the Board member and manager's renumeration.

IV. The State of Implementation of Corporate Governance

(I) The state of operations of the board of directors

From 2023 to the publication date of the annual report in 2024, the board of directors has held 15 board meetings [A], and the directors' attendance rates are as follows:

Title	Name	Attendance in person [B]	Attendance by proxy	Attendance in person rate (%) [B/A]	Remarks
Chairman	Sheng Pao-Shi	14	1	93.33%	Re-elected on June 6, 2023, shall attend 15 times
Director	Bao Lei Co., Ltd. Representative: Chen Kuan-Pai	14	1	93.33%	Re-elected on June 6, 2023, shall attend 15 times
Director	TA YA Venture Capital Co., Ltd. Representative: Shen Shang-Hung	9	6	60.00%	Re-elected on June 6, 2023, shall attend 15 times
Director	Chen Shih-Min	15	-	100%	Re-elected on June 6, 2023, shall attend 15 times
Independent director	Lin Jui-Yi	11	4	73.33%	Re-elected on June 6, 2023, shall attend 15 times
Independent director	Lee Yi-Chin	14	1	93.33%	Re-elected on June 6, 2023, shall attend 15 times
Independent director	Lai Ming-Jung	15	-	100%	Re-elected on June 6, 2023, shall attend 15 times
Independent director	Lin Hsin-Yi	12	-	100%	Newly elected on June 6, 2023, shall attend 12 times

Other matters that should be recorded:

I. The date of the board meeting, the term, contents of the proposals, opinions of all independent directors, and the Company's handling of opinions of independent directors shall be recorded under the following circumstances in the operations of the board of directors meeting:
   (I) Items specified in Article 14-3 of the Securities and Exchange Act: Article 14-3 of the Securities and Exchange Act is not applicable as the Company has set up an Audit Committee, and the relevant information can be found in the State of operations of the Audit Committee in the Annual Report.
   (II) Other board resolutions apart from the aforementioned matters with respect to objections or qualified opinions expressed by independent directors on record or in writing: None.

II. For recusal of directors due to conflict of interests, the name of the directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated:

Agenda	Name of Director	Reasons for recusal	Participate in voting
Authorize audit report and audit tracking report	Directors to recuse themselves on matters relating to them: Lai Ming-Jung	Director is being reported for this item	No
Approval of the appointment of managers for the subsidiary company, Bora Biologics Co., Ltd. is ratified	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi	Director is appointed for being the subsidiary's manager	No
To discharge the non-compete restrictions for managers of the Company	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Directors are managerial personnels	No
To discharge the non-compete restriction for directors of the Company	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Related to directors' self interest	No
Details of project bonuses for managers of the Company	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director are managerial personnels	No
Subsidiary TWi Pharmaceuticals, Inc. 2022 first employee stock warrant distribution to manager	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director are managerial personnels	No
To discharge elected directors and their representative's non compete clause	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min, Chen Kuan-Pai, Lin Jui-Yi, Lai Ming-Jung, Lee Yi-Chin	Director and independent director cross review its interest item, and recuse themselves on matters relating to them	No
2022 earning distribution for director	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min, Chen Kuan-Pai, Lin Jui-Yi, Lai Ming-Jung, Lee Yi-Chin	Directors and independent directors cross review the renumeration	No
2022 earning distribution for manager	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Directors are managerial personnel	No
2022 renumeration increase for manager	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director are managerial personnels	No
Revision of the "Director Remuneration and Compensation Distribution Regulations" proposal	Directors to recuse themselves on matters relating to them: Lai Ming-Jung, Lin Jui-Yi, Lee Yi-Chin	Related to director's self interest	No
Proposal for the issuance of new shares through cash capital increase by subsidiary Bora Health Inc. and the allocation of shares to managers	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director is managerial personnel	No

Details of the Project Bonus Plan for Company Managers	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director is managerial personnel	No
Allocation of Managerial Staff for the First Employee Stock Option Certificate Distribution in 2023	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Directors are managerial personnels	No
Performance Bonus Proposal for Managerial Staff for 2023	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Directors are managerial personnels	No
Proposal for the Distribution of Director Remuneration for 2023	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min, Chen Kuan-Pai	Related to director's self interest	No
Proposal for the Distribution of Employee Compensation for 2023	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Directors are managerial personnels	No
Proposal for the Distribution of Employee Compensation for the Year 2023 for Subsidiary TWi Pharmaceuticals Inc. and Detailed Allocation for Company Managers	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Directors are managerial personnels	No
Promotion and Salary Adjustment Proposal for Managers in 2024	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Directors are managerial personnels	No

III. (I) The Company's board of director approved the resolution to amend the "Regulations Governing Board Performance Evaluation" on 2019.11.13. The Company should conduct evaluation of the board of directors on a yearly basis, and submitted the evaluation results to the board of directors. The board of director should be evaluated externally every 3 years.

(II) 2023 board of directors evaluation and results are as follows:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once ever year	2023/01/01 to 2023/12/31	Board of directors, individual director, audit committee, renumeration committee, and Sustainable Development Committee	Internal evaluation of the board and self-evaluation by individual board members	(I) Criteria for evaluating the performance of the board of directors include the following: 1. Participation in the operation of the Company. 2. Improvement of the quality of the board of directors' decision making. 3. Composition and structure of the board of directors. 4. Election and continuing education of the directors. 5. Internal control. 6. The participation on ESG. (II) The criteria for evaluating the performance of the board members cover the following aspects:

				1. Alignment of the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control. (III) Criteria for evaluating the performance of the Audit Committee include the following: 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Functional committee composition and election of members. 5. Internal control. (IV) Criteria for evaluating the performance of the Compensation Committee include the following: 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Functional committee composition and election of members. 5. Internal control. (V) Criteria for evaluating the performance of the Sustainable Development Committee include the following: 1. Degree of the Company's operational involvement. 2. Awareness of the responsibilities of the Sustainable Development Committee. 3. Enhancement of the decision-making quality of the Sustainable Development Committee. 4. Composition and appointment of members of the Sustainable Development Committee.

In 2023, our board of directors conducted a self-assessment of their performance, with the evaluation results submitted to the board on March 7, 2024, serving as the basis for review and improvement. The overall average score for the board's operational performance self-assessment

was 4.93 out of 5, an improvement from 4.74 in 2022, indicating overall enhancement in operations. Similarly, the audit committee's operational self-assessment for 2023 yielded an overall average score of 4.95 out of 5, comparable to 4.93 in 2022, demonstrating improved overall operations. Individual directors and the compensation committee rated their operational performance as 100% satisfactory for both 2023 and 2022 across all measured aspects. The Sustainable Development Committee achieved an overall average score of 5 out of 5 in their 2023 self-assessment, indicating optimal overall operations.

(III) 2022 external evaluation and result for the Company's board and functional committee (audit committee and renumeration committee) are as follows:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Ever three year	2022/01/01 to 2022/12/31	Board, audit committee and renumeration committee	Appoint external organization (TIRI) and the organization assign three individual for the evaluation	(I) Board of director evaluation includes the following aspect: 1. Board composition and professional development. 2. Board decision quality. 3. Board operating effectiveness. 4. Internal control and risk management. 5. Board participation on corporate social responsibility. (II) Audit committee evaluation includes the following aspect: 1. Participation on the Company's operation. 2. Awareness on the functional committee responsibility. 3. Increase the decision quality for the functional committee. 4. Composition of the functional committee and member's selection. 5. Internal control. (III) Renumeration committee evaluation includes the following aspect: 1. Participation on the Company's operation. 2. Awareness on the functional committee responsibility. 3. Increase the decision quality for the functional committee. 4. Composition of the functional committee and member's selection. 5. Internal control.

1. On May 2022, the Company appoints Taiwan Investor Relations Institute (TIRI) to perform 2022 external board evaluation (period: 2022.01.01 – 2022.12.31). TIRI assigns three expert who is not related to the Company and issue independent letter to the Company. TIRI evaluates the operating effectiveness of the Company's board and functional committee (audit committee and renumeration committee) through questionnaires and on site visits.
2. TIRI issues the Company's board evaluation report on 2023.01.17. The Company has submits the recommendation item and actions plan to take to the Board. Evaluation item, recommendation item and item to take are summarized below:
   (1) Summary of TIRI report
   The evaluated company's board of director has extensive professional experience and meets the operational needs of the evaluated company. Number of independent directors exceed one third of the board, and all independent directors' term do not exceed three

term. The board execute recusal in accordance to the local regulation. Th board structure is sound and the independent directors' attendance rate exceed 85%. The communication between the internal audit manager and certified public accountant are disclosed on the evaluated Company's website. The interim financial report is reviewed by the audit committee and subit to the board for discussion. For sustainability development, the evaluated company complete the green house gas disclosure and verification on 2021 and obtain the assurance report from the third party organization. The evaluated company also issues sustainability report on 2021 and obtain the assurance report from the certified public accountant. This shows the evaluated company values about information technology and social responsibility to implement sustainable plan

(2) TIRI recommendation item and implementation to take

Item	TIRI Recommendation Item	Implementation to Take
1	Recommend the Company to add one female director or independent director to enhance the board member diversity	The Company will take into consideration on the nomination for next term's director and independent director
2	Recommend the Company to addone independent director to enhance the corporate governance function	The Company will amend and adjust in accordance to the operation and local regulation.
3	Recommend the Company to establish "Risk Management Policy and Procedure" and submit it to the board for approval to manage the risk	The Company will consider the recommendation, evaluated based on the actual operation, and submit to the board in accordance to the procedure.
4	Recommend the Company to establish the succession plan for the board member and manager	The Company has establish the relevant procedure in accordance to the recommendation.
5	Recommend the Company to use Audit Quality Indicator to evaluate the external accountant's independence and competency, and the audit quality for the accounting firm and its engagement team	The Company will use Audit Quality Indicator to evaluate the external accountant's independence and competency

IV. Goals for enhancing the functions of the board of directors for the current and most recent fiscal period as well as assessments of the actions implemented: The Company has 8 directors, including 4 independent directors. The election and re-election of directors take into consideration the diversity and expertise of the board members, and regular evaluations are conducted in accordance with the Regulations Governing Board Performance Evaluation to improve the operation efficiency of the board. For details, please refer to "The State of Implementation of Corporate Governance" of the Annual Report. To improve corporate governance, the Company has also set up an Audit Committee and Compensation Committee. In accordance with the Securities and Exchange Act, the Company set up an Audit Committee in 2017, which is composed of the entire number of independent directors, to assist the board of directors in fulfilling its duties in supervising the Company in implementing the procedures for accounting, audit and financial reporting, and ensuring the quality and loyalty in financial control, so as to improve the operation efficiency of the board. In accordance with Article 6 of the Company's Audit Committee Charter, the main powers of the Audit Committee are:

(I) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

(II) Evaluate the effectiveness of the internal control system.

(III) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the

acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.

(IV) Matters in which a director is an interested party.

(V) Asset transactions or derivatives trading of a material nature.

(VI) Loans of funds, endorsements, or provision of guarantees of a material nature.

(VII) The offering, issuance, or private placement of equity-type securities.

(VIII) The hiring or dismissal of a certified public accountant, or their compensation.

(IX) The appointment or discharge of a financial, accounting, or internal audit officer.

(X) Annual and Quarter Financial Report signed and sealed by the Chairman, managerial personnel and chief accountant, and Q2 Financial Report to be audited by the certified public accountant.

(XI) Proposals on Business Operation Report and Earnings Distribution or Deficit Compensation.

(XII) Other material matters as may be required by the Company or by the competent authority.

In addition to the above, the Audit Committee will conduct evaluation of the independence and performance of the certified public accounts once every year. Starting in 2023, the Company used Audit Quality Indicator to evaluate the external accountant's independence and competency with article 29 of the "Corporate Governance Best Practice Principle". The evaluation result will review bu the audit committee and submit to the Board for approval. The audit committee will communicate the Company's important issues with the accountant and chief auditor at least once per quarter, and disclose the mode of communication, issues and results in the Company's website. For details of the establishment and operation of the Compensation Committee, please refer to "(IV) If the Company has a compensation committee in place, the composition, responsibilities and operation of the compensation committee shall be disclosed" under "The State of Implementation of Corporate Governance" of the of the Annual Report.

(II) The state of operations of the audit committee or the state of participation in board meetings by the supervisors

The state of operations of the Audit Committee: From 2023 to the printing date of the annual report in 2024, the Audit Committee has held 16 meetings (A), and the attendance of the committee members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) (B/A)	Remarks
Independent director	Lai Ming-Jung	16	—	100%	Audit Committee convener, re-elected on June 6, 2023, shall attend 16 times
Independent director	Lin Jui-Yi	12	4	75.00%	Re-elected on June 6, 2023, shall attend 16 times
Independent director	Lee Yi-Chin	15	1	93.75%	Re-elected on June 6, 2023, shall attend 16 times
Independent director	Lin Hsin-Yi	13	—	100%	Newly elected on June 6, 2023, shall attend 13 times

Other matters that should be recorded:

I. (I) Items specified in Article 14-5 of the Securities and Exchange Act:

Date of convening	Compliance with items specified in	Resolution	Audit	Company's

	Article 14-5 of the Securities and Exchange Act		Committee's opinion or objections/reservations	handling status
2023.01.31 2023 (2nd) 20th Audit Committee Meeting	Agenda Item 1: Drafting general principles for the establishment of the company's policy on pre-approval of non-assurance services.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposed guarantee for the borrowing limit of TWi Pharmaceuticals Inc., a wholly-owned subsidiary of the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Director Non-Compete Restriction Case	Unanimously approved by all attending Audit Committee members	None	N/A
2023.03.16 2023 (2nd) 21st Audit Committee Meeting	Agenda Item 1: The Company's "2022 Statement on Internal Control".	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: The Company to change CPA due to accounting firm's internal CPA rotation	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Review of the Independence and Suitability Assessment of the Company's certified public accountants.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 4: 2022 Business Operation Report and Financial Statements	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 5: 2022 Profit Distribution and Cash Dividend Disbursement Case	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 6: Case for Capital Increase through Profit Allocation and Issuance of New Shares	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 7: Proposal for Issuance of Employee Stock Options	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 8: Proposal to Set the Base Date for the Exercise of 2020 Employee Stock Options and the Issuance of New Shares, as well as the Second Unsecured	Unanimously approved by all attending Audit Committee	None	N/A

	Convertible Corporate Bond Conversion into New Shares, for 2023	members		
	Agenda Item 9: The Company's Proposal for the Issuance of the Third Unsecured Convertible Corporate Bonds Domestically	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 10: Proposal to Discharge New Directors and Their Representatives from Engaging in Competitive Activities.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 11: Amendment to the Company's '2022 Share Repurchase Employee Transfer Regulations' and Code of Business Integrity' Case.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 12: Amendments to the Procedure for Lending Funds to Other Party, Procedure for Acquiring and Disposing Assets and Procedure for Engaging in Financial Derivative Transaction	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 13: Amendments to the Internal Control, authorization table, Guideline for internal audit, Procedure for the Internal Control Self-Assessment, and Procedure for the Company's transaction with subsidiaries, specific companies and related parties	Unanimously approved by all attending Audit Committee members	None	N/A
2023.05.12 2023 (2nd) 22th Audit Committee Meeting	Agenda Item 1: Case for the Consolidated Financial Statements for the First Quarter of 2023	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal to Jointly Donate and Establish the 'Taipei City Bora ShengWeEn Foundation' by the Company and Subsidiary Bora Pharmaceutical Laboratories Inc.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.06.27 2023 (3rd) 1st Audit Committee Meeting	Agenda Item 1: Proposal for the Election of the Convener of the Third Audit Committee.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal to Set the Base Date for the Exercise of 2020 Employee Stock Options and the Issuance of New Shares, as well as the Second Unsecured Convertible Corporate Bond Conversion into New Shares in 2023.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Proposal to Provide Continuing Guarantee of Loan Facility amounting to NTD 240,000,000. For Bora Biologics Co., Ltd., a	Unanimously approved by all attending Audit Committee	None	N/A

	Subsidiary of the Company	members		
	Agenda Item 4: Amendment to the '2023 First Employee Stock Option Warrant Issuance and Subscription Regulations'.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.07.13 2023 (3rd) 2nd Audit Committee Meeting	Agenda Item 1: The Company Proposes to Waive the Cash Capital Injection of Subsidiary Bora Health Inc. (hereinafter referred to as Bora Health).	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal for Subsidiary Bora Health Cash Capital Injection and Issuance of New Shares Distribution excluding Management.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.07.27 2023 (3rd) 3rd Audit Committee Meeting	Agenda Item 1: Independent Expert Qualification Review Case.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.08.14 2022 (3rd) 4th Audit Committee Meeting	Agenda Item 1: The Company's Q2 2023 consolidated financial report.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: The company's earnings distribution proposal for the first half of 2023.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Proposal to report contingent adjustments to fair value based on the audit results for Q2 2023.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 4: Independent Expert Qualification Review Case.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.08.17 2023 (3rd) 5th Audit Committee Meeting	Agenda Item 1: Subsidiary TWi Pharmaceuticals Inc.(hereinafter referred to as TWi) intends to purchase the US Drug Certification Case fromAlmatica/Alvogen Group.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.08.21 2023 (3rd) 6th Audit Committee Meeting	Agenda Item 1:Proposal to review the stock conversion and authorization signing agreement between subsidiary Bora Health., Ltd. and SunWay Biotech Co., Ltd.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.09.19 2023 (3rd) 7th Audit Committee	Agenda Item 1:The Company's application for transfer to the listed company of TWSE.	Unanimously approved by all attending Audit	None	N/A

Meeting		Committee members		
	Agenda Item 2: Proposal to issue the 'Statement of Internal Control System' for the Company for the period from July 1, 2022, to June 30, 2023.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: The Company's financial forecast for Q4 2023 to Q1 2024.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 4: Revision of the Company's accounting system.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 5: The company's first Issuance of employee stock options in 2023, excluding managers.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.11.09 2023 (3rd) 8th Audit Committee Meeting	Agenda Item 1: The Company's Q3 2023 consolidated financial report.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal to establish the Capitalization date for issuing new shares through the exercise of employee stock options granted in 2020 and the second domestic unsecured convertible bond conversion into new shares for the Company in 2023.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: The Company's first issuance of employee stock options in 2023, excluding non-executive personnel.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 4: The Company's '2022 Share Repurchase and Employee Transfer Policy' stipulates the transfer of treasury shares to non-managerial employees.	Unanimously approved by all attending Audit Committee members	None	N/A
2023.12.19 2023 (3rd) 9th Audit Committee Meeting	Agenda Item 1: The Company's 2023 Statement on Internal Control.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Transfer the treasury stock to non-manager in accordance to "2022 Stock Repurchase and Transfer to Employee Program"	Unanimously approved by all attending Audit Committee members	None	N/A
2024.01.16 2024 (3rd) 10th Audit Committee	Agenda Item 1: Proposal to approve The acquisition of 100% equity in Upsher-Smith Laboratories, LLC., and	Unanimously approved by all attending Audit	None	N/A

Meeting	two other companies by our US subsidiary, Bora Pharmaceutical Holdings, through indirect ownership.	Committee members		
	Agenda Item 2: Proposal to establish The capitalization date for issuing new shares through the exercise of employee stock options granted in 2020 and the third domestic unsecured convertible bond conversion into new shares for the Company in 2023.	Unanimously approved by all attending Audit Committee members	None	N/A
2024.03.07 2024 (3rd) 11th Audit Committee Meeting	Agenda Item 1: The Company's 'Annual Statement of Internal Control System' for 2023.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: The Company to change CPA due to accounting firm's internal CPA rotation.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Review of the independence and suitability assessment of the certified public accountants for the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 4: 2023 Annual Operating Report and Financial Statements Case.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 5: Case for 2023 Annual Profit Distribution and Cash Dividend Payment.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 6: Proposal to establish general principles for the pre-approval policy of non-assurance services in the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 7: Amendment of the 'Procedure for Lending Funds to Others' and the 'Procedure for Acquisition or Disposal of Assets'.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 8: Amendment of the 'Internal Control System' and the 'Decision-Making Authority Table'	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 9: Proposal to discharge the director non-compete agreements.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 10: Proposal to conduct a cash capital increase of USD 100,000 thousand for Bora Pharmaceuticals USA	Unanimously approved by all attending Audit	None	N/A

	Inc., a wholly-owned subsidiary of the Company.	Committee members		
	Agenda Item 11: Proposal to provide a loan guarantee of USD 120 million to Bora Pharmaceutical Holdings, Inc., a company indirectly held 100% by the Company."	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 12: Proposal to provide Funding to Bora Pharmaceutical Holdings, Inc., a company indirectly held 100% by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 13:Proposal for Share Repurchase of the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 14: The Company's first issuance of employee stock options in 2023, excluding non-managerial personnel.	Unanimously approved by all attending Audit Committee members	None	N/A
2024.03.22 2024 (3rd) 12th Audit Committee Meeting	Agenda Item 1: Independent Expert Qualification Review Case.	Unanimously approved by all attending Audit Committee members	None	N/A
2024.04.12 2024 (3rd) 13th Audit Committee Meeting	Agenda Item 1: The Company's Board of Director's resolution on issuing new shares to acquire the subsidiary Bora Biologics Co., Ltd. all shares	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal to provide a loan guarantee of USD 70 million to Upsher-Smith Laboratories, LLC, a company indirectly held 100% by the Company."	Unanimously approved by all attending Audit Committee members	None	N/A

(II) Any issues apart from the aforementioned matters that are not agreed upon by the Audit Committee but passed by more than two thirds of all directors: None.

II. Implementation status of recusal by independent directors due to conflict of interest:

Agenda	Name of Director	Reasons for recusal	Participate in voting
To discharge elected directors and their representative's non compete clause	Directors to recuse themselves on matters relating to them: Lin Jui-Yi, Lai Ming-Jung, Lee Yi-Chin	Independent directors and directors engage in cross-review and recuse themselves from matters related to their own interests.	No
2022 Director Remuneration Allocation"	Directors to recuse themselves on matters relating to them: Lin Jui-Yi, Lai Ming-Jung, Lee Yi-Chin	Independent directors and directors engage in cross-review and recuse themselves	No

		from matters related to their own interests.	

III. Communication between independent directors, internal audit manager and certified public accountants:

(I) The internal audit manager submits monthly audit report to the independent directors through email, and conduct discussion on matters such as audit, internal control, etc. There is full communication in the audit activities implementation and effectiveness.

(II) The Company's certified public accountants report and communicate with the independent directors on the audit results of financial statements (including consolidated financial statements), key audit items, important issues, or other relevant legal requirements, etc., from time to time after the quarterly audit committee meetings.

(III) Above main communication for (I) and (II) have been disclosed on the Company's website.

(III) The State of Implementation of Corporate Governance and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has in accordance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, established various corporate governance regulations, please refer to the Company's website/Investors/Corporate Governance/Important Company Regulations (https://bora-corp.com/)	No material deviation
II. Company stock equity structure and shareholder equity				
(I) Does the company establish internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implement the procedures accordingly?	V		(I) The Company has established a spokesperson system and has appointed a spokesperson and a deputy spokesperson, and their contact numbers are disclosed in the Market Observation Post System, to facilitate handling of shareholder recommendations, doubts, disputes, and litigations to safeguard the shareholders' rights.	No material deviation
(II) Did the company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(II) The Company's daily shareholders affairs are handled by a professional shareholder services agent, and dedicated personnel is in charge of handling the relevant matters, and maintaining a register of major shareholders with controlling power and persons exercising ultimate control.	No material deviation
(III) Did the company establish and enforce risk control and firewall systems with its affiliates?	V		(III) The Company has business interactions with its affiliates, and the price terms and payment methods of such interactions are set based on the principles of fairness and reasonableness. In addition, the Company has established the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises" in accordance to Article 17 of "Corporate Governance	No material deviation

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Did the company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?</td><td>V</td><td></td><td>Best Practice Principle” and approved by the Board on March 16, 2023 to ensure the risk management.
(IV) In accordance with Corporate Governance Best-Practice Principles and legal amendments, the Company discussed and approved the revision of the "Internal Handling of Material Information and Prevention of Insider Trading Management Procedures" during the board meeting on March 16, 2023. The revised procedure explicitly prohibits insiders from trading company stocks for a certain period (15 days before quarterly reports/30 days before annual financial reports) after obtaining financial or performance information. The updated procedure has been incorporated into the insider trading awareness video and handbook provided by the stock exchange and made available on our company's internal website for all employees to access. The relevant parties have been reminded of this new provision via email, and the implementation status has been disclosed on the Company's official website. In order to strengthen the promotion of ethical business practices and the importance of insider trading law compliance, all employees within the group were notified to undergo a test on these topics in 2023 through a systematic approach. New employees will be required to complete the test directly on the system after reading the materials, ensuring continuous awareness efforts.
<table>
<tr><th>Date</th><th>Content</th><th>For</th></tr>
<tr><td>2023.12.11-29</td><td>Prevention of Insider Trading Awareness</td><td>Bora/ Bora Pharmaceutical Laboratories/TW</td></tr>
</table>
</td><td>No material deviation</td></tr>
</table>

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			<table><tr><td></td><td>Assessment of Insider Trading and Material Information under Article 157-1 of the Securities and Exchange Act.</td><td>i /Bora Biologics/ Bora Pharmaceuticals Ophthalmic / Bora Health /SunWay</td></tr></table> The above courses had a total of 1,042 participants in training, with an estimated total employee investment time of approximately 20,840 minutes, and a pass rate of 96.45% in the assessment. The execution status of insider trading prevention for the year 2023 was reported to the board of directors on December 19, 2023.	
III. Board compositions and responsibilities (I) Has the board of directors developed and implemented a diversified policy for the composition of its members?	V		(I) For the board's diversity policy and implementation, please refer to "The Diversity and Independence of the Board of Director and "The Succession Plan for the Board Member and Managers" (page 29-32)	No material deviation
(II) In addition to remuneration committee and audit committee established according to law, has the company voluntarily established other functional committees?	V		(II) The Company's Articles of Incorporation stipulates that the board of directors may based on the needs of business operations, set up other functional committees, and establish a charter for the committee to be approved by the board of directors. The Company currently has a Compensation Committee and an Audit Committee, and may based on the Company's business development and regulatory requirements, set up other functional committees. To	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			promote and develop ESG, the Company's board of director approved to establish the sustainable committee on March 9, 2022 with 3 committee member and Sheng Pao-Shi is the convener. In accordance with the expiration of the terms of all directors, the company held a comprehensive re-election. On June 27, 2023, the Board of Directors discussed and resolved to reappoint Chairman Sheng Pao-Shi, Independent Director Lee Yi-Chin, and Director Chen Shih-Min as members of the second term of the Sustainable Development Committee.	
(III) Did the company stipulate regulations for performance evaluation of the board, and its evaluation method, and conduct performance evaluation on a yearly basis, and submit the performance evaluation results to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.	V		(III) The Company has established a performance evaluation of the board, and its evaluation method. Regular evaluation has officially begun in 2020, and the evaluation results have been used as reference in determining compensation for individual directors, their nomination and additional office term. The 2023 evaluation results of the members of the board of directors, the board of directors, the Audit Committee and the Compensation Committee have been submitted to the board of directors on March 7, 2024, to facilitate the board in understanding the operational performance and to continue to track and improve. For details of the evaluation, please refer to "IV The State of Implementation of Corporate Governance" - "(I) The State of Operations of the Board of Directors" of the Annual Report. (page 47-53)	No material deviation
(IV) Did the company regularly implement assessments on the independence of the certified public accountants?	V		(IV) The Company has in accordance with the regulations relating to independence as stated in Bulletin No. 10 "Integrity, Objectivity and Independence" of "The	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Norm of Professional Ethics for Certified Public Accountant of the Republic of China", established the Company's evaluation standard on the independence of the accountants, and evaluates the independence of the certified public accountants on a yearly basis. Has obtained the Auditor's Independence Declaration, and conducted evaluation based on the above independence evaluation standard. The evaluation results show that the certified public accountants Hung, Guo Sen and Chen, Ming Hung from Ernst & Young, Taiwan, both conform to the standards of independence established by the Company, and hence are capable of serving as the Company's certified public accountants. The Company has submitted the results to the board of directors on March 16, 2023, and the audit committee has approved the results. Details of the certified public accountants' independence evaluation standards are in Note 1. In accordance with the Financial Supervisory Commission's promotion of "Corporate Governance 3.0 - Sustainable Development Blueprint" to enhance the transparency of audit quality, the Company has been evaluating the independence and suitability of our affiliated certified public accountants annually since 2023. Apart from requiring the certified public accountants to provide a "Declaration of Supernatural Independence" and "Audit Quality Indicators (AQIs)", we also evaluate them based on AQI indicators. After confirming that the certified public accountants, Hu, Tzu-Ren and Hung, Guo Sen from Ernst & Young Certified Public Accountants, have no financial interests or business relationships other than	

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			fees for certification and tax-related matters, and their family members do not violate independence requirements, and considering AQI indicator information, an overall suitability assessment has been conducted. Here are the key assessment items and explanations: Confirmation that the accountants and the firm have training hours and professional support for audit personnel superior to the industry average (Aspect one, professionalism). Additionally, the firm's introduction of digital audit tools has effectively enhanced audit efficiency and quality. Although the overall audit input hours are lower than the industry average, the evaluation considers that the Company focuses on exports and has substantial overseas manufacturing and sales locations. Utilization of international/cross-domain professional support, accountant focus on audits, and digital audit tools all contribute to the Company's gradual advance in early financial reporting, aligning with "Corporate Governance 3.0" and international trends. In summary, the results of the annual evaluation were discussed and passed by the Audit Committee on March 7, 2024, and subsequently reported and approved by the Board of Directors on March 7, 2024 regarding the independence and suitability assessment of the accountants.	
IV. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer to be in charge of corporate governance affairs (include	V		(I) Appointment of chief corporate governance officer The Company continues to promote and implement corporate governance to enhance the functions of the board of directors and safeguard the rights and interests of the shareholders. The Company has,	No material deviation

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings, etc.)?</td><td></td><td></td><td>before the mandatory requirements, passed a board resolution on March 30, 2021 to appoint Director Alice Wang as the Company’s chief corporate governance officer, the highest ranking officer in charge of corporate governance related matters. Director Wang has more than 3 years experience heading the law, finance, stock affairs or corporate governance related matters units in public companies, and hence meets the qualifications of a chief corporate governance officer.
(II) Scope of duties and powers
Main duties include supervising and executing the establishment and operation of corporate governance related rules and regulations, including handling of matters relating to board of directors meetings and shareholders meetings in compliance with law, reviewing and preparation of minutes of board of directors meetings and shareholders meetings, assisting in onboarding and continuing education of the directors, providing information required for performance of duties by the directors, assisting directors in complying with the laws and regulations, and report to the Board on the qualification of the independent director during nomination, election, and tenure..
(III) Continue education
Total 12 hours of course session have been attended in 2023 as follows:
<table>
<tr><th>Item</th><th>Date</th><th>Course Name</th><th>Hour</th><th>Note</th></tr>
<tr><td>1</td><td>2023/03/27</td><td>Board of Directors and</td><td>3</td><td>1</td></tr>
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Evaluation items	Implementation status										Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary								
						Supervisors Seminar on "Corporate Resilience and Taiwan's Competitiveness"					
				2	2023/07/18	2023 Seminar on Financial Transformation and Sustainable Disclosure"	3	2			
				3	2023/10/04	Seminar for Company Directors and Supervisors: 'How Companies Respond to International Anti-Tax Avoidance Measures'	3	1			
				4	2023/10/17	How to Properly Understand Corporate Governance Evaluation Indicators	3	2			

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Note 1: Chinese National Association of Industry and Commerce Note 2: Accounting Research and Development Foundation	
V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The Company has a spokesperson and deputy spokesperson as channels of communication for stakeholders. The Company values the interest of the stakeholder and works to develop a open, transparent, effective communication channel to move toward a sustainable future. (I) Identification on the stakeholder The Company adhere to the resposonsbility and mission of sustainable corporate governance. On the official website, the Company set up the stakeholder communication email and identified operating related stakeholder, including investor, employee, supplier, government, and research institution. The Company communicates to stakeholder with different topic which stakeholder concern. Starting in 2022, the implementation of ESG project focuses on effective communication with stakeholder, strengthen the communication, and ensure to reply different group of stakeholder's concern. The stakeholder communication report will submit to the board of director annually. (II) For main stakeholder communication, please refer to below note 2. (III) Stakeholder communication platform: Besides main stakeholder, the Company maintains good communication with stakeholder and has set up the external communication email on the Company's website for diverse communication channel. (IV) 2023 stakeholder communication report has been submitted to the board of director on Dec 19, 2023.	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
VI. Did the company engage a professional shareholder services agent to handle shareholders meeting matters?	V		The Company has engaged the Stock-Affairs Agency Department, Taishin Securities Co., Ltd. to handle matters relating to shareholders meeting.	No material deviation
VII. Information disclosure				
(I) Has the company set up a website to disclose information regarding the company's financial operations and corporate governance?	V		(I) The Company has set up an Investors corner in the website to disclose information relating to financial operations and corporate governance. Website: https://bora-corp.com/	No material deviation
(II) Did the company adopt other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?	V		(II) In accordance with the competent authority and relevant laws and regulations, The Company makes public announcements and declarations of the various information, has set up Chinese and English websites, assigned dedicated personnel to collect and disclose Company data and implements the spokesperson system, and uploads the investor conference processes to the Company's website, to enable shareholders to obtain material information and events information from the Market Observation Post System and the Company's website.	No material deviation
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		V	(III) The Company currently reports and publishes its annual financial report within the deadline stipulated in the Securities and Exchange Act, and has not published and reported the financial report within two months after the end of a fiscal year. In the future, it will adjust its reporting date based on the closing of the accounts.	Evaluating
VIII. Is there any other important information to facilitate a better understanding of the state of implementation of corporate governance (including but not limited to employee rights, employee wellness, investor relations, supplier	V		1. Employees' rights and employee care: The Company always values labor-management relations, treats its employees with integrity, and safeguards the legitimate rights and interests of its employees in accordance with the Labor Standards Act; and through the employee	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			welfare system and a good education and training system, it allows the employees to contribute through their jobs. 2. Investor relations: The Company's biggest goal is to protect the rights and interests of the shareholders, and treat all shareholders equitably. Besides publishing the Company's material information such as finances, operations and changes in insider shareholdings through the Market Observation Post System in a timely manner in accordance with the law, an Investors corner is also set up in the Company's website to provide timely disclosure of the Company's finances, operations, and corporate governance. The minutes of the Company's annual general shareholders' meeting are recorded in accordance with the Company Act and relevant laws and regulations, and published in the Company's website and retained for the duration of the existence of the Company. 3. Supplier relationship: The Company establishes close long-term relationship with suppliers based on win-win principle, in the aim to achieve mutual trust and mutual benefit, and together pursue sustainable growth. 4. Rights and interests of stakeholders: The Company value stakeholders' right and has set up communication channel with stakeholder to ensure stakeholder may communicate and make recommendations to the Company to safeguard their legal rights. 5. Status of directors' continuing education: The Company's directors possess relevant professional knowledge, and in accordance with the relevant laws and regulations, attend courses related to securities regulations. Has disclosed under Corporate Governance	

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="2">Implementation status</th><th rowspan="2">Summary</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th></tr>
<tr><td></td><td></td><td></td><td>of the Market Observation Post System (http://mops.twse.com.tw/mops/web/t100sb07).
6. State of implementation of risk management policy and risk assessment standards: The Company has established an internal control system to prevent any possible risks, and the audit unit conducts regular and occasional checks on the execution and improvement of the internal control system. The Company has also purchased various business related insurances, such as fire insurance, theft insurance, product liability insurance and employees' group insurance, etc. to reduce various types of risks.
7. Status of implementation of customer policies: The Company maintains stable and good relationship with customers, and upholds the policy of putting customer first, to generate profit for the Company.
8.Status of purchase of liability insurance for directors and supervisors: The Company has since June 27, 2014, purchased liability insurance for its directors and independent directors so as to strengthen the protection of shareholders' rights and interests. The status of purchase of liability insurance for all directors in 2023 are as follows:
<table>
<tr><th>Insured party</th><th>Insurance company</th><th>Policy duration (from/to)</th><th>Insured amount (NT$: X)</th></tr>
<tr><td>All directors and managerial personnel</td><td>Insurance Company of North America, Taiwan Branch</td><td>From: July 27, 2023
To: July 27, 2024</td><td>US$8,000,000 (equivalent to NT$256,000 thousand, exchange rate 32)</td></tr>
</table></td><td></td></tr>
<tr><td colspan="5">IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.
(not required as the Company is not an assessed company):</td></tr>
</table>

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
1. The Company has established “Bora Pharmaceuticals Co., Ltd. Corporate Governance Best Practice Principles”, which has been passed in a resolution of the board, by referencing “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, to uphold the spirit of corporate governance, thereby maximizes the rights and interest for the shareholders and pursues the Company’s sustainable operation. There are no significant differences between Company’s state of implementation of corporate governance and “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”. 2. The Company ranks in the top 21 to 35% TWSE-listed companies in the 10th Corporate Governance Evaluation Results. There are 80 evaluation indicators, and the Company scored in 64 indicators, with the 8 extra indicators. Pertaining to indicators which the Company did not score, the priority for improvements and countermeasures are as follows: (1) The company becomes the listed company on December 19, 2020. This is the first time that it has been included in the corporate governance assessment with all listed companies. The unscored indicators in this assessment are mainly directors’ attendance at shareholders’ meetings. The company will improve the unscored items such as shareholder meetings attendance and disclosure of remuneration, energy management system verification, achievement of green hourse gas emission reduction targets, and green investment. (2) The Company has arranged the 2024 shareholders' meeting before the end of May, the greenhouse gas reduction policy will be submitted to the Sustainability Development Committee, and will disclose the policy and measures on the 2023 Sustainability Report. Unscored item will be still evaluated and seek possible action.				

Note 1: Most recent year’s independence evaluation standard for certified public accountants:

Evaluation items	Evaluation results	Compliance of independence
1. Does the accountant have a direct or material indirect financial interest in the Company?	No	Yes
2. Have the accountant received a loan or guarantee from the Company or the Company’s directors?	No	Yes
3. Does the accountant have a close business relationship and potential employer-employee relationship with the Company?	No	Yes
4. Is the accountant or audit committee member currently holding or has in the past two years held, a position in the Company as director or managerial personnel, or a position that has a significant impact on the audit work?	No	Yes
5. Has the accountant provided the Company with non-audit related services that may directly impact the audit work?	No	Yes
6. Has the accountant acted as an agent of shares or other securities issued by the Company?	No	Yes
7. Has the accountant acted as a defender of the Company or represented the Company in mitigating a dispute with a third party?	No	Yes
8. Is the accountant a relative of the Company’s director, managerial personnel, or personnel whose position has a significant influence on the audit?	No	Yes

Note 2: Communication to main stakeholders:

Stakeholder	Importance and Meaning	Focus Topic	Communication Channel, Respond, and Frequency of Communication	Annual Communication
Employee	The Company value employees' right. The Company host the employee welfare committee meeting and the management employee communication meeting irregularly. We follow the human right guideline issued by United Nation. We value human right, equal working righ and follow international labor safety standard and protocol to foster a friendly working environment. Bora Pharmaceuticals believes our employees can develop their career in ease and reach the maximum potential by providing a stable, healthy, and comfortable environment. For incidents that affects our employees' right, Bora Pharmaceuticals provides effective and appropriate appeal system to ensure the appeal process is equal and transparent.	-Labor relations and labor security -Talent retention and development -Diversity and equal opportunity - Employee health and employee care Workplace safety and health	-Department communication and working meeting (daily) -Site meeting (weekly) -Internal newsletter (monthly) -Townhall meeting (quarterly) -Labor and management meeting (quarterly) -Labor dafety committee (quarterly) -Performance review (yearly) -Safety and health training (yearly) -Employee welfare committee (yearly) -Renumeration committee (yearly) -Employee training (irregularly) -Employee opinion and complain email box (immediately) -Internal website (irregularly)	-To enhance employee training and provide internal rotating opportunity. -The chairman announced the Company's main policy and message, and make Q&A with employee to align everyone's goal during the quarterly town hall meeting. -To enhance the relationship with the employee, total 4 labor and managehemt meeting are hosted. (Conducted quarterly in each region) -Set the goal in the beginning of the year and evaluate the result at the end of year. 100% of the employee receive the performance review. -Provide reimbursement for employee travel and activity. -Bora Family Day -Enocurage employee to participate charitable activity, Christmas gifts are sent to disadvantaged children.
Investor	The Company values investor relationship, have complete spokeman system and establish the investor relationship contact window. Stockholder's meeting is hosted and annual	-Corporate governance and operating efficiency -Integrity and compliance -Risk management	-Stockholder meeting (yearly) -Earnings call (semi yearly) -Investor conference (irregularly)	-Host 1 shareholder meeting -Host 11 earning call -Host 16 investor conference -Announce 101 material

Stakeholder	Importance and Meaning	Focus Topic	Communication Channel, Respond, and Frequency of Communication	Annual Communication
	report is issued regularly. Material information is announced timely on MOPS. Earning call and investor conference is hosted irregularly. Press release is issued to maintain a good relationship with media. Information is disclosed timely and transparently to protect investors' interest.	-Future growth potential and profit driver	-Announce financial report (quarterly) -Announce operating performance (monthly) -Disclose the Company's main financial and business information on MOPS (irregularly) -Established spokesman, deputy spokesman and news contact window (immediately) -Established investor relationship email and contact window (immediately)	information on MOPS -Interviewed by domestic and international institution, news and report for 50 times.
Customer	The Company is a professional CDMO company, having advanced site and equipment, and provide customers professional and customized service with international standard.	-Customer relationship management -Supply chain management -Information safety and personal information protection -Product quality and complaince	-Customer service email (immediately) -Website and social platform for professional information (irregularly) -Newsletter (irregularly)	-0 customer complaints and positive customer satisfaction -The official website adds white paper and professional industry information. The followers for professional network platform Linkedin increase rapidly to 10,086 people.
Supplier	The Company has tight standard to evaluate the supplier to ensure the long term and stable relationship with the supplier. Audit and safety meeting are hosted irregularly with the supplier and ensure the stability of the operation.	-Raw material and supply chain management BCM (Business Continuity Management) -Quality test and GMP related regulation compliance	-MRO item will purchase and inquire the purchase flow (irregularly) -Purchase raw material with qualified supplier (irregularly) -According to PIC/S regulation, suppliers shall be audited to understand the suppliers' compliance. The	-2023 supplier evualtion has been completed. Supplier evaluation report is evaluated item by item in accordance to BCM services, as the assessment for future cooperation.

Stakeholder	Importance and Meaning	Focus Topic	Communication Channel, Respond, and Frequency of Communication	Annual Communication
			audit frequency shall be evaluated based on the audit result and risk evaluation.	

(IV) If the company has set up a compensation committee, its composition, responsibilities and operations shall be disclosed:

1. Compensation Committee member profiles

Position	Criteria / Name	Professional qualifications and working experience	Independence status	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent director	Lee Yi-Chin Independent Director (Convener of the 5th Committee)	For director's professional qualifications and working Experience, please refer to "C. Corporate Governance Report, II. Information regarding Directors, Supervisors, General Manager, Vice Presidents, Division Directors, and Heads of Departments and Subsidiaries (page 21-25)	All renumeration committee member comply with the following 1.Comply with the renumeration committee guideline for public and listed company issued by Financial Supervisory Commision, please refer to note for the guideline. 2.The person(or using another person's name), my spouse, and minor children do not collectively hold more than 1% of the total issued shares of the company. 3. Did not provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company provider in the past 2 years and receive any interest.	1
Independent director	Lin Jui-Yi Independent Director (Committee member)			1
Independent director	Lai Ming-Jung Independent Director (Committee member)			0

Note : There is no such things in the past 2 years before the appointment and during the appointment.

(1) Not employed by the Company or any of its affiliates.

(2) Not serving as a director or supervisor of any of the Company's affiliated companies (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

(3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(6) Not a director, supervisor, or employee of a company with a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(7) Not a director, supervisor, or employee of a company or institution with the same chairman, president, or equivalent position, or a spouse thereof (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; However, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

2. Operations of the Compensation Committee

(1)The Company's Compensation Committee consists of 3 members.

(2)Term of the (5th) Compensation Committee: June 6, 2023 to June 5, 2026; in 2022 and 2023 as of the print date of the annual report, the Compensation Committee has held 7 meetings (A)

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener of the 5th Committee	Lee Yi-Chin	7	0	100%	Member of the 3rd to 5th Committee; re-elected on June 6, 2023 during the board of directors re-election.
Committee Member	Lin Jui-Yi	6	1	85.17%	Member of the 3rd to 5th Committee; re-elected on June 6, 2023 during the board of directors re-election.
Committee Member	Lai Ming-Jung	7	0	100%	Member of the 1st to 5th Committee; re-elected on June 6, 2023 during the board of directors re-election.

Other matters that should be recorded:

I. If the board meeting does not adopt or revise the compensation committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the company handles the compensation committee's opinions shall be disclosed in detail (e.g. if the salary rate adopted by the board committee is superior to that proposed by the compensation committee, the differences and reasons shall be explained):

(I) Discussions and resolutions of the compensation committee:

Date of convening	Discussion items:	Resolution
2023.01.31 2023 1st meeting of the Compensation Committee	Agenda Item 1: Proposal to ratify the Company’s subsidiary Bora Biologics Inc’s manager	Unanimously approved by all attending committee members
	Agenda Item 2: Proposal to issue project bonus for manager	Unanimously approved by all attending committee members

		Agenda Item 3: 2022 First Employee Stock Warrant for TWi Pharmaceutical for the Company’s manager	Unanimously approved by all attending committee members
		Agenda Item 4: Proposal to report to Frank Chen as the Company’s information security manager	Unanimously approved by all attending committee members
	2023.03.16 2023 2nd meeting of the Compensation Committee	Agenda Item 1: Proposal to amend “Remuneration Committee Charter”	Unanimously approved by all attending committee members
		Agenda Item 2: 2022 Employees' and Directors’ Compensation	Unanimously approved by all attending committee members
		Agenda Item 3: 2022 directors compensation distribution detail	Unanimously approved by all attending committee members
		Agenda Item 4: 2022 employee remuneration distribution detail for managerial personnel	Unanimously approved by all attending committee members
		Agenda Item 5: 2023 salary adjustment of managers of the Company.	Unanimously approved by all attending committee members
	2023.05.12 2023 3rd meeting of the Compensation Committee	Agenda Item 1: Proposal to Amend the 'Directors' Remuneration and Compensation Distribution Regulations'.	Unanimously approved by all attending committee members
		Agenda Item 2: Case for Managerial Personnel Transfer and Promotion to Senior Vice President.	Unanimously approved by all attending committee members
		Agenda Item 3: Managerial Personnel Reporting Case.	Unanimously approved by all attending committee members
	2023.07.13 2023 4th meeting of the Compensation Committee	Agenda Item 1: Nomination for the Chairperson and Meeting Chair of the Compensation Committee.	Unanimously approved by all attending committee members

	Agenda Item 2: Case for the Appointment of Managers for Cash Capital Increase and Issuance of New Shares by Subsidiary Bora Health Co., Ltd.	Unanimously approved by all attending committee members
2023.09.19 2023 5th meeting of the Compensation Committee	Agenda Item 1: Details of Special Project Bonuses for Company Managers.	Unanimously approved by all attending committee members
	Agenda Item 2: Case for the First Allocation of Employee Stock Options in 2023 to Company Managers.	Unanimously approved by all attending committee members
2023.12.19 2023 6th meeting of the Compensation Committee	Agenda Item 1: Case for Managerial Performance Bonus for the Year 2023.	Unanimously approved by all attending committee members
2024.03.07 2024 1st meeting of the Compensation Committee	Agenda Item 1: Proposal to Revise the 'Managerial Compensation Disbursement Regulations'.	Unanimously approved by all attending committee members
	Agenda Item 2: Allocation of Employee and Director Remuneration for 2023.	Unanimously approved by all attending committee members
	Agenda Item 3: Details of Director Remuneration Allocation for 2023.	Unanimously approved by all attending committee members
	Agenda Item 4: Details of Managerial Personnel's Allocation of Employee Compensation for 2023.	Unanimously approved by all attending committee members
	Agenda Item 5: Details of Managerial Personnel's Allocation of Employee Compensation for Subsidiary TWi Pharmaceuticals, Inc. in 2023.	Unanimously approved by all attending committee members
	Agenda Item 6: Case for Managerial Promotion and Salary Adjustment in the Company in 2024.	Unanimously approved by all attending committee members

(II) In the most recent year, the Company’s board of directors did not decline to adopt nor modify the recommendations of the Compensation Committee.

II. If there are objections or reservations by the members that have been recorded in writing during the Compensation Committee resolution, the Compensation Committee meeting's date, period, motion content, the opinions of all members, and treatment of

the member's opinions must be disclosed in detail: In the most recent year, there were no objections or reservations on record or stated in a written statement from members of the compensation committee.

(V) Fulfillment of sustainable development and the deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
I. Has the company established corporate governance for sustainable development and promote sustainable development unit which is authorized from the board of director to managerial personnel, and monitor by the board of director?	✓		As ESG has become an important indicator for the corporate's substainble operation and risk control, the Company's board of director approves to establish Sustainable Development Committee.The Company's core vision "Contributing to Better Health All Over the World", focus on integrity, happy workplace, healthy society, R&D innovation, and susitainable development. Goals include promote economic growth, social development, and environment protection to increase the Company's competitiveness and promote the positive influence of the pharmaceuticals company. The Company's Sustainable Committee has 3 committee member with the chairman Sheng Pao-Shi as the convener. As the highest internal decision center for sustainable development, the chairman will lead the manager from different department to review the Company's core operation. Sustainable Development Committee will be the communication platform for different department. The topic includes Corporate Governance, Respobsible Manufacturing and Innovation, Health and Social Wellbeing, Employee Welfare, and Environment Sustainability. These three topic will identify the Company's operation and the sustainable topic that stakeholders focus. Work development, sustainable development planning, and execution will be performed. Sustainable development committee will report to the board of director regularly and irregularly; main responsibility includes: 1.Identify the strategic and direction for the sustainable development and focus on management and execution	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			plan. 2.Yearly target for sustainable development and information collection on execution. 3.Review and revise on the execution of the sustainable development. 4.Other sustainable development item approved by the board of director. In accordance with the comprehensive re-election of the entire Board of Directors in 2023, the Company, in a board meeting held on June 27, 2023, discussed and resolved to have Sheng Pao-Shi as Chairman, Lee Yi-Chin as an independent director, and Chen Shih-Min as a director, continue to serve as members of the second term of the Sustainable Development Committee. On November 19, 2023, the Sustainable Development Committee convened to report on the annual ESG execution achievements, materail ESG topics, management policies, and annual plans, establishing medium to long-term sustainable development policies. Additionally, in accordance with Article 5 of the "Sustainable Development Practices Guidelines," material ESG topics and management policies were reported to the Board of Directors on December 19, 2023, and subsequently reported in the latest shareholders' meeting report. Considering the domestic and international trends in sustainable development and their relevance to the core business of the company, as well as the impact of the overall operational activities of the company and its group enterprises on stakeholders, sustainable development policies, systems, or related management policies, and specific implementation plans were formulated. After approval by the Board of Directors, they were reported in the shareholders' meeting report.	

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			The Company conducted a sustainability risk assessment in accordance with materiality principles for the year 2022. We have deliberated and established material ESG topics and management policies.	
II. Did the company evaluate the risk related to the environment, social and corporate governance for the Company's operation and formulate related risk control policy and strategy?	✓		The Company has issued the 2022 sustainability report and conducted a sustainability risk assessment based on materiality principles. We considered both domestic and international trends in sustainable development and their relevance to our core business, as well as the impact of the Company and its group enterprises' overall operations on stakeholders. Subsequently, we formulated sustainability policies, systems, or related management policies, along with specific implementation plans. On December 19, 2023, these were submitted to the board of directors for discussion and approval, and subsequently reported in the latest shareholders' meeting report. The scope of the 2023 sustainability report includes the Company and all subsidiaries included in the consolidated financial statements. We conducted a comprehensive analysis, including the use of questionnaires for internal and external stakeholders, to understand their concerns. Following the principles of materiality, we assessed these concerns to identify core issues for the company. We also integrated feedback from internal managers to assess the sustainability risk situation and formulate sustainability issue management policies. Additionally, we established risk management policies for supervision and control and implemented specific action plans to mitigate related risks. As of the printing date of this report, we have not yet completed the preparation of the 2023 sustainability report. Upon completion, we will announce and disclose it on our company website as required.	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			Based on the assessment of relevant risks, we will establish corresponding management policies. For more details, please refer to the 2023 sustainability report.	
III. Environmental Issues (I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?	✓		(I) The Company operates as a pharmaceutical factory certified by PIC/S GMP, and we have received certifications from the US FDA and UK MHRA through successful inspections. We maintain relevant management systems for the production process, including strict procedures for handling generated waste in accordance with standard operating procedures. External professional waste management companies assist us in waste disposal. Furthermore, we hold water pollution prevention permits as required by regulations and have dedicated personnel to manage related tasks. Since 2022, we have conducted greenhouse gas inventories and verification operations based on ISO 14064-1:2018 standards. Third-party organizations have been engaged to conduct greenhouse gas inventories and verification for our main factory sites (Zhunan Plant, Zhubei Plant, Zhongli Plant, Luzhu Plant, Tainan Plant, and the Canadian plant), as well as our Taipei headquarters. We have set short, medium, and long-term goals to reduce greenhouse gas emissions. These targets were reviewed by the Sustainability Development Committee and reported to the board of directors on December 19, 2023, to implement environmental management mechanisms effectively.	No material deviation
(II) Is the company committed to improving the efficiency of the various resources and using	✓		(II) The Company is committed to enhancing the efficiency of resource utilization across all aspects	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
recycled materials which have a low impact on the environment?			of our operations. As a company primarily engaged in the research, development, and sales of pharmaceuticals and health products, as well as pharmaceutical manufacturing, contract manufacturing, and both proprietary and commissioned drug development, we operate in an industry that is not classified as high-energy-consuming or highly polluting. Moreover, regulations impose strict limitations on the use of renewable materials to minimize environmental impact. We continuously promote and implement energy-saving measures. As some of our equipment approaches the end of its useful life, we will assess replacing it with high-energy-efficient equipment to optimize energy utilization.	
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	✓		(III) The Company periodically assesses the potential risks and opportunities of climate change on our current and future operations. We follow the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to report relevant risks to the Sustainability Development Committee. We develop appropriate response measures for these issues and formulate business continuity plans in accordance with the mechanism of the Business Continuity Management (BCM) system to address related risks. A detailed analysis of climate change risks and management mechanisms is provided in our 2022 Sustainability Report. However, as of the publication date of this annual report, we have not yet completed the 2023 Sustainability Report. After the completion of the formal Sustainability Report, we will announce and report it in accordance with	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			regulations.	
(IV) Does the company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumption, carbon and greenhouse gas emission, and waste production?	✓		(IV) The company and its subsidiaries (Zhunan site, Zhubei site, Zhongli site, Luchu site, Tainan site, and Canada site), as well as the Taipei headquarters, commissioned a third-party organization to conduct ISO14064 (Scope 1 to 3) inventory and verification in 2022. In addition, according to the "Sustainable Development Roadmap for Listed and OTC Companies" issued by the Financial Supervisory Commission in March 2022, the company is currently classified as a Category C company (i.e., non-steel, non-cement industry, and companies with paid-in capital of less than NT$5 billion). However, in accordance with the regulations specified in the Taiwan Stock Exchange (TSE) letter No. 1110200505, the company is required to complete the greenhouse gas inventory by 2026 and the verification by 2028. The company completed the greenhouse gas inventory for the group (including the parent company, Tainan site, Zhunan site and Canada site) for the year 2021 to 2022. This includes the company and its subsidiaries (Zhunan site, Zhubei site, Zhongli site, Luchu site, Tainan site, and Canada site). The verification report (C606068-2022-AG-TWN-DNV) was issued by Det Norske Veritas (DNV) on August 23, 2023, and submitted for approval to the Board of Directors in accordance with regulatory requirements. Detailed information on greenhouse gas emissions, water usage, waste disposal, and related policies for reducing greenhouse gases, water usage, or other waste management is provided in the company's sustainability report. However, as of the printing date of this annual report, the company has not yet	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			completed the sustainability report for the year 2023. After completing the formal sustainability report, the company will announce and report it in accordance with regulations.	
IV. Social Issues				
(I) Has the company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?	✓		(I) The Company complies with the relevant regulations of the labor law, and has established working rules and complete personnel management regulations, and respect internationally recognized human rights of labor, including freedom of association, collective bargaining rights, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, etc., to safeguard the rights and interests of the employees. The basic salary, working hours, leave, pension, payment of labor and health insurance, compensation for occupational accidents, etc., of the staffs employed by the Company comply with the relevant regulations of Labor Standards Act. Related information please refer to the Company's website.	No material deviation
(II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		(II) The Company has established relevant welfare measures for the welfare and rights and interests of the employees, and upon discussion with the management, reflect the Company's yearly operating performance or results in the employee compensation appropriately. Related information please refer to the Company's website.	No material deviation
(III) Has the company provided a safe and healthy working environment and provided employees with regular safety and health training?	✓		(III) The Company provides the employees with comfortable, safe and healthy working environment, include implementing necessary access control measures, conducting regular occupational safety and health education and training, banning smoking indoors and setting up staff canteen in the facility,	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			etc. The Company pays high attention to the safety of the employees, where half-yearly fire and evacuation drills are conducted in the plants, and all employees receive fire-fighting training every year. There were no major occupational accidents or casualties in the past three years. Pertaining to the employees' health, besides providing annual medical checkup for the employees, the Company also allows employees to purchase the Company's health products at a discounted price. The Company convenes labor-management meetings and sets up a staff welfare committee in accordance with the law. Through meetings with the employees, it establishes a channel for regular communication with employees, allowing employees to obtain information and have the right to express opinions on the Company's operation and management activities and decisions, thereby promote a harmonious labor-management relationship and create a mutual benefit and win-win situation.	
(IV) Has the company set up effective career development and training programs for its employees?	✓		(IV) The Company provides an excellent career building environment and establishes effective career and competence development and training program for the employees, in the aim to increase the competitive advantage of the employees and Company.	No material deviation
(V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, advertising and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	✓		(V) To safeguard the rights and interest of the consumers, various services and information are provided, including toll-free customer service hotline, 0800-369-008, and a complete complaints handling process served by dedicated personnel. A responsible unit establishes the handling method and timeliness of commitments, tracks the implementation effectiveness, and strengthens the	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
(VI) Has the company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such regulations?	✓		service process. (VI) The marketing and labeling of the Company's products and services comply with the relevant laws and regulations in the industry, the plants have passed US FDA and UK MHRA site inspections, and the product development and production comply with international pharmaceutical regulations. The contracts between the Company and its suppliers do not specially stipulate the terms where the Company may terminate or rescind the contract at any time if the supplier violates the Company's corporate social responsibilities policy, The supplier will be evualted periodically. When the supplier violates environment and environement, health, and safety, and human right related regulation, the Company will find substitute supplier to replace suppliers who does not implement corporate social responsibility. The Company will continue to discuss and work on ESG with suppliers.	No material deviation
V. Has the company, following internationally recognized guidelines, prepared reports such as its Corporate Social Responsibility Report to disclose non-financial information of the company? Has the company received assurance or certification of the aforementioned reports from a third-party accreditation institution?	✓		The Company follows GRI Standards issued by Global Reporting Initiative (GRI), Sustainability Accounting Standard Board (SASB) and other framework for the 2021 sustainability report. Ernst & Young accounting firm has performed limited assutance on the sustainability report in accordance article number one "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by Accounting Research and Development Foundation. The Company has followed the above guidance and regulation. Crowe (TW) CPAs firm will perform limited assutance on the sustainability report. As of the printing date, the Company has not published the 2023 ESG report.	No material deviation
VI. If the company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx				

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
Listed Companies", please describe any discrepancy between the principles and their implementation: Starting in 2021, the Company prepares the sustainability report, implement ISO14064 carbon check and review and engage 3rd party organization for audit. To implement the sustaibability plan, the Company's board of director approved to establish the sustainability committee on March 9, 2022. The sustainability committee will sustainability related matter and continue to revise the Company's guideline in accordance to "Sustainable Development Best Practice Principles for TWSE/TPEx List Companies". There is no material deviation.				
VII. Other key information useful for explaining status of corporate social responsibility practices: The Company aims to become a professional pharmaceutical and healthcare marketing company, provide better and higher quality professional services. With the marketing and promotion of a strong team, it hopes to correctly convey to medical personnel and consumers the most complete medical and health information and product knowledge. For better control of disease, better care of health, and better industrial development, health is no longer a physiological need, but an ultimate portray of the quality of life. Besides putting effort in the core business, the Company believes in giving back to the society and hopes to play a part in promoting social welfare. In addition, For 2023, the Company has donated a total of NT$1,138 thousand to non-profit organization or institutions.				

(VI) Implementation of corporate management and deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions				
(I) Has the company established the ethical corporate management policies approved by the board of directors and specified in its rules and external documents, the ethical corporate management policies and practices as well as the commitment of its board of directors and senior management to implementing the management policies?	✓		(I) To establish an ethical corporate culture and strengthens corporate governance and risk control to build a sound operating environment, the Company has established "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct", stipulating that the Company's directors, managerial personnel and employees shall comply with the laws and regulations and prevent unethical behavior when conducting business activities.	No material deviation
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess operating activities with higher risk of unethical conducts on a regular basis, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		(II) The Company's internal regulations stipulate that employees when engaging in commercial activities shall not directly or indirectly accept any improper benefits. Staff trainings are also conducted from time to time to strengthen the promotion of the importance of integrity.	No material deviation
(III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, implemented the policies, and review the policies on a regular basis?	✓		(III) The Company implements the relevant regulations of corporate governance by establishing regulatory compliance, internal control system and audit system, strengthening the function of the board of directors, fulfilling the function of supervisors, and increasing information transparency.	No material deviation
II. Implementation of ethical corporate management				
(I) Has the company evaluated the integrity records of parties it does business with and stipulated ethical conduct clauses in business contracts?	✓		(I) The Company evaluates its trading counterparty by conducting credit investigation on customers and evaluation on suppliers to prevent unethical business activities, and gradually specifies in the contracts	No material deviation

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			with the trading counterparty, the terms on ethical conduct.	
(II) Has the company set up a dedicated unit under the board of directors to promote ethical corporate management and regularly (at least once every year) report to the board of directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) To implement ethical management policy, the Company has established "Ethical Corporate Management Best Practice Principles","Procedure for Ethical Management and Guidelines for Conduct", "Codes of Ethical Conduct" and "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading". Dedicated units report the state of implement to the board of directors at least once per year, and the relevant regulations are continuously modified and promoted according to the regulatory updates. The dedicated units have reported the implementation status to the board of directors on December 19, 2023. 1. Set up dedicated unit in promoting ethical management: To fully integrate the planning and promotion of the various activities of corporate governance, the Company passed a board resolution on March 30, 2021, to appoint the Director of Finance & Accounting Division, Alice Wang, as the chief corporate governance officer, responsible for coordinating the various corporate governance activities. The dedicated unit for ethical management is incorporated into the scope of duties of the corporate governance unit, where the chief corporate governance officer will lead the dedicated personnel from the various departments responsible for ethical management promotion. 2. Scope of duties and powers	No material deviation

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			(1) Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. (2) Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. (3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. (4) Promoting and coordinating awareness and educational activities with respect to ethics policy. (5) Developing a whistle-blowing system and ensuring its operating effectiveness. (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures. (7) Report to the Board of Directors on the	

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			examination results of the qualifications of independent directors during the nomination, appointment, and tenure periods to ensure compliance with relevant laws and regulations, and handle matters related to changes in the board of directors accordingly.	
(III) Has the company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		(III) The recusal system for directors is specified in the Company's "Rules of Procedure for Board of Directors Meetings". The directors shall uphold a high level of self-discipline and when a proposal at a board meeting concerns the personal interest of, or the interest of the juristic person represented by any of the directors, and is likely to prejudice the interest of the Company, the director may state his or her opinion and answer queries, may not participate in discussion of or voting on the proposal, shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.	No material deviation
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and designated its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a certified public accountant to conduct the audit?	✓		(IV) The Company has established and implemented an internal control system. The internal auditors regularly review its state of compliance, and prepare an audit report to be submitted to the board of directors. In addition, to ensure the system design and execution continue to be effective, the Company conducts annual review and modification to establish a good corporate governance and risk control system, which is used as basis for assessing the effectiveness of the overall internal control system and preparation of the internal control system statement.	No material deviation

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
(V) Has the company held internal and external educational trainings on operational integrity regularly?	✓		(V) The Company promotes the concept of ethical business operations through new employee education and training, as well as periodic compliance awareness campaigns. It has established the "Code of Conduct" for the Puri Group in both Chinese and English versions, which is available on the company's intranet for all employees to reference. As of 2022, a total of 626 integrity statements have been signed, and an additional 156 statements were signed by new employees in 2023, resulting in a signing rate of 97% for the group. In order to uphold the core values of integrity and honesty, the prevention of insider trading and confidentiality agreements have been incorporated into the "Code of Conduct." These regulations and guidelines were approved by the board of directors on March 16, 2023, and reported at the shareholders' meeting on June 6, 2023. The revised procedures have been made available on both internal and external websites for all employees and stakeholders to access. In 2023, in addition to updating the intranet "Integrity and Insider Trading Awareness Materials," efforts were made to enhance awareness of ethical business practices and the importance of insider trading compliance. Existing employees were notified to take systematic quizzes, while new employees were required to complete a response form after reading the materials directly in the system, ensuring continuous awareness efforts. In 2023, a total of 1,042 employees in the group were educated on ethical behavior and integrity in	No material deviation

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			business, totaling 20,840 minutes.	
III. Implementation status of the Company's whistle-blowing system (I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms? (III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓ ✓ ✓		(I), (II), and (III): The company has established the "Code of Conduct," "Code of Ethics," "Employee Rewards and Punishments Regulations," and various personnel management regulations. After the completion of investigations, appropriate follow-up measures are taken. Moreover, an employee suggestion box is set up to allow employees to communicate messages through a rigorous reporting mechanism in a safe and confidential manner. Procedures and regulations such as the Group's Code of Conduct and Integrity Guidelines include provisions for reporting violations of ethical business conduct and protecting anonymity. The Company has designated personnel (Ms. Ellen Chen, Deputy Manager of Group Human Resources Department) responsible for receiving reports and coordinating subsequent investigations and responses. The reporting email address is hr80@bora-corp.com, and it is available on the company's official website. As of 2023 and until the printing date of the annual report, one report has been received through the dedicated mailbox. Following an internal investigation, although no clear evidence was found, appropriate measures were taken for sound management. Furthermore, no other complaints related to dishonesty, unethical behavior, or suspected insider trading violations have been received.	No material deviation No material deviation No material deviation
IV. Enhance information disclosure (I) Did the company disclose the content and effectiveness of its ethical management management principles on	✓		The Company has put up the “Ethical Corporate Management Best Practice Principles”, “Procedures for	No material deviation

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
the company's website and the Market Observation Post System?			Ethicals Management and Guidelines for Conduct" and "Codes of Ethical Conduct" in the Company's website, under Investors/Corporate Governance/Important Company Regulations.	
V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any discrepancy between the principles and their implementation: The Company has established "Ethical Corporate Management Best Practice Principles", and there is no significant difference between the operation and the principles. In the future, it will gradually incorporate Ethical Corporate Management Best Practice Principles into the various operational aspects.				
VI. Other key information useful for explaining the Company's implementation of ethical corporate management: The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better effectiveness of ethical management.				

(VII) If the company has established corporate governance best-practice principles and the related regulations, disclose how these are to be searched:

The Company has in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", established the following regulations and procedures, and published them in the Company's website, https://bora-corp.com/

1. Articles of Incorporation
2. Rules of Procedure for Shareholders Meetings
3. Regulations Governing the Acquisition and Disposal of Assets
4. Procedures for Lending Funds to Other Parties
5. Procedures for Endorsements and Guarantees
6. Procedures for Engaging in Financial Derivative Transactions
7. Procedures for Code of Business Conduct and Ethics
8. Corporate Governance Best Practice Principles
9. Rules and Procedures of Board of Directors Meetings
10. Audit Committee Charter
11. Remuneration Committee Charter
12. Procedures for Handling Material Inside Information and Prevention from Insider Trading
13. Rules for Election of Directors
14. Rules Governing the Scope of Powers of Independent Directors
15. Sustainable Development Best Practice Principles
16. Procedures for Performance Evaluation of the Board of Directors
17. Corporation Codes of Ethical Conduct
18. Rules Governing Financial and Business Matters between the Company and its Affiliated Enterprises
19. Ethical Corporate Management Best Practice Principles
20. Bora Human Rights Policy

(VIII) Other important information to facilitate better understanding of the state of implementation of corporate governance:

Please refer to "(III) The State of Implementation of Corporate Governance and its deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons – VIII"

(IX) Status of implementation of internal control system

1. Internal Control System Statement: Please refer to page 101-102.
2. If the internal control system review is conducted by commissioned accountants, the said accountant's review report shall be disclosed: Please refer to page 101-102.

Bora Pharmaceuticals Co., Ltd.
Internal Control System Statement

Date: March 07, 2024

The Company’s 2023 Statement of Internal Control System, based on self-assessment results, is as follows:

I. The Company recognizes that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's board of directors and managerial personnel; such policies have been implemented throughout the Company. The objective is to provide reasonable assurances that the goals of operational effectiveness and efficiency (including profitability, performance, asset security, etc.), financial report reliability, timeliness, transparency, and regulatory compliance will be achieved.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned goals. The efficacy of the internal control system will also change with the changing environment or circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. Please refer to "Governing Regulations" for details.

IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.

V. Based on the aforementioned evaluation results, the Company believes that the design and execution of its December 31, 2023 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the Company can reasonably achieve the aforementioned goals.

VI. This statement of declaration shall be the primary content of annual report and prospectus, and shall be made available to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the company shall bear legal responsibilities

pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This Statement was approved by the board on March 7, 2023 where none of the 8 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Bora Pharmaceuticals Co., Ltd.

Chairman: Sheng Pao-Shi

General Manager: Sheng Pao-Shi

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(XI) Important resolutions of shareholders meeting and board meeting in the most recent year and up to the date of publication of the annual report

1. Important resolutions of board meetings

Date	Important proposals summary	Implementation status
2023/06/06 (Annual General Shareholders' Meeting)	1. 2022 Business Operation Report and Financial Statements.	Comply with the resolution
	2. The Company’s 2022 Earnings Distribution.	Has set 2023/07/12 as dividend record date, and 2023/07/28 as cash dividend distribution date.
	3. Distribute new shares for capital increase by earnings	Has set 2023/08/16 as dividend record date, and 2023/09/15 as stock dividend distribution date.
	4. Amendment to the Articles of Incorporation	Comply with the resolution, approved by Ministry of Economic Affairs on 2023/06/14, and upload on the Company’s website
	5. Amendment to the Procedures for Shareholder Meeting	Comply with the resolution, upload the procedure on MOPS and the Company’s website, and followed the amend procedure
	6. Amendment Proposal for Director Election Procedures	Comply with the resolution, upload the procedure on MOPS and the Company’s website, and followed the amend procedure
	7. Amendment of Procedures for Lending Funds to Other Party	Comply with the resolution, upload the procedure on MOPS and the Company’s website, and followed the amend procedure
	8. Amendment of Acquiring and Disposing Asset	Comply with the resolution, upload the procedure on MOPS and the Company’s website, and followed the amend procedure
	9. Amendment of Procedure for Engaging in Financial Derivative Transaction	Comply with the resolution, upload the procedure on MOPS and the Company’s website, and followed the amend procedure
	10. Proposal for Comprehensive Director Election	Comply with the resolution
	11. Termination of Non-competition Obligations for Newly Appointed Directors and Their Representatives	Comply with the resolution

2. Important resolutions of board meetings

Date	Type of meeting	Important resolutions
2023/01/31	Board of directors	1. Proposal to authorize the reporting for audit report and audit tracking report. 2. Proposal to renew loan agreement with financial institution 3. Proposal to provide a loan guarantee to TWi Pharmaceutical Inc., a company that is 100% owned by the Company 4. Proposal to ratify the Bora Biologics Inc's manager, the Company's subsidiary 5. Proposal to discharge the Company's manager's non compete clause 6. Proposal to discharge the Company's director's non compete clause 7. Proposal to issue project bonus for manager 8. 2022 First Employee Stock Warrant for TWi Pharmaceutical for the Company's manager 9. Proposal to report to Frank Chen as the Company's information security manager
2023/03/16	Board of directors	1. The Company's 2022 Annual Internal Control Statement 2. Change of the Company's Certified Public Accountant in Accordance with the Adjustment of the Internal Organization of the Accounting Firm 3. Review of the Independence and Suitability Assessment of the Company's Signing Accountant 4. 2022 Annual Operating Report and Financial Statements 5. Proposal for Distribution of Earnings and Payment of Cash Dividends in 2022 6. Proposal for Capital Increase by Profit Allocation 7. Implementation Status of the Company's Second Domestic Unsecured Convertible Bonds Issuance 8. Proposal for Issuance of Employee Stock Options 9. Proposal to Establish the Base Date for the Exercise of Employee Stock Options Issued in 2020 and the Issuance of New Shares and the Conversion of New Shares from the Second Domestic Unsecured Convertible Bonds in 2023 10. Proposal for Issuance of the Company's Third Domestic Unsecured Convertible Bonds 11. Proposal to Renew Credit Agreement with Financial Institution 12. Comprehensive Election of Directors 13. Nomination of Directors and Independent Director Candidates 14. Proposal to Lift Restrictions on Competition for Newly Appointed Directors and their Representatives 15. Proposal to Revise the "Articles of Association," "Rules of Shareholders' Meetings," and "Director Election Regulations," etc. 16. Amendment to the Company's "2022 Employee Share Buyback Regulations" and "Code of Conduct" 17. Amendment to Procedures for "Loans to Others," "Acquisition or Disposal of Asset Handling Procedures," and "Derivative

Date	Type of meeting	Important resolutions
		Transactions Handling Procedures," etc. 18. Amendment to "Internal Control System," "Authority Matrix," "Internal Audit Implementation Rules," "Internal Control Self-Assessment Procedures," and "Operating Procedures for Transactions between Group Companies, Specific Companies, and Related Parties," etc. 19. Amendment to "Corporate Governance Best Practices Guidelines," "Board of Directors Meeting Regulations," "Standard Operating Procedures for Handling Director Requests," "Audit Committee Organization Regulations," "Scope of Duties of Independent Directors Rules," and "Operating Standards for Financial Transactions among Related Parties," etc. 20. Proposal to Convene Matters Related to the 2023 Annual Shareholders' Meeting 21. Amendment to the "Compensation Committee Organization Regulations" 22. Distribution of Employee and Director Compensation for the Year 2022 23. Detailed Distribution of Director Compensation for the Year 2022 for the Company 24. Detailed Distribution of Employee Compensation for the Year 2022 for the Company's Managers 25. Managerial Salary Adjustment for 2022
2023/05/12	Board of directors	1. Proposed 2023 Q1 Consolidated Financial Report 2. Proposal to Sign Credit Agreement with Financial Institution 3. Proposal to Establish "Taipei Bora Sheng Wei En Foundation" through Joint Donation by the Company and its Subsidiary, Bora Pharmaceutical Laboratories Inc. 4. Proposal to Revise "Director Compensation and Remuneration Distribution Regulations" 5. Transfer of Mr. Tom Chang, Vice President of Manufacturing Group at the Company, to Bora Pharmaceuticals and Promotion to Senior Vice President 6. Proposal to Appoint Ms. Chang Hsiu-Jung, Vice President of Quality Operations in Taiwan, as a Manager at the Company
2023/06/06	Board of directors	1. Proposal for the Election of Chairman of the Board
2023/06/27	Board of directors	1. Proposal to Appoint Members of the Fifth Term Compensation Committee (hereinafter referred to as "Compensation Committee"). 2. Proposal to Appoint Members of the Second Term Sustainability Development Committee. 3. Authorization of the Chairman to determine matters related to the ex-dividend date, the exercise of employee stock options, and adjustments to the conversion price of domestic second unsecured convertible corporate bonds. 4. Proposal to establish the baseline date for the exercise of employee stock options issued in 2020 and the issuance of new

Date	Type of meeting	Important resolutions
		shares upon conversion of domestic second unsecured convertible corporate bonds in 2023. 5. Proposal to renew the credit agreement with financial institutions. 6. Proposal to continue providing a loan guarantee of NTD 240 million to Bora Biologics Co., Ltd., a subsidiary in which the company has made investments. 7. Amendment to the "First Issue and Exercise Rules of Employee Stock Options for 2023".
2023/07/13	Board of directors	1. Proposal to Renew the Credit Agreement with Financial Institutions. 2. Proposal for the Company to Waive Cash Capital Increase for Subsidiary Bora Health Co., Ltd. (hereinafter referred to as "Bora Health "). 3. Proposal for Subsidiary Bora Health Co., Ltd. to Distribute New Shares Issued through Cash Capital Increase to Managers. 4. Proposal for Subsidiary Bora Health Co., Ltd. to Distribute New Shares Issued through Cash Capital Increase to Non-Managers.
2023/08/14	Board of directors	1. Proposal for the Company's Consolidated Financial Report for Q2 2023. 2. Proposal for the Distribution of Earnings for the First Half of 2023. 3. Proposal to Report Adjustments to Contingent Liabilities Based on the Results of the Q2 2023 Review.
2023/08/17	Board of directors	1. Subsidiary TWi Pharmaceuticals, Inc. (hereinafter referred to as "TWi") intends to purchase pharmaceutical licenses in the United States from Almatica/Alvogen Group.
2023/08/21	Board of directors	1. Proposal to Approve the Share Conversion Agreement between Subsidiary Bora Health Co., Ltd. and SunWay Biotech Co., Ltd. and Authorize the Signing of the Agreement 2. Proposal to Renew the Credit Agreement with Financial Institutions
2023/09/19	Board of directors	1. Application for Stock Exchange Listing 2. Proposal to Issue the "Internal Control System Declaration" for the Period from July 1, 2022, to June 30, 2023 3. Financial Forecast for the Fourth Quarter of 2023 to the First Quarter of 2024 4. Self-Assessment Report on Corporate Governance for Initial Stock Exchange Listing Application 5. Revision of the Company's Accounting System 6. Detailed Proposal for Managerial Special Bonus Scheme 7. Proposal for the Distribution of Employee Stock Options among Managers for 2023 8. Proposal for the Distribution of Employee Stock Options among Non-Managers for 2023
2023/11/09	Board of directors	1. Proposal for the Q3 2023 Consolidated Financial Report 2. Proposal to Sign a Credit Agreement with Financial Institutions 3. Proposal to Set the Reference Date for the Exercise of Employee Stock Options Issued in 2020 and the Conversion of New Shares from the Second Unsecured Convertible Bond Issuance

Date	Type of meeting	Important resolutions
		4. Proposal for the Distribution of Employee Stock Options among Non-Managers for 2023 5. Implementation of the "2022 Share Repurchase and Transfer Scheme for Employees" Allowing the Transfer of Treasury Shares to Non-Managerial Employees
2023/12/19	Board of directors	1. Proposal for the 2024 Operational Plan of the Company 2. Proposal for the 2024 Budget of the Company 3. Proposal for the 2024 Internal Audit Plan of the Company 4. Proposal to Sign a Credit Agreement with Financial Institutions 5. Company's Significant ESG Issues and Management Policies 6. Implementation of the "2022 Share Repurchase and Transfer Scheme for Employees" Allowing the Transfer of Treasury Shares to Non-Managerial Employees 7. Proposal for Managerial Performance Bonus for the Year 2023
2024/01/16	Board of directors	1. Proposal to Acquire Full Equity of Upsher-Smith Laboratories, LLC. and Two Other Companies by Bora Pharmaceutical Holdings, a Subsidiary Indirectly Owned by 100% 2. Proposal to Sign a Credit Agreement with Financial Institutions 3. Proposal to Establish the Reference Date for the Exercise of Employee Stock Options Issued in 2020 and the Issuance of New Shares, as well as the Third Unsecured Convertible Bond Conversion Date for Domestic Issuance
2024/03/07	Board of directors	1. 2023 Annual Internal Control System Declaration of the Company 2. Proposal for Internal Audit Firm's Organizational Adjustment and Replacement of Signing Accountants 3. Review of the Independence and Suitability Evaluation of the Company's CPA 4. Business Report and Financial Statements for 2023 5. Proposal for Distribution of Earnings and Cash Dividends for 2023 6. Implementation Status of the Third Domestic Unsecured Convertible Bond Issue of the Company 7. Amendment of the Company Charter 8. Amendment of the Procedures for Loans to Others and Asset Acquisition or Disposal Procedures 9. Amendment of the Internal Control System and Decision-Making Authority Table 10. Amendment of the Rules for Board Meetings and the Organizational Regulations of the Audit Committee 11. Proposal for the Removal of Restrictions on Director's Competitiveness 12. Convening Matters Related to the 2024 Annual Shareholders' Meeting 13. Proposal for Signing Credit Contracts and Financial Transaction Contracts with Financial Institutions 14. Proposal for Short-Term Transitional Financing (Bridge Loan) and Credit Agreement with Financial Institutions 15. Proposal for Cash Capital Increase of USD 100,000 for Bora

Date	Type of meeting	Important resolutions
		Pharmaceuticals USA Inc., a Subsidiary of the Company Holding 100% 16. Proposal to Provide Guarantee for Loan Amount of USD 120 million to Bora Pharmaceutical Holdings, Inc., an Indirectly Held Subsidiary of the Company Holding 100% 17. Proposal for Fund Loans to Indirectly Held Subsidiaries Bora Pharmaceutical Holdings, Inc. 18. Proposal for Share Repurchase by the Company 19. Amendment of the Regulations on Managerial Compensation Disbursement 20. Distribution of Employee and Director Remuneration for 2023 21. Detailed Distribution of Director Remuneration for 2023 of the Company 22. Detailed Distribution of Employee Remuneration for 2023 for Managerial Staff of the Company 23. Detailed Distribution of Employee Remuneration for 2023 of Subsidiary TWi Pharmaceutical Co., Ltd. 24. Promotion and Salary Adjustment for Managers in 2024 of the Company 25. Distribution of Employee Stock Options for Non-Managerial Staff for 2023
2024/04/12	Board of directors	1. Proposal for Share Conversion with Subsidiary Bora Biologics Co., Ltd. by Issuing New Shares as Consideration. 2. Proposal for Signing Credit Agreement with Financial Institutions. 3. Proposal to provide a loan guarantee of USD 70 million to Upsher-Smith Laboratories, LLC, a company indirectly held 100% by the Company.

(XII) Main content of dissenting opinions from directors or supervisors on record or stated in a written statement, with respect to a material resolution passed by the board of directors in the most recent year and up to the date of publication of the annual report: None.

(XIII) Resignation or dismissal of Company chairman, general manager, chief accountant, finance director, chief internal auditor, chief corporate governance officer and head of research and development in the most recent fiscal year up to the publication date of this report:

Summary Table of Resignations and Dismissals of Company Personnel April 24, 2024

Title	Name	On Board Date	Departure Date	Type of Change
Information Security Manager	Jesse Ku	2022/08/23	2023/01/31	Position Adjustment

V. Information on fees to certified public accountants:

(I) Information of certified public accountants

Name of the firm of the certified public accountant	Name of the certified public accountant		Audit Period	Remarks
Ernst & Young, Taiwan	Hung, Guo Sen	Chen, Ming Hung	2023/01/01~2023/12/31	None

(II) Fees to certified public accountants: The Company discloses the professional fees of certified public accountants by fee each disclosure.

Unit: NTD Thoudand

Name of the firm of the certified public accountant	Name of the certified public accountant	Audit period	Audit fee	Non-audit fee	Total	Remarks
Ernst & Young, Taiwan	Hung, Kuo Sen Chen, Ming Hong	2023/01~2023/12	7,945	2,606	10,551	Note 1

Note 1: Non-audit fee includes tax service, business registration service, tax consulting and other services.

(III) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: Disclosed.

(IV) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the reduction in the amount of audit fees, reduction percentage, and reason(s) shall be disclosed. None.

(V) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) shall be disclosed. None.

VI. Information on change of certified public accountant:

(I) Predecessor accountant

<table>
<tr><td>Change Date</td><td colspan="4">The board of director approved on March 7, 2024</td></tr>
<tr><td>Reason for the Change</td><td colspan="4">Change CPA due to accounting firm's internal CPA rotation</td></tr>
<tr><td rowspan="3">Explain the Company or certified public accountant terminated or discontinued the engagement</td><td colspan="2">Party
Condition</td><td>Certified public accountant</td><td>The Company</td></tr>
<tr><td colspan="2">Terminated the Engagement</td><td colspan="2" rowspan="2">Not Applicable</td></tr>
<tr><td colspan="2">Discountinued the Engagement</td></tr>
<tr><td>Issue opinion other than unqualified opinion for the financial statements for the recent two year</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Having different opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle and practice</td></tr>
<tr><td></td><td colspan="2">Financial statement disclosure</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedure</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Note</td></tr>
<tr><td>Other disclosure item</td><td colspan="4">None</td></tr>
</table>

(II) Successor Accountant

Name of the accounting firm	Ernst & Young, Taiwan
Name of the certified public accountant	Hu, Mink and Hung, Kuo Sen
Engagement date	Approved by board of director on March 7, 2024
Inquiry on specific accounting principle and procedure, and possible issued opinion	None
Successor accountant’s written notice on different opinion issued by predecessor account	None

(III) The reply letter from the predecessor accountant: None

VII. The company's chairman, general manager, or any managerial personnel in charge of finance or accounting matters who has, during the past year, held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm:

None.

VIII. Equity transfer or changes to equity pledge of a director, supervisor, managerial personnel, or shareholder with a stake of more than 10% during the most recent fiscal year and up to the date of publication of the annual report

(I) Share Equity Change Status for Directors, Supervisors, Managerial personnel, and Major Shareholders

Title	Name	2023		As of March 29, 2024	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman and President	Sheng Pao-Shi	1,268,676	—	36,000	—
Director	TA YA Venture Capital Co., Ltd.	604,967	—	—	—
	Representative: Shen Shang-Hung	—	—	—	—
Director and Major Shareholder	Bao Lei Co., Ltd.	4,304,378	—	—	—
	Representative: Chen Kuan-Pai	—	—	—	—
Director and Vice President	Chen Shih-Min	168,775	—	—	—
Independent director	Lin Jui-Yi	—	—	—	—
Independent director	Lai Ming-Jung	—	—	—	—
Independent director	Lee Yi-Chin	—	—	—	—
Independent director	Lin Xin-Yi	1,000	—	—	—
Major shareholder	Rui Bao Xin Investment Co. Ltd.	2,244,031	—	(56,000)	—
Senior Vice President	Tom Chang	(25,208)	—	—	—
Vice President	Chang Hsiu-Jung	4,273	—	5,000	—
Director, Information Technology Division	Frank Chen	—	—	—	—
Director, Information Technology Division	Raymond Lee	1,679	—	3,000	—
Vice President, Finance & Accounting Division	Alice Wang	34,122	—	—	—
Director, HR Division	Ellen Chen	5,000	—	—	—
Vice Director (Accounting Manager)	Ting Chen	3,000	—	—	—

(II) Information where the counterparty in a transfer of equity interests by a director, supervisor, managerial personnel, or major shareholder is a related party: None.

(III) Information where the counterparty in a transfer of equity interests by a director, supervisor, managerial personnel, or major shareholder is a related party: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

March 29, 2024; Unit: Shares

Name	Personal shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangement		Name and relationship of the Company's 10 largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another.		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or name)	Relationship	
Bao Lei Co., Ltd.	18,704,939	18.42%	—	—	—	—	Rui Bao Xin Investment Co. Ltd.	Representative is the same person	—
							Baoen International Co., Ltd.	Representative is the same person	—
							Jia Xi International Co., Ltd.	Representative is the same person	
							Sheng Pao-Shi	Representative of Bao Lei Co., Ltd.	—
Representative: Sheng Pao-Shi	5,392,672	5.31%	—	—	21,322,741	21.00%	Bao Lei Co., Ltd.	Representative of Bao Lei Co., Ltd.	—
							Rui Bao Xin Investment Co. Ltd.	Representative of Rui Bao Xin Investment Co. Ltd.	—
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	—
							Jia Xi International Co., Ltd.	Representative of Jia Xi International Co., Ltd.	—
Rui Bao Xin Investment Co. Ltd.	11,380,676	11.21%	—	—	—	—	Bao Lei Co., Ltd.	Representative is the same person	—
							Baoen International Co., Ltd.	Representative is the same person	—
							Jia Xi International Co., Ltd.	Representative is the same person	—
							Sheng Pao-Shi	Representative of Rui Bao Xin Investment Co. Ltd.	—
Representative: Sheng Pao-Shi	5,392,672	5.31%	—	—	21,322,741	21.00%	Bao Lei Co., Ltd.	Representative of Bao Lei Co., Ltd.	—
							Rui Bao Xin Investment Co. Ltd.	Representative of Rui Bao Xin Investment Co. Ltd.	—
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	

Name	Personal shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangement		Name and relationship of the Company's 10 largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another.		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or name)	Relationship	
							Jia Xi International Co., Ltd.	Representative of Jia Xi International Co., Ltd.	—
Sheng Pao-Shi	5,392,672	5.31%	—	—	21,322,741	21.00%	Bao Lei Co., Ltd.	Representative of Bao Lei Co., Ltd.	—
							Rui Bao Xin Investment Co. Ltd.	Representative of Rui Bao Xin Investment Co. Ltd.	—
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	—
							Jia Xi International Co., Ltd.	Representative of Jia Xi International Co., Ltd.	—
TA YA Venture Capital Co., Ltd.	3,893,482	3.83%	—	—	—	—	None	None	—
Representative: Shen Shang-Hung	—	—	2,857	—	—	—	None	None	—
Schotten Limited	3,554,619	3.50%	—	—	—	—	None	None	—
Representative: Wong Shing Yi	—	—	—	—	—	—	None	None	—
Jiang Zhi Rong	2,204,043	2.17%	—	—	—	—	None	None	—
Baoen International Co., Ltd.	1,505,442	1.48%	—	—	—	—	Bao Lei Co., Ltd.	Representative is the same person	—
							Rui Bao Xin Investment Co. Ltd.	Representative is the same person	—
							Jia Xi International Co., Ltd.	Representative is the same person	—
							Sheng Pao-Shi	Representative of Baoen International Co., Ltd.	—
Representative: Sheng Pao-Shi	5,392,672	5.31%	—	—	21,322,741	21.00%	Bao Lei Co., Ltd.	Representative of Bao Lei Co., Ltd.	—
							Rui Bao Xin Investment Co. Ltd.	Representative of Rui Bao Xin Investment Co. Ltd.	—
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	—
							Jia Xi	Representative of	—

Name	Personal shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangement		Name and relationship of the Company's 10 largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another.		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or name)	Relationship	
							International Co., Ltd.	Jia Xi International Co., Ltd.	
Hundred River International Investment Corp. Representative: Chen Guan Bai	1,180,000	1.16%	—	—	—	—	None	None	—
	—	—	—	—	1,180,000	1.16%			
Chen Shih Min	1,112,746	1.10%	—	—	—	—	None	None	
Jia Xi International Co., Ltd.	1,112,360	1.10%	—	—	—	—	Bao Lei Co., Ltd	Representative is the same person	—
							Rui Bao Xin Investment Co. Ltd.	Representative is the same person	
							Baoen International Co., Ltd.	Representative is the same person	
							Sheng Pao-Shi	Representative of Jia Xi International Co., Ltd.	
Representative: Sheng Pao-Shi	5,392,672	5.31%	—	—	21,322,741	21.00%	Bao Lei Co., Ltd	Representative of Bao Lei Co., Ltd.	
							Rui Bao Xin Investment Co. Ltd.	Representative of Rui Bao Xin Investment Co. Ltd.	
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	
							Jia Xi International Co., Ltd.	Representative of Jia Xi International Co., Ltd.	

X. The number of shares held by the Company, the Company's directors, supervisors, managerial personnel, and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and the consolidated shareholding percentage.

December 31, 2023; Unit: Shares; %

Investee company (Note 1)	Investment by the Company		Investments by directors, supervisors, managerial personnel and directly or indirectly controlled enterprises		Comprehensive investment (Note 2)	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Union Chemical & Pharmaceutical Co., Ltd.	—	—	1,500,000	100%	536,850	35.79%
Bora Health Inc.	—	—	22,618,880	100%	8,095,297	35.79%
Bora Pharmaceutical Laboratories	165,000,000	100%	—	—	165,000,000	100%
Bora Pharmaceuticals USA Inc.	500,000	100%	—	—	500,000	100%
Bora Pharmaceutical Services Inc.	100,000,000	50%	100,000,000	50%	200,000,000	100%
Bora Management Consulting Co., Ltd	100,000	100%	—	—	100,000	100%
Bora Biologics Co., Ltd	39,425,000	65.70%	—	—	39,425,000	65.70%
Bora Pharmaceutical and Consumer Health Inc.	10,000	100%	—	—	10,000	100%
TWi Pharmaceuticals, Inc.	60,000,000	100%	—	—	60,000,000	100%
Synpac-Kingdom Pharmaceutical Co.,Ltd.	—	—	64,252,492	98.85%	64,252,492	98.85%
TWi Pharmaceuticals USA, Inc.	—	—	38	100%	38	100%
Sunway Biotech Co., Ltd.	21,257,168	35.79%	—	—	21,257,168	35.79%
Sunway Group Holding Limited	—	—	1,000,000	100%	357,900	35.79%
Sunway Investment(H.K.) Limited	—	—	3,500,000	100%	1,252,650	35.79%

Eartheco Bio-Tech (Dongguan) Ltd (Note 3)	—	—	—	100%	—	35.79%
Chenrun Marketing Co., Ltd.	—	—	255,000	51%	91,265	18.25%

Note 1: The Company's investment using the equity method.
Note 2: The total number of shares and the ownership percentage are based on the results of cross-shareholding calculations.
Note 3: Since it's a limited company, there are no shares.

D. Fundraising Conditions

I. Capital and Shares

(I) Source of Capital

1. Capital formation

Unit: Thousand share; NTD thousands

Year/Month	Issuing Price (NT$)	Authorized Capital		Paid-Up Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions paid with property other than cash	Others
2007.06	10	200	2,000	200	2,000	Recruitment and Establishment	—	Note 1
2010.11	10	1,000	10,000	1,000	10,000	Cash capital increase of NTD8,000	—	Note 2
2012.12	10	4,000	40,000	4,000	40,000	Cash capital increase of NTD20,281	NTD9,719 of debentures against stock dividends	Note 3:
2013.02	10	12,400	124,000	12,400	124,000	Cash capital increase of NTD84,000	—	Note 4:
2013.03	12	25,000	250,000	14,400	144,000	—	NTD20,000 of debentures against stock dividends	Note 5
2013.06	35	25,000	250,000	18,850	188,500	Cash capital increase of NTD44,500	—	Note 6
2014.01	14	25,000	250,000	20,850	208,500	Cash capital increase of NTD20,000	—	Note 7
2014.07	70	25,000	250,000	22,450	224,500	Cash capital increase of NTD16,000	—	Note 8
2016.08	10	25,000	250,000	23,348	233,480	Earned surplus turned capital increase of NTD8,980	—	Note 9
2017.04	32.5	35,000	350,000	26,462	264,620	Cash capital increase of NTD31,140	—	Note 10
2018.08	80	35,000	350,000	29,462	294,620	Cash capital increase of NTD30,000	—	Note 11
2019.08	10	60,000	600,000	38,409	384,091	Earned surplus turned capital increase of NTD88,471 CB conversion to common stock of NTD1,000	—	Note 12
2019.11	10	60,000	600,000	39,427	394,272	CB conversion to common stock of NTD10,181	—	Note 13

Year/Month	Issuing Price (NT$)	Authorized Capital		Paid-Up Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions paid with property other than cash	Others
2020.03	120	60,000	600,000	41,627	416,272	Cash capital increase of NTD22,000	—	Note 14
2020.12	10	60,000	600,000	54.115	541,154	Earned surplus turned capital increase of NTD124,882	—	Note 15
2021.09	10	120,000	1,200,000	67,644	676,443	Earned surplus turned capital increase of NTD135,289	—	Note 16
2021.12	81.5	120,000	1,200,000	68,412	684,123	Employee stock warrant of NTD7,680	—	Note 17
2022.02	65.4	120,000	1,200,000	68,478	684,783	Employee stock warrant of NTD660	—	Note 18
2022.05	65.4	120,000	1,200,000	68,529	685,293	Employee stock warrant NTD510	—	Note 19
2022.09	10	120,000	1,200,000	75,381	753,815	Earned surplus turned capital increase of NTD68,522	—	Note20
2023.04	140.3 300	120,000	1,200,000	77,435	774,348	Employee stock warrant NTD400 CB converts to common stock NTD 20,133	—	Note 21
2023.08	140.3 300	200,000	2,000,000	77,689	776,898	Employee stock warrant NTD100 CB converts to common stock NTD 2,450	—	Note22
2023.08	10	200,000	2,000,000	100,830	1,008,308	Earned surplus turned capital increase of NTD231,410	—	Note23
2023.12	106.8 150.4 228.4 296.6	200,000	2,000,000	101,412	1,014,128	Employee stock warrant NTD540 CB converts to common stock NTD 5,280	—	Note24
2024.02	106.8 150.4 622.1	200,000	2,000,000	101,490	1,014,901	Employee stock warrant NTD770 CB converts to common stock NTD 3.2	—	Note25

Note 1: 2007.06.12 Letter No. Fujianshangzi 09685784100 approved by the government
Note 2: 2010.11.17 Letter No. Fuchanshangzi 09989766200 approved by the government
Note 3: 2012.12.25 Letter No. Fuchanshangzi 10190606710 approved by the government
Note 4: 2013.02.01 Letter No. Fuchanshangzi 10281026900 approved by the government
Note 5: 2014.06.13 Letter No. Fuchanyeshangzi 10384749500 approved by the government
Note 6: 2013.06.03 Letter No. Fuchanyeshangzi 10283499730 approved by the government
Note 7: 2014.01.27 Letter No. Fuchanyeshangzi 10380450410 approved by the government

Note 8: 2014.07.10 Letter No. Fuchanyeshangzi 10385703800 approved by the government
Note 9: 2016.08.12 Letter No. Fuchanyeshangzi 10590942610 approved by the government
Note 10: 2017.05.05 Letter No. Fuchanyeshangzi 10653541210 approved by the government
Note 11: 2018.08.23 Letter No. Fuchanyeshangzi 10752480520 approved by the government
Note 12: 2019.08.21 Letter No. Fuchanyeshangzi 10853082710 approved by the government
Note 13: 2019.11.25 Letter No. Fuchanyeshangzi 10856445400 approved by the government
Note 14: 2020.03.04 Letter No. Fuchanyeshangzi 10946656210 approved by the government
Note 15: 2020.12.04 Letter No. Jingshoushangzi 10901224860 approved by the government
Note 16: 2021.09.30 Letter No. Jingshoushangzi 11001179450 approved by the government
Note 17: 2021.12.02 Letter No. Jingshoushangzi 11001222740 approved by the government
Note 18: 2021.02.16 Letter No. Jingshoushangzi 11101018340 approved by the government
Note 19: 2022.05.12 Letter No. Jingshoushangzi 11101066780 approved by the government
Note 20: 2022.09.16 Letter No. Jingshoushangzi 11001181140 approved by the government
Note 21: 2023.04.10 Letter No. Jingshoushangzi 11230055670 approved by the government
Note 22: 2023.08.01 Letter No. Jingshoushangzi 11230136110 approved by the government
Note 23: 2023.08.30 Letter No. Jingshoushangzi 11230168370 approved by the government
Note 24: 2023.12.01 Letter No. Jingshoushangzi 11230222310 approved by the government
Note 25: 2024.02.19 Letter No. Jingshoushangzi 11330017570 approved by the government

2. Total number of issued shares

March 29, 2024; Unit: shares

Type of Shares	Authorized Capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	101,550,128	98,449,872	200,000,000	The Company's stocks are listed stocks.

(II) Information for shelf registration: None.Shareholder Structure

March 29, 2024 Unit: Person; shares

Shareholder Structure / Quantity	Government Agency	Financial Institution	Other Institutions	Individual Investors	Foreign Institutions and Foreigners	Total
Number of people	2	32	112	22,867	192	23,205
Number of Shares Held	116,900	1,039,054	39,688,111	49,572,108	11,133,955	101,550,128
Shareholding Percentage	0.12%	1.02%	39.08%	48.82%	10.96%	100.00%

(III) Shareholding Distribution Status

March 29, 2024 Unit: Person; shares

Shareholding Classification	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1 to 999	13,425	2,173,128	2.14%
1,000 to 5,000	8,270	14,909,154	14.68%
5,001 to 10,000	798	5,909,375	5.82%
10,001 to 15,000	238	2,979,221	2.93%
15,001 to 20,000	116	2,054,858	2.02%
20,001 to 30,000	126	3,108,849	3.06%
30,001 to 40,000	61	2,134,175	2.10%
40,001 to 50,000	38	1,745,041	1.72%
50,001 to 100,000	74	5,034,286	4.96%
100,001 to 200,000	24	3,356,400	3.31%
200,001 to 400,000	20	5,508,953	5.42%
400,001 to 600,000	4	1,973,693	1.94%
600,001 to 800,000	1	622,016	0.61%
800,001 to 1,000,000	0	0	0.00%
More than 1,000,000,000	10	50,040,979	49.29%
Total	23,205	101,550,128	100.00%

Note: Par value of $10 per share, the Company has not issued preferred shares.

(IV) List of Main Shareholders

March 29, 2024 Unit: shares

Name of the Main Shareholder \ Shares	Number of Shares Held	Shareholding Percentage
Bao Lei Co., Ltd.	18,704,939	18.42%
Rui Bao Xin Investment Co. Ltd.	11,380,676	11.21%
Sheng Pao-Shi	5,392,672	5.31%
TA YA Venture Capital Co., Ltd.	3,893,482	3.83%
Schotten Limited	3,554,619	3.50%
Jiang Zhi Rong	2,204,043	2.17%
Baoen International Co., Ltd.	1,505,442	1.48%
Hundred River International Investment Corp.	1,180,000	1.16%
Chen Shih Min	1,112,746	1.10%
Jia Xi International Co., Ltd.	1,112,360	1.10%

(V) Share price, net worth, earnings, dividends and related information per share for the last two years

Unit: NTD; Thousands of shares

Item \ Year			2022	2023
Market price per share	Highest		475	1030
	Lowest		144.5	381
	Average		310.76	684.21
Net value per share	Before distribution		60.27	89.46
	After distribution		46.40	Note 4
Earnings per share	Weighted average shares		97,600	100,341
	Earnings per share	Before Retrospective Adjustment	18.52	30.20
		After Retrospective Adjustment	14.26	Note 4
Dividends per share	Cash dividends		8.00	12.00
	Stock dividends	Dividend form Retained Earnings	3.00	—
		Dividend form Capital Surplus	—	—
	Cumulative undistributed dividends		—	—
Return on investment analysis	PE ratio (Note 1)		21.59	22.66
	Price-dividend ratio (Note 2)		31.59	Note 4
	Cash dividend yield (Note 3)		3.17%	Note 4

Note 1: Price-to-Earnings Ratio (P/E Ratio) = Average closing price per share for the year / Earnings per share.

Note 2: Price-to-Dividends Ratio = Average closing price per share for the year / Cash dividend per share.

Note 3: Dividend Yield = Cash dividend per share / Average closing price per share for the year.
Note 4: Subject to approval at the shareholders' meeting.

(VI) Company's Dividend Policy and Implementation

1. Dividend policy established in the Articles of Incorporation

The Company’s profit earned in a financial year shall be subject to employee remuneration of no less than 2% and director/supervisor remuneration of no more than 5%. However, profits must first be taken to offset cumulative losses if any. The distribution of employees' remuneration and directors' remuneration shall be made through a board of directors’ resolution with at least two-thirds of directors in attendance and a majority of the directors present, and reported to the shareholders' meeting.

If the Board of Directors resolves to distribute employee remuneration in shares or cash to employees, then the said employees shall include those who meet certain criteria, with the relevant guidelines established by the Board of Directors.

Any earnings from the Company's annual accounts are distributed in the following order:

(1) Taxes and contributions.
(2) To make up for prior years' losses.
(3) 10% of the legal reserve is set aside as legal reserve (except when the legal reserve has reached the total capital amount).
(4) The balance shall then be allocated or reversed as special reserve in accordance with regulatory requirements.
(5) The Board of Directors shall draft the proposal for shareholder dividend allocation based on any remaining profit, along with accumulated undistributed earnings, and submit the draft to the shareholder's meeting.

The Company's dividend policy is based on a residual dividend policy. Taking into consideration the Company's current and future investment environment, capital requirements, domestic and foreign competition, the Company’s annual distributed dividend shall not lower than the undistributed earning at the end of period as principle. When the dividend to shareholder is lower than NTD 0.5, the Company may retain the earning and not distributed. The percentage of cash dividends paid each year must not be less than 10% of the total amount of cash and stock dividends paid in that year.

2. Current year dividend distribution proposal to the shareholders meeting

The distribution of earnings for 2023 has been approved by the Board of Directors at its meeting on March 7, 2024, pending the resolution of the shareholders' meeting on May 27, 2024. The distribution is as follows:

Unit: NTD

Item	Amount	
	Subtotal	Total
Opening balance for 2023		1,342,973,524
Add: 2023 Net income after tax		3,030,142,449
After tax profit for the period plus profit items adjusted to the current year's undistributed earnings other than after tax profit for the period		4,373,115,973
Less: 10% legal reserve(Note 1)	(303,014,244)	
Distributable earnings for the period		4,070,101,729
Distribution items		
Dividend to Shareholders – Cash (NTD 12 per share distribution) (Note 2 and 3)	(1,214,797,536)	
Undistributed earnings at the end of the period		2,855,304,193

Note 1: Legal reserve NTD$3,030,142,449 x 10%=$303,014,244

Note 2: As of February 29, 2024, total outstanding shares are 101,233,128 shares (101,514,128 share minus treasury stock of 281,000 shares).

Note 3: The earning distribution are in priority for 2023.

(VII) The proposal for dividend distribution for 2023 has been approved by the board of directors on March 7, 2024, to distribute a cash dividend of NT$12 per share. The resolution is subject to approval at the shareholders' annual meeting scheduled for May 27, 2024.

(VIII) Employee bonus and remuneration for directors and supervisors

1. The percentage or scope of employee bonuses as well as directors' and supervisors' remuneration as set forth in the Articles of Incorporation.

   The Company's profit earned in a financial year shall be subject to employee remuneration of no less than 2% and director/supervisor remuneration of no more than 5%. However, profits must first be taken to offset cumulative losses if any. Employees' remuneration and directors' remuneration distribution shall be carried out via a resolution of the board of directors with two-thirds of directors in attendance and a majority of the directors present, and reported to the shareholders' meeting; employees' remuneration shall be distributed in shares or cash by resolution of the board of directors, and distribution shall include employees of subsidiary companies who meet certain criteria with the relevant rules established by the board of directors.

2. The basis for estimating the amount of bonuses to employees and remuneration to directors and supervisors, the basis for calculating the number of shares to be allotted as stock bonuses, the actual allotment of shares for the period, as well as the accounting treatment for the difference between the estimated amount and the estimated amount:

If the Board of Directors resolved at the end of last year to distribute employees' bonuses and directors' remuneration, they are recognized as expenses in the current year. If there is any change in the amount of bonuses and directors' remuneration at the date of the shareholders' meeting, it is adjusted according to the change in accounting estimate and recorded as profit or loss in the period of distribution.

3. Remuneration proposals passed by the board of directors

(1) The employee compensation and director/supervisor remuneration amounts, whether distributed in cash or stocks, are disclosed. If there are any differences between the estimated accrual amounts for the fiscal year and the actual amounts, the differences, reasons, and handling methods should be disclosed:

For 2023, based on the profit situation, the Company estimated employee compensation and director/supervisor remuneration amounts to NT$61,228 thousand and NT$30,644 thousand, respectively. These amounts were recorded under the payroll expense category. On March 7, 2024, the board of directors decided to distribute employee compensation and director/supervisor remuneration in cash, amounting to NT$61,228 thousand and NT$30,644 thousand, respectively. There were no differences between these amounts and the amounts recorded as expenses in 2023 financial statements for employee compensation and director remuneration.

(2) The amount of employee remuneration distributed in stock as a percentage of total net income after tax and total employee remuneration for the period. None.

4. The actual distribution of employee bonuses and director/supervisor remuneration for the previous fiscal year (including the number of shares distributed, amount, and stock price) should be disclosed. Any differences between the actual distribution and the recognized employee bonuses and director/supervisor remuneration should be explained, including the difference amount, reasons, and treatment:

On March 16, 2023, the board of directors decided to distribute employee bonuses and director/supervisor remuneration in cash, amounting to NT$30,300 thousand and NT$16,000 thousand, respectively. The differences between the actual employee bonuses and director/supervisor remuneration and the recognized expenses for 2022 were NT$7,529 thousand and (NT$869) thousand, respectively. These variances primarily stem from estimation variances, and the difference amount was recognized in the 2023 income statement.

(IX) Status of Company Share Buyback:

1. Completed:

Number of Buybacks	6th
Buyback purpose	Transfer to employees
Buyback period	2022/01/24~2022/03/21
Planned buyback shares	400,000 shares

Buyback interval price	NTD121 – 274
Type and number of shares bought back	300,000 Ordinary shares
Amount of shares bought back	NTD 53,115,499
Average buyback price per share	NTD 177.05
Buyback volume as a percentage of scheduled buyback volume (%)	75.00%
Number of shares cancelled and transferred	19,000 shares
Cumulative number of shares held by the Company	281,000 shares
Ratio of the cumulative number of shares held by the Company to the total number of shares in issue (%)	0.28%

2. Still in execution:

Number of Buybacks	7th
Buyback purpose	Maintain company credit and shareholder equity
Type of Repurchased Shares	Common stock
Total Upper Limit of Repurchased Shares	NTD 808,000,000
Scheduled Repurchase Period	2024/03/08~2024/05/07
Planned Repurchase Quantity	1,000,000 shares
Price Range for Repurchase	NTD$600 to NTD$808 per share
Repurchased Shares Type and Quantity	As of April 24, 2024, 206,000 common shares have been repurchased. (Note 1)
Amount of Repurchased Shares	As of April 24, 2024, repurchased shares amounted to NT$152,178,508. (Note 1)
Buyback volume as a percentage of scheduled buyback volume (%)	0.21% (Note 1)

Note 1: The buyback has not been completed as of the printing date of the annual report, and the actual buyback shares and amount will be disclosed after the repurchase period.

II. Corporate bonds (including overseas corporate bonds) situation:

1. Status on corporate bonds

Item	3rd domestic unsecured convertible corporate bonds
Issue date	2023/08/04
Face value	NTD 100 thousand
Issue place	Not Applicable
Issue price	In accordance to face value
Total amount issued	NTD 1.7 billion
Coupon rate	0%
Convertible price at issuing	NTD 808
Convertible price Now	NTD 622.1
Issuance period	5 year, expire on 2028/08/04

Reason for raising the funds	To repay the bank loan
Guarantor for the issuance	Not Applicable
Trustee	Taishin International Bank Co., Ltd
Underwriter	Taishin Securities Co.,Ltd.
Attesting lawyer	Peng, Yi Cheng
Attesting CPA	Hung, Guo Sen, Chen Ming Hong
Repayment method	The Company's convertible bond, unless convert, sell back, redeem in accordance to the plan, will repay the cash in one time when expire
Unpaid principal	As of 2024/03/29, total unpaid principal amounted to NTD1,699,800,000
Redemption and early settlement clause	Refer to issue and convertible plan
Restriction clause	None
Rating agency, rating date and rating result	Not Applicable
As of the printing date, total convert share and amount	As of 2024.03.29, total converted shares are 320 shares, total amounted to NTD 200,000
Issue and convert plan	Refer to issue and convertible plan
The issuance, conversion, exchange, or subscription procedures, and the conditions of issuance may lead to potential dilution of equity and could impact existing shareholders' rights and interests.	The dilution of equity carries a deferred impact. Therefore, the Company opts to raise funds through the issuance of convertible bonds, which can moderately alleviate the situation of equity dilution. If the convertible bonds are converted by investors, it would benefit the Company by improving the equity ratio, enhancing financial structure, and strengthening profitability, aligning with our long-term development plan.
Name of Custodian Institution for Exchange	NA

Note 1: Applicable to overseas corporate bonds.
Note 2: Such as restrictions on cash dividend payments, outbound investments, or requirements to maintain a certain asset ratio, etc.

2.Information on corporate bonds:

Type of Bond		3rd Domestic Covertible Corporate Bond	
Item \ Year		2023	As of the cut-off date for the annual report printing for the current year
Market Value of the Convertible Bond	Highest	126.00	138.45
	Lowest	109.20	114.00
	Average	118.92	123.78
Convertible Price		NTD 622.1	
Issue Date and Convertible Price when Issue		2023.08.04 NTD 808	
Ways to Fulfill to Convert Share		Issue new share	

III. Issuance of Preferred Stock: None

IV. Issuance of Global Depositary Receipts (GDR): None

V. Exercise of Employee Stock Option Plan (ESOP):

(I) The Company's outstanding employee stock options should disclose the status of processing and the impact on shareholders' equity as of the date of printing of the annual report:

Mar 31, 2024

Type of Employee Stock Option Plan (ESOP):	The first employee stock option certificate for 2020		The first employee stock option certificate for 2021			The first employee stock option certificate for 2023		
Effective Date of Filing and Total Shares	2020/11/04 1,000 unit (Each unit can subscribe 1,000 share)		2022/01/10 1,000,000 unit (Each unit can subscribe one share)			2023/05/17 1,000,000 unit (Each unit can subscribe one share)		
Date of Issue (processing)	2020/12/29	2021/08/13	2022/05/11	2022/08/31	2022/12/08	2023/09/19	2023/11/14	2024/03/11
Duration	5 years		4 years			5 years		
Number of units issued	275 units (Each unit can subscribe 1,000 shares)	598 units (Each unit can subscribe 1,000 shares)	477,000 units (Each unit can subscribe 1 share)	160,000 units (Each unit can subscribe 1 share)	345,000 units (Each unit can subscribe 1 share)	535,000 units (Each unit can subscribe 1 share)	10,000 units (Each unit can subscribe 1 share)	264,000 units (Each unit can subscribe 1 share)
Available Issuance Units	0 units (unissued units have expired)		0 units (unissued units have expired)			191,000 units		
Number of shares issued as a percentage of the total number of shares in issue	0.86%		0.97%			0.80%		
Exercise Period	2020/12/29~ 2025/12/28	2021/08/13~ 2026/08/12	2022/05/11~ 2026/05/10	2022/08/31~ 2026/08/30	2022/12/08~ 2026/12/07	2023/09/19~ 2028/09/18	2023/11/14~ 2028/11/13	2024/03/11~ 2029/03/10
Performance Method	Issuance of new shares		Issuance of new shares			Issuance of new shares		

Type of Employee Stock Option Plan (ESOP):	The first employee stock option certificate for 2020		The first employee stock option certificate for 2021			The first employee stock option certificate for 2023		
Restricted period and rate (%)	The stock option holder shall exercise the stock option right in accordance with the following schedule 2 years from the expiry date of the employee stock option certificate being granted: Second year: 30% Third year: 60% Forth year : 100%		The stock option holder shall exercise the stock option right in accordance with the following schedule 2 years from the expiry date of the employee stock option certificate being granted: Second year: 50% Third year: 100%			The stock option holder shall exercise the stock option right in accordance with the following schedule 2 years from the expiry date of the employee stock option certificate being granted: Second year: 30% Third year: 60% Forth year : 100%		
Number of executed shares acquired	123,000 shares	118,000 shares	—	—	—	—	—	—
Value of executed stock options	14,811,400	17,747,200	—	—	—	—	—	—
Number of outstanding stock options	152,000 shares (Note 1)	480,000 shares (Note 1)	477,000 shares (Note 2)	160,000 shares (Note 2)	345,000 shares (Note 2)	535,000 shares	10,000 shares	264,000 shares
Subscription price per share for unexecuted stock options (Note 3)	NTD 106.8	NTD 150.4	NTD 109.3	NTD 258.1	NTD 295.0	NTD 646.0	NTD 608.0	NTD 625.0
Number of outstanding stock options as a percentage of the total	0.62%		0.97%			0.80%		

Type of Employee Stock Option Plan (ESOP):	The first employee stock option certificate for 2020	The first employee stock option certificate for 2021	The first employee stock option certificate for 2023
number of shares in issue (%)			
Effect on shareholders' equity	The Company aims to attract and retain the best talent it requires, as well as to motivate and enhance employees' motivation and sense of belonging to the Company in order to create mutual benefits for the Company and its shareholders, which will have a positive impact on shareholders' equity.	The Company aims to attract and retain the best talent it requires, as well as to motivate and enhance employees' motivation and sense of belonging to the Company in order to create mutual benefits for the Company and its shareholders, which will have a positive impact on shareholders' equity.	The Company aims to attract and retain the best talent it requires, as well as to motivate and enhance employees' motivation and sense of belonging to the Company in order to create mutual benefits for the Company and its shareholders, which will have a positive impact on shareholders' equity.

Note 1: In the first issuance of employee stock options certificates for the year 2020, 1,000 units were initially applied for. However, only 873 units were successfully issued. The remaining 127 units expired due to exceeding the one-year issuance period.
Note 2: In the first issuance of employee stock options certificates for the year 2021, 1,000,000 units were applied for. However, only 982,000 units were successfully issued. The remaining 18,000 units expired due to exceeding the one-year issuance period.
Note 3: After the issuance of these stock options certificates, except for various convertible securities or warrants issued by the company that can be converted into ordinary shares or newly issued shares for employee compensation, adjustments to the exercise price shall be made in accordance with the rules and regulations governing the issuance and exercise of employee stock options certificates for the years 2020, 2021, and 2023 when the company has increased its issued ordinary shares (including private placements, cash increases, increases from retained earnings, increases from capital surplus, mergers, demergers, stock splits, or the issuance of new shares by acquiring shares of another company and participating in the issuance of overseas depositary receipts, etc.). If the increase in issued ordinary shares is due to changes in the par value of the stock, adjustments shall be made on the new share issuance reference date, but for those who have actually made payment, adjustments shall be made on the payment date. After theissuance of these stock options certificates, if the company distributes cash dividends on its ordinary shares, adjustments shall be made based on the proportion of the market price per share held.

(II) The names of the managers and the top ten employees who have acquired employee stock options as of the date of publication of the annual report, and the acquisition and subscription status of the stock options.

	Title	Name	Number of stock options acquired	Number of stock options acquired to the total number of shares in issue	Executed				Outstanding			
					Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue	Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue
Managerial Personnel	General Manager	Sheng Pao-Shi	1,036 thousand shares	1.02%	36 thousand shares	NTD 140.3	12,341.6 thousand	0.10%	117 thousand shares	NTD106.8	NTD 316,989.2 thousand	0.92%
	Vice President	Chen Shih-Min			57 thousand shares	NTD 106.8			22 thousand shares	NTD150.4		
	Vice President of Finance & Administration	Alice Wang			8 thousand shares	NTD 150.4			376 thousand shares	NTD109.3		
	Vice President	Frank Chen							32 thousand shares	NTD295.0		
	Senior Vice President	Tom Chang							388 thousand shares	NTD646.0		
	Vice President of Quality Operations	Lynn Chuang										
	Director	Ellen Chen										
	Director	Raymond Lee										
	Vice Director (Accounting Manager)	Ting Chen										
Employees	Employee	Marcel Vieno	383 thousand shares	0.38%	10 thousand shares	NTD 140.3	7,691.4 thousand	0.05%	14 thousand shares	NTD106.8	NTD 100,504.7 thousand	0.32%
	Employee	Sally Langa			11 thousand shares	NTD 106.8			88 thousand shares	NTD150.4		
	Employee	Helen Clark			34 thousand shares	NTD 150.4			36 thousand shares	NTD109.3		
	Employee	John Lawrie							25 thousand shares	NTD258.1		
	Employee	Jennifer Kuan							88 thousand shares	NTD295.0		
	Employee	Nick Liu							62 thousand shares	NTD646.0		
	Employee	Eric Chen							15 thousand shares	NTD625.0		
	Employee	Lynn Chuang										
	Employee	Hsu Jing-Sheng										
	Employee	Tai Demi										

VI. Restriction on Employees' right to new stock: None.

VII. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies:

(I) The recent annual and interim reports until the printing deadline have completed the acquisition or acquisition of shares of another company and the issuance of new shares:

The Company resolved on April 12, 2023, by the Board of Directors to proceed with a share conversion plan with its subsidiary, Bora Biologics Co., Ltd. (hereinafter referred to as "Bora Biologics"). However, as of the printing deadline of the annual

report, the Company's acquisition of shares of Bora Biologics and the issuance of new shares are still in progress.

(II) In the most recent fiscal year and up to the printing deadline of the annual report, the Board of Directors has approved the acquisition or acquisition of shares of other companies and the issuance of new shares:

Basic Information Table of Acquired and Transferred Companies

Unit: NTD thousands

Company Name		Bora Biologics Co., Ltd.
Company Address		6F, No. 12, Sec. 2, Life Science Road, Hsinchu Science Park, Zhubei City, Hsinchu County, Taiwan
Legal Representative		Sheng Pao-Shi
Paid-in Capital		NTD600,100,000
Main Business Activities		IG01010: Biotechnology Services IG02010: Research and Development Services F401010: International Trade F601010: Intellectual Property Services C802041: Western Medicine Manufacturing F108021: Western Medicine Wholesale ZZ99999: Except for licensed operations, may engage in non-prohibited or restricted businesses under the law (restricted to operations outside the zone) Researching, designing, developing, manufacturing, and selling the following products: 1.New Protein Molecules and Biosimilars 2.Process Development Services 3.CMO of New Proteins and Biosimilars
Main Product		Biotechnology services, research and development services, and manufacturing and outsourcing of macromolecular drugs.
Financial Data For The	Total Assets	2,164,271
	Total Liabilities	345,853
	Total Shareholders'	1,818,418

Most Recent Fiscal Year (Note)	Equity	
	Operating Revenue	411,787
	Gross Profit	174,336
	Operating Income/Loss	98,647
	Net Income/Loss for the Period	85,611
	Earnings per Share	1.43

Note: The financial data is sourced from the financial report of Bora Biologics Co., Ltd. for 2023.

VIII. Capital Utilization Plan and Its Implementation:

As of the quarter preceding the printing date of the annual report, there were no previous issuances or private placements of marketable securities that had not been completed, or that had been completed within the last three years but with no visible benefits yet.

E. Business Overview

I. Business Activities

(I) Business scope

1. Main contents of the Company's business

The Company’s registered operating item are as follow:

C802041 Western pharmaceutical manufacturing industry
F108021 Western pharmaceutical wholesale industry
F108031 Medical equipment wholesale industry
F107070 Animal use drugs wholesale industry
F113030 Precision instruments wholesale industry
F113060 Weight and Measuring equipment wholesale industry
F108040 Cosmetic wholesale industry
F207070 Animal use drugs retail industry
F203010 Food and Beverage retail industry
I102010 Investment Consulting industry
I103060 Management Consulting industry
F401010 International trade industry
H703100 Real estate rental and leasing industry
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Revenue breakdown of major products

Unit: NTD thousands; %

Item \ Year	2022		2023	
	Amount	%	Amount	%
Drug and Health Care Products	5,689,865	54.22	9,235,525	65.04
CDMO	4,796,110	45.70	4,951,059	34.87
Others	8,495	0.08	13,484	0.09
Total	10,494,470	100.00	14,200,068	100.00

3. Current product/service lineup:

A. Sales product categories and items:

The Company's products are manufactured and sold across major markets globally, with overseas markets accounting for over 90% of our total revenue. Based on our product portfolio and business model, we can categorize our operations as follows:

(A) Global Contract Development and Manufacturing Organization (CDMO):

The Company provides comprehensive services for both large and small molecule drugs, including development, testing, certification, and transportation, tailored to the types of medications and the location or specific requirements of our global clients. At our Taiwan facility, we currently manufacture solid dosage forms such as tablets and capsules, liquid formulations, suspensions, semi-solid formulations, as well as ophthalmic formulations such as eye drops and eye ointments. Our North American facility primarily focuses on liquid and semi-solid formulations, with some production of solid dosage forms. Additionally, our Taiwan facility possesses a limited number of biopharmaceutical CDMO plants with international standard development capabilities for the Asia-Pacific region.

(B) Sales of Pharmaceuticals and Health Products:

Our pharmaceutical sales encompass various dosage forms, including the sale of both proprietary and imported health and wellness products. Among these, revenue from the sale of our proprietary generic drugs contributes significantly to our total revenue. These include products for which we hold drug registrations or have obtained sales rights (including licensed generic products) sold in the US market, such as Dexlansoprazole DR Capsules, Diltiazem ER Capsules, Nifedipine ER Tablets, Megestrol Acetate 125mg/ml, Testosterone Gel 1.62%, Dimethyl Fumarate DR Capsules, Guanfacine ER Tablets, Dicyclomine HCl Capsules, Potassium Chloride ER Tablets, and FORFIVO XL. Sales in the Taiwan market include oral tablets and capsules for hypertension, epilepsy, gastroesophageal reflux disease, and other conditions.

B. Sales target audience:

(A) We sell our products directly to clinics, pharmacies, pharmacy chains and drug stores.

(B) We sell through distributors to medical centers, corporate hospitals, public hospitals, and regional and district hospitals.

(C) We accept products on commission and sell to direct distributors.

4. New products (services) in the pipeline for development

A. R&D direction:

Since 2013, the Company has been continuously engaged in vertical and horizontal integration, evolving from distribution and agency to research, development, and manufacturing. We have developed into a comprehensive international CDMO pharmaceutical factory. Our manufactured products have been successfully sold in over 100 global markets. To enrich our existing product line, we are actively committed to the research and development of proprietary drugs and the

improvement of small molecule formulations. By enhancing the formulation, we aim to increase the convenience of drug usage. Moreover, our product selection is oriented towards meeting market demand, emphasizing high quality to enhance competitiveness.

Since September 2022, after officially becoming a wholly-owned subsidiary of the Company, TWi Pharmaceuticals has provided high-threshold drug research and manufacturing technology. It has successfully commercialized special generic drugs (ANDA) and 505(B)(2) new drug formulations with a high market niche. The Company positions TWi Pharmaceuticals as a product project development center, focusing on the development of "high market niche" characteristic generic drugs (ANDA) and 505(B)(2) new drug formulations for the US market. Alongside drug development, we also undertake related intellectual property protection and patent applications.

In addition, to integrate resources and deepen our global health product market layout, through the conversion of shares in accordance with Business Mergers And Acquisitions Act, the subsidiary, Bora Health., and SunWay Biotech Co., Ltd., have been incorporated into the Group as of November 1, 2022. Following the International Financial Reporting Standards reverse acquisition rules, SunWay Biotech Co., Ltd. has become a subsidiary of the Company. SunWay Biotech Co., Ltd. has accumulated rich R&D experience in NTU568 red yeast rice/NTU101 lactic acid bacteria. In the future, it will continue to leverage its exclusive patented technology and diverse effective microbiological and fermentation process development experience to build the future development path of new functional raw materials and develop more derivative new products.

The main new products planned for development are as follows:

(A) New dosage forms
(B) Special generic drug products development
(C) Owned OTC brand medicine
(D) Proprietary Brand Health Supplements

B. Promotion of important research projects:

As of the end of 2023, our wholly-owned subsidiary, TWi Pharmaceuticals, has submitted over 30 applications for special generic drugs to theUS FDA and has been accepted for review. Among these, 23 special generic drugshave received approval or tentative approval from the US FDA, including 11 Paragraph IV generic drug certifications and 12 high-technology threshold genericdrug certifications. Additionally, as of the printing deadline of the annual report, TWi Pharmaceuticals has received FDA approval for 3 ANDAs (AbbreviatedNew Drug Application),

including Diltiazem Hydrochloride ER Capsules 60mg, 90mg, 120mg, Dicyclomine HCL Tablets, and Topiramate Capsules. Furthermore, two additional drug certification applications have been submitted to the US FDA. Currently, over 20 special generic drug products are available in the US market, including Dexlansoprazole DR Capsules for treating gastroesophageal reflux disease, Diltiazem HCl ER Capsules for hypertension/angina, Nifedipine ER Tablets and Guanfacine Tablets for hypertension, Megestrol Acetate 125mg/mL for AIDS-relatedcachexia, Testosterone Gel 1.62% for testosterone deficiency, Dimethyl Fumarate DR Capsules for multiple sclerosis, and Guanfacine ER Tablets for attention deficithy peractivity disorder. With fruitful research and development outcomes, our company will integrate group resources into the special generic drug development platform to sustain the momentum of submitting 3 to 5 applications to the US FDA annually. Details of the related special generic drug development cases are as follows:

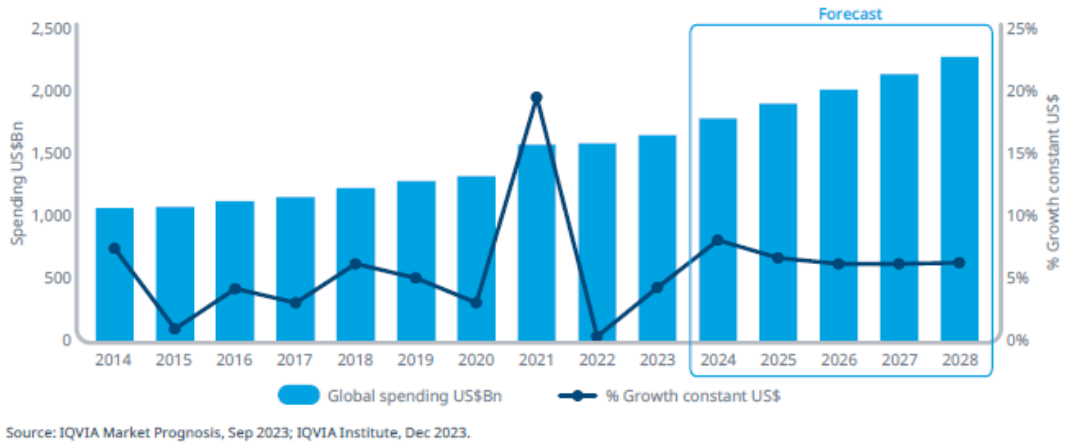
Product Items	Description
Development of Oral Dosage Form Products	Development of Extended-Release Formulations, Process Improvement, Enhancement of Drug Bioavailability, Control of Drug Absorption Rate, Control of Drug Blood Concentrations to Reduce Side Effects
Ophthalmic Pharmaceuticals	Indications for Ocular Diseases

(II) Industry overview

1. Current state and development of the industry

According to the latest IQVIA statistical report, the global pharmaceutical market size in 2023 is approximately $1.6 trillion, representing a growth of about 8.4% compared to $1.48 trillion in 2022, which had a growth rate of 4.2% over 2022. This indicates a doubling of the growth rate. The projected compound annual growth rate (CAGR) for the global pharmaceutical market for the next five years from 2024 to 2028 is estimated to be 7.3%. As shown in Figure 1, the total global market size is expected to reach $2.3 trillion by 2028.

Figure-1. 2023-2027 Global Drug Sales Market Growth Rate



Source: IQVIA, Jan 2024

According to the segmentation by country market, the pharmaceutical market amounts for developed countries and emerging countries in 2023 were US$1.275 trillion and US$303.7 billion, respectively. They accounted for approximately 79.38% and 18.90% of the global pharmaceutical market, respectively. Compared to 2022, where the figures were 73.42% and 25.0%, the pharmaceutical market for developed countries grew by 17.20% in 2023. This indicates that the pharmaceutical market in developed countries was the main driver of global pharmaceutical market growth in 2023, as shown in Figure 2. The US market is estimated to account for approximately 47.54% of the global pharmaceutical market by 2028, maintaining its position as the largest single major pharmaceutical consumption market globally, as illustrated in Figure 3. According to IQVIA research analysis, the estimated global pharmaceutical consumption amounts by region from 2024 to 2028 are ranked from highest to lowest as the US, Western Europe, and China. The compound annual growth rates (CAGRs) for these regions are ranked in order as Eastern Europe, Latin America, and India, with CAGRs ranging from 7.0% to 10.5%. It is noteworthy that the US market grew by 13% in 2023, thus increasing the adjusted CAGRs to 6.0% to 9.0%, leading to an increase in the average global compound annual growth rate to 7.3% over the next five years, as shown in Figure 3.

Figure-2 Regional distribution of global drug sales in 2024-2028

Unit: Billion US Dollar

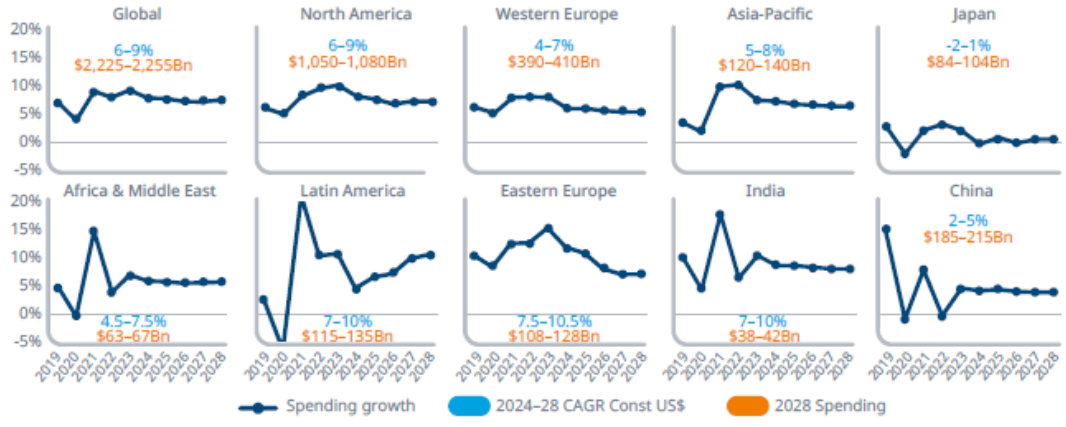
		ORIGINAL BRANDS	NON-ORIGINAL BRANDS	UNBRANDED GENERICS	OTHER	TOTAL
Spending 2023 US$Bn	**Global**	**1,057.2**	**248.1**	**158.5**	**143.0**	**1,606.8**
	Developed	967.4	128.7	113.4	65.9	1,275.5
	10 Developed	858.9	81.0	98.1	43.5	1,081.6
	Other developed	108.4	47.8	15.3	22.4	193.9
	Pharmerging	81.0	105.7	43.3	73.7	303.7
	Lower-income countries	8.8	13.6	1.7	3.4	27.6
Constant dollar CAGR 2019–2023	**Global**	8.0%	6.9%	4.6%	5.8%	7.3%
	Developed	7.9%	7.6%	2.8%	4.5%	7.2%
	10 Developed	7.9%	6.4%	2.1%	3.1%	7.0%
	Other developed	8.1%	9.8%	8.4%	7.5%	8.5%
	Pharmerging	9.7%	6.2%	10.3%	7.0%	7.8%
	Lower-income countries	3.2%	6.6%	7.2%	7.1%	5.6%
Spending 2028 US$Bn	**Global**	**$1,520–$1,550**	**$315–$345**	**$185–$205**	**$165–$185**	**$2,225–$2,255**
	Developed	$1,390–$1,420	$165–$185	$125–$145	$68–$88	$1,775–$1,805
	10 Developed	$1,230–$1,260	$105–$125	$100–$120	$47–$51	$1,505–$1,535
	Other developed	$150–$170	$58–$62	$18–$22	$27–$31	$255–$285
	Pharmerging	$110–$130	$130–$150	$53–$73	$84–$104	$400–$430
	Lower-income countries	$9–$13	$15–$19	$1.5–$2.5	$3.5–$4.5	$33 – $37
Constant dollar CAGR 2024–2028	**Global**	6–9%	8–11%	3–6%	3–6%	6–9%
	Developed	6–9%	4–7%	1–4%	1–4%	5–8%
	10 Developed	6–9%	4–7%	0–3%	0–3%	5–8%
	Other developed	6–9%	4–7%	4–7%	4–7%	5–8%
	Pharmerging	10–13%	12–15%	9–12%	5–8%	10–13%
	Lower-income countries	3–6%	4–7%	3–6%	4–7%	3–6%

Source: IQVIA Market Prognosis, Sep 2023; IQVIA Institute, Dec 2023.

Source: IQVIA, Jan 2024.

Figure-3 2024-2028 Global Market Outlook of Various Drug Types and Regions

Unit: Billion US Dollar



Source: IQVIA Market Prognosis, Sep 2023; IQVIA Institute, Dec 2023.

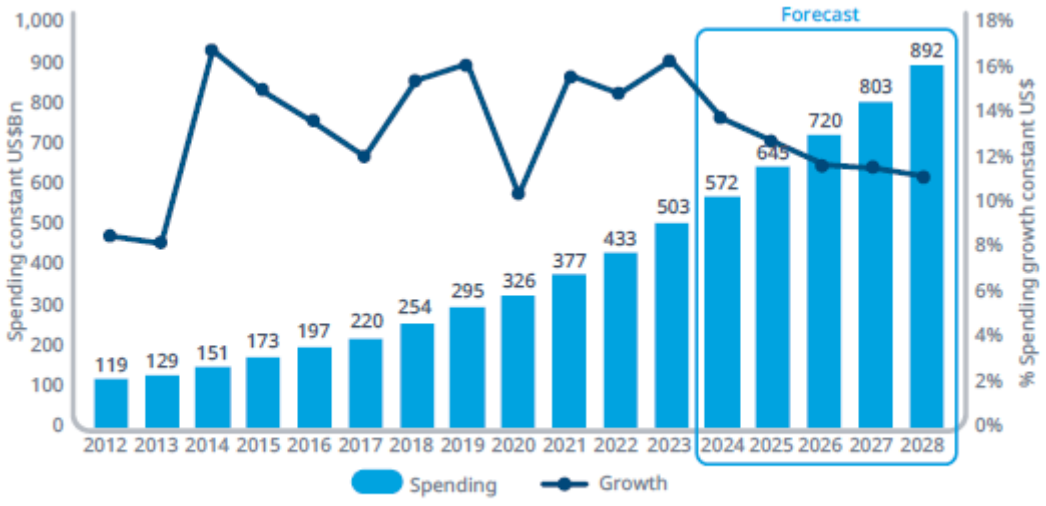
Source: IQVIA, Jan 2024.

The introduction of biopharmaceuticals into the market has provided new treatment options for rare and challenging diseases, offering advantages such as better efficacy and fewer side effects. Consequently, sales of these drugs have rapidly increased, and their share of the global prescription drug market has been steadily rising. According to IQVIA research analysis, the global biopharmaceutical market reached

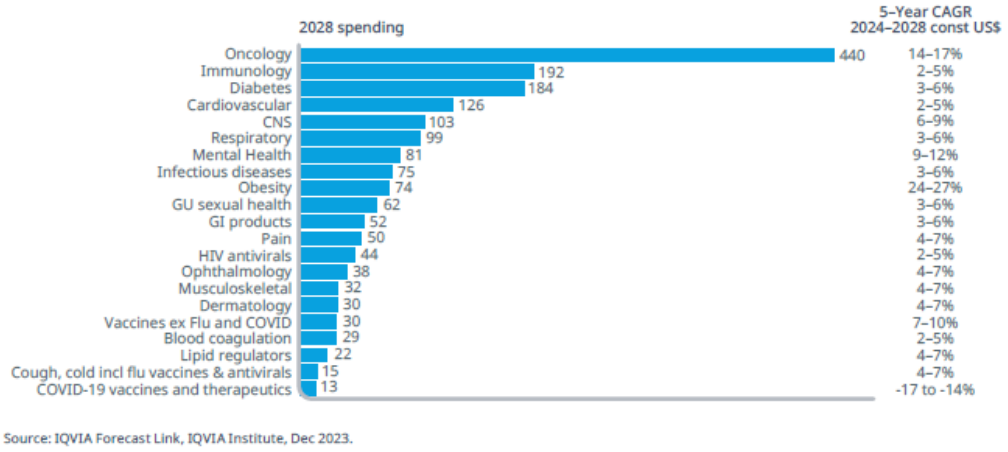
US$503 billion in 2023, accounting for approximately 31.3% of the global pharmaceutical market. This represents a growth of 16.7% compared to 2022. It is projected that by 2028, the global biopharmaceutical market will expand to $892 billion, with a five-year compound annual growth rate (CAGR) ranging from 9.5% to 12.5%. This growth rate surpasses the 7.3% growth rate of the global pharmaceutical market, with a cumulative growth rate of 77.3% over five years, adding an estimated $389 billion in sales. Biopharmaceuticals are expected to remain a key driver of global pharmaceutical market growth, with tumor, immune, diabetes, and obesity-related biopharmaceuticals leading the growth. As illustrated in Figure 4, the total sales of the top ten global pharmaceuticals in 2022 amounted to US$178.283 billion, representing a 10.33% increase from US$161.587 billion in 2021. Among them, six were biopharmaceuticals, totaling US$127.193 billion in sales, accounting for approximately 71.34%. There were four small molecule drugs, with total sales of US$51.09 billion, accounting for approximately 28.66%. The increase in biopharmaceutical sales is mainly attributed to the impact of COVID-19 vaccines and drugs. However, as the COVID-19 pandemic subsides, adjustments to the rankings of the top ten pharmaceuticals are expected.

Figure-4 Global Biopharmaceutical Market Outlook 2024-2028

Unit: Billion US Dollar



Source: IQVIA Institute, Dec 2023.



Source: IQVIA, Jan 2024.

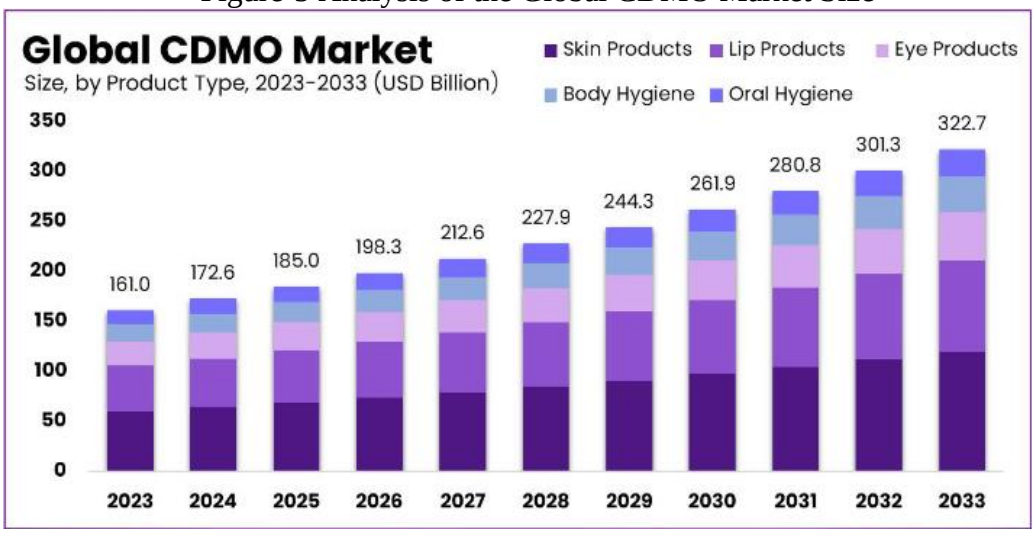
The main operations of the Company include pharmaceutical contract manufacturing (including biopharmaceuticals), Western medicine sales (categorized into new drugs/novel drugs and generic drugs (small molecules)), and the health food industry, as described below:

(1) CDMO

According to data published by Market US research agency, the global Contract Development and Manufacturing Organization (CDMO) market was approximately US$161 billion in 2023. It is estimated to increase to around US$327.7 billion by 2033, as depicted in Figure 5. Additionally, according to a research report released by Mordor Intelligence, the global CDMO market (including Contract Research Organization (CRO)) is projected to grow from US$238.5 billion in 2024 to $330.4 billion in 2029, with a Compound Annual Growth Rate (CAGR) of approximately 6.7% from 2024 to 2029. The United States, China, India, and Germany are expected to be the largest country markets for pharmaceutical CDMO services. Factors driving the growth of the overall market include the growth of the generic drug market, various pharmaceutical patent expirations, advancements in Active Pharmaceutical Ingredient (API) and Finished Dosage Formulation (FDF) manufacturing technologies, and an increase in the elderly population. Additionally, research agencies such as Global Information, Inc. (GII), Market US, and Grand View Research consistently estimate the future CAGR of the CDMO market to be between 7.0% and 7.2%. GII even predicts a CAGR of over 13% for the North American and Asian markets, attributing this growth to increased demand for advanced therapies, genetics, and oncology drugs, substantial investments in new drug development, and pharmaceutical companies' focus on innovation and clinical speed for new drug development. For small or specialized pharmaceutical companies, utilizing CDMO services from third-party

providers to meet their needs, forming strategic partnerships and collaborations within the region are driving the growth of the CDMO market.

Figure-5 Analysis of the Global CDMO Market Size



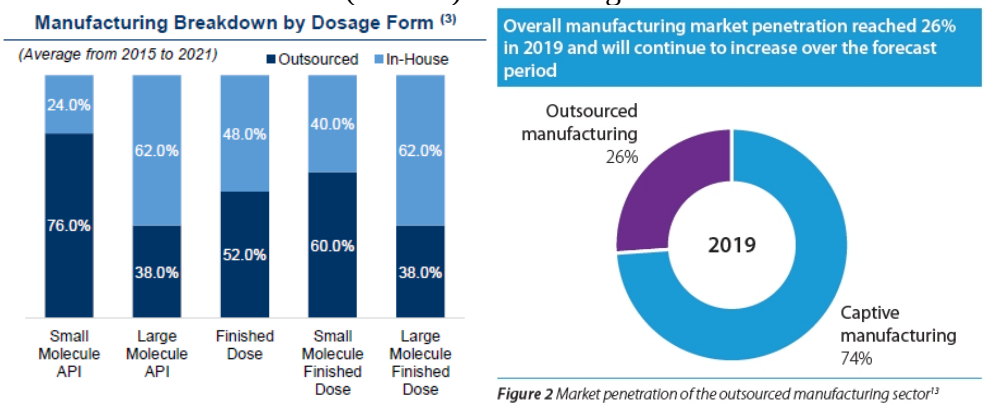
Data source: market.us ,https://market.us/report/cdmo-market/

Furthermore, according to IQVIA reports, small molecule drugs accounted for 68.70% of the global pharmaceutical market in 2023, comparable to 70.92% in 2022. It is estimated to reach US$1.35 trillion by 2028, with a cumulative growth rate of 21.92%. Small molecule drugs are expected to remain the primary type of expenditure in the global pharmaceutical market over the next five years.

Additionally, analysis of the global CDMO market from 2017 to 2026 reveals that small molecule drugs constitute approximately 62% to 64% of the market on average. Further segmentation based on outsourced product types indicates a higher proportion of outsourcing for small molecule drugs compared to large molecule biologics. This is primarily due to the ease of outsourcing manufacturing for small molecule drugs compared to biologics, and faster technology transfer.

Results International research analysis predicts a potential future CDMO market size of US$341 billion, indicating significant business expansion potential for the global CDMO sector.

Figure-6. The analysis of Contract Development and Manufacturing Organization (CDMO) outsourcing



資料來源：Outsourced Pharmaceutical Services 2022 Year In Review, Delancey Street Partners,LLC；Outsourced Pharmaceutical Manufacturing,2020 White Paper,Results Healthcar,2019/11。

Furthermore, according to US FDA data on new drug approvals, in 2023, a total of 38 small molecule drugs were approved, accounting for approximately 69% of all approvals. This indicates that small molecule drugs are the primary type of newly approved drugs. Additionally, when categorized by the size of pharmaceutical companies obtaining new drug approvals, it is observed that small-scale pharmaceutical companies account for approximately 65% of all new drug approvals. This suggests that innovation in the pharmaceutical industry primarily comes from small and medium-sized companies. Moreover, the operational strategy of small and medium-sized pharmaceutical companies for new drug applications often involves outsourcing to Contract Development and Manufacturing Organizations (CDMOs) to enhance and expedite the approval process. As the number of small and medium-sized innovative enterprises obtaining new drug approvals increases, it will continue to drive the robust growth of the CDMO business.

The global CDMO market, analyzed based on regional demand, exhibits a CAGR exceeding 13% in both North America and Asia, with North America emerging as the largest sales region, accounting for 35% of the market, as depicted in Figure 7. This growth is primarily attributed to several factors: The primary factors contributing to this are the North American market being the largest single pharmaceutical sales market globally. Additionally, over half of global pharmaceutical companies choose the US FDA as the primary regulatory authority for initial drug approvals. Collaborating with local CDMOs who possess specialized knowledge and compliance expertise accelerates the process of meeting and surpassing the stringent regulatory requirements in North America, particularly in the United States and Canada. This makes partnering with local CDMOs an attractive option for pharmaceutical

companies aiming to overcome regulatory obstacles in drug development. Furthermore, the United States is committed to enhancing innovation and manufacturing capabilities in biotechnology. The U.S. President has signed the Executive Order on Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy, and has initiated the National Biotechnology and Biomanufacturing Initiative.

These initiatives aim to enhance the biomanufacturing ecosystem in the United States:

1. Strengthening Biomanufacturing Infrastructure: By improving the infrastructure for biomanufacturing, the goal is to reduce the need for outsourcing production facilities overseas.

2. Government Procurement of Biobased Products: Increasing government procurement of biobased products encourages investment in innovation and facilitates market entry for biotechnology companies.

3. Priority Research Areas: By designating priority research areas, such as medical breakthroughs, climate change, and innovations in food and agriculture, the focus is on advancing biotechnology and its applications.

4. Access to Federal Biomedical Data: Ensuring that research personnel have access to federal biomedical data and simplifying the process for obtaining it promotes collaboration and accelerates research and development efforts.

5. Expansion of Talent Training and Education: Investing in talent training and education in the biotechnology and biomanufacturing fields helps develop a skilled workforce to support industry growth.

6. Enhanced Regulatory Transparency and Efficiency: Increasing transparency and efficiency in the regulation of biotechnology products speeds up the approval process, facilitating quicker market entry.

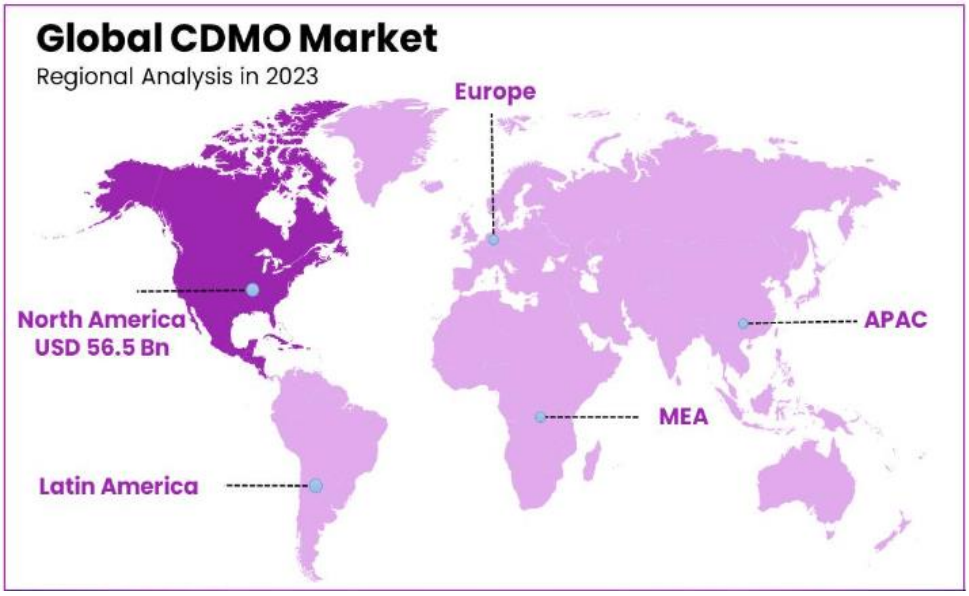
7. Prioritizing Applied Biosafety Research: Prioritizing investment in applied biosafety research and rewarding innovation helps mitigate risks associated with research and development activities.

8. Improvement of Biometric Data Privacy Standards: Enhancing standards for the privacy of human biometric data, as well as improving the security of biometric data networks and related software, contributes to a more robust biotechnology ecosystem.

9. Promotion of International Collaboration: By promoting international collaboration, utilizing biotechnology and biomanufacturing to address global challenges such as climate change and public health, and ensuring that technological research and development adhere to democratic and ethical values, benefits are extended to all.

Through the implementation of these measures, the aim is to improve the United States' biomanufacturing supply chain, reduce dependence on foreign biomanufacturing, and create more employment opportunities in the biotechnology sector, all of which contribute to the rapid growth of the North American CDMO market.

Figure-7. Analysis of CDMO Outsourcing Manufacturing / Global Actual and Potential Market Forecast for CDMO



Source：market.us ,https://market.us/report/cdmo-market/

(2) Western Medicine Sales

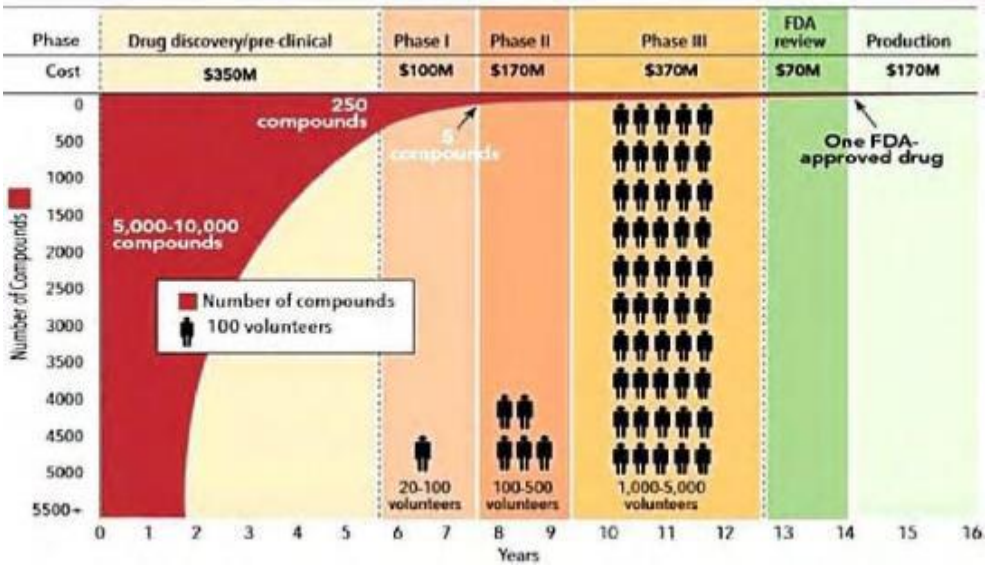
①New drugs market

New drug development requires substantial investment of funds and time. In recent years, the drawbacks of lengthy development timelines and low success rates have become apparent. From initial research to successful market launch, the process typically takes over 10 years (Figure 8). Additionally, with generic drug manufacturers actively investing in breakthrough strategies for expiring patented drugs, once a drug loses its exclusivity rights after patent expiration, high-profit medications are often replaced by generic equivalents within 1 to 2 years, leading to a perceived slowdown in new drug development.

However, in reality, new drug development remains a growing market due to the high value and knowledge-driven nature of the products. Countries continue to increase their investment in new drug research and development. Even amid the COVID-19 pandemic, global pharmaceutical companies continue to target advanced countries like those in Europe and America for new drug launches. Furthermore, the U.S. FDA, in order to promote new drug launches and improve patient access to medication, provides various review measures including orphan drug designation (for diseases affecting fewer than 200,000 people), fast-track review, breakthrough therapy designation, priority review, and accelerated approval. These measures simplify or expedite the drug review process, allowing new drugs to be launched sooner and patients to access better treatment options.

Additionally, the pharmaceutical industry structure is gradually shifting towards a model of shared benefits, shared risks, and collaborative development. This includes the involvement of Contract Research Organizations (CROs), Contract Manufacturing Organizations (CMOs), and Contract Development and Manufacturing Organizations (CDMOs), which help reduce the expenses and risks associated with new drug development.

Figure-8. Flow Chart for New Drug Developemtn to Launch (USD)



Source：Molecules 2018, 23, 533. (The Pharmaceutical Industry in 2017. An Analysis of FDA Drug Approvals from the Perspective of Molecules)

Due to the policies of the pharmaceutical powerhouse, the United States, which have been focusing on encouraging new drug development, providing incentives for orphan drugs through Orphan Designation, and facilitating diverse fast-track reviews, as well as measures to control drug

prices, according to the analysis of the number of new drug approvals by the Center for Drug Evaluation and Research (CDER) of the U.S. Food and Drug Administration (FDA) in 2023, a total of 55 new drugs were approved, marking the second-highest number of approvals in nearly a decade, second only to the 59 approvals in 2018. The significant increase in approvals in 2018 was primarily due to the United States optimizing regulations to shorten the time to market for new drugs. Furthermore, according to the analysis of the number of approvals by the FDA in 2023, the number of approvals for small molecule drugs was 38, accounting for nearly 70% of all approvals, indicating a recovery of the proportion of approvals for small molecule drugs compared to 2022, when priority was given to large molecule drugs due to the impact of COVID-19.

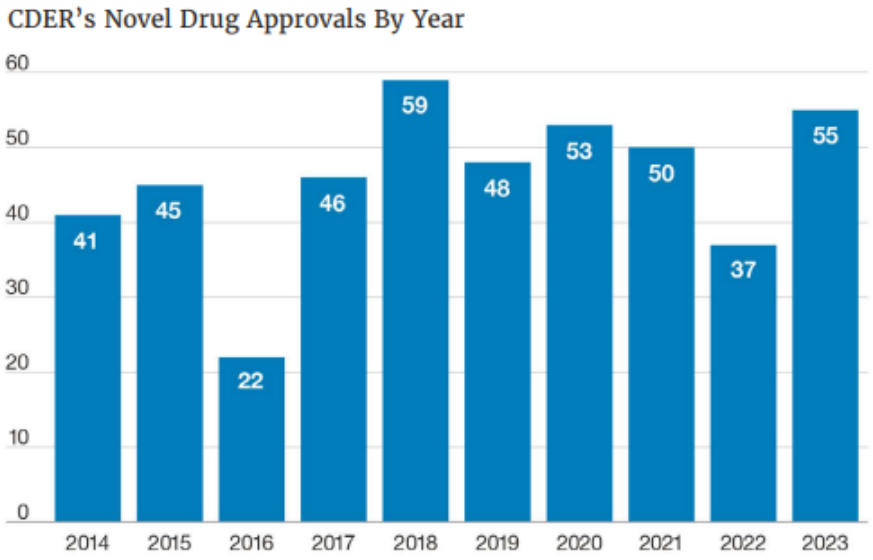
Among them, a total of 20 First-In-Class innovative approvals were granted in 2023, accounting for 36% of all new drug approvals, slightly lower than the proportion exceeding 50% during the COVID-19 period from 2021 to 2022. Additionally, there were 35 approvals for drugs applying for approval for the first time in the U.S., accounting for nearly 64%, indicating that the United States remains the preferred country for global pharmaceutical companies to apply for new drug development.

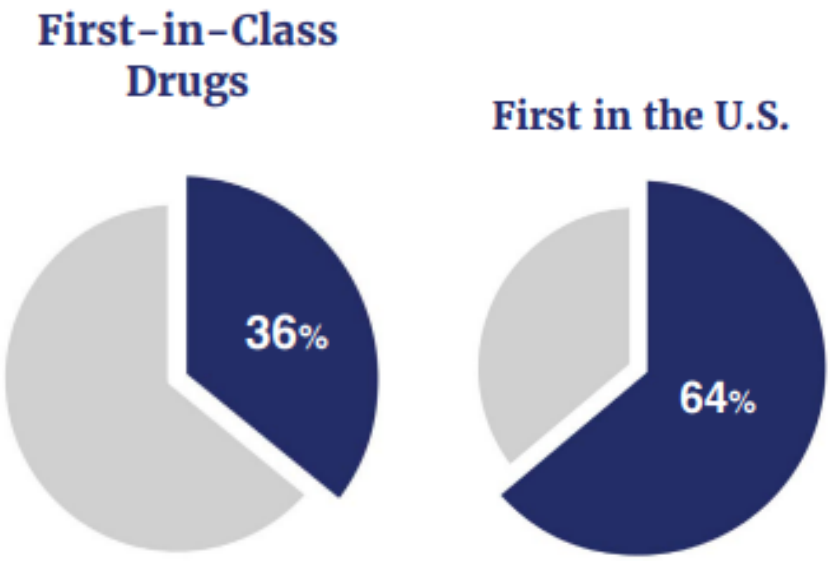
The indications for the new drugs approved by CDER are mainly cancer and rare diseases, accounting for 44% and 25% respectively. Of particular note is the approval of 5 gene therapies, indicating the rapid development in this area of gene therapy.

Figure-9. US FDA Approved New Drug 2014-2023

CDER's Annual Novel Drug Approvals: 2014–2023

The 10-year graph below shows that from 2014 through 2023, CDER has averaged about 46 novel drug approvals per year.





Source：Advancing Health Through Innovation: New Drug Therapy Approvals 2023, Jan. 2024, p6&15, US FDA。

②Generic drugs market

The global generic drug market is expanding as patents for branded drugs expire one after another. Coupled with the increasing aging population and the rise in chronic diseases, countries are encouraging the use of generic drugs to curb the growth of healthcare expenditures, thereby contributing to the expansion of the generic drug market. Meanwhile, global inflation and interest rate hikes are causing the costs of generic drugs to rise, accelerating restructuring and mergers among generic drug manufacturers. According to a survey report by Research And Markets, the global generic drug market is

expected to increase from $361.7 billion in 2022 to $682.9 billion by 2030, with a compound annual growth rate of 8.3%. The United States and mainland China are the main markets for generic drugs.

The generic drug market is primarily driven by the increase in chronic diseases resulting from an aging population. Generic drugs, which offer the same efficacy as branded drugs but at lower prices, are increasingly being considered as options for medication, thus increasing the demand for generics. Additionally, the expiration of patents for branded drugs globally has led to an increase in the quantity and sales of off-patent drugs. According to IQVIA's forecast, in the major pharmaceutical markets, particularly in the United States due to drug pricing policies, manufacturers are encouraged to launch drugs either before or after patent expiry, as well as the use of biologic drugs. It is estimated that between 2024 and 2028, although new drug spending will continue to increase, the potential loss in sales due to this could reach $145.5 billion, higher than the $59 billion lost between 2018 and 2023. Small molecule drugs account for 73% of the impact on new drug spending, as shown in Figure 10, thereby driving the development and marketing of generic and biosimilar drugs worldwide, leading to the sustained growth of the global generic drug market.

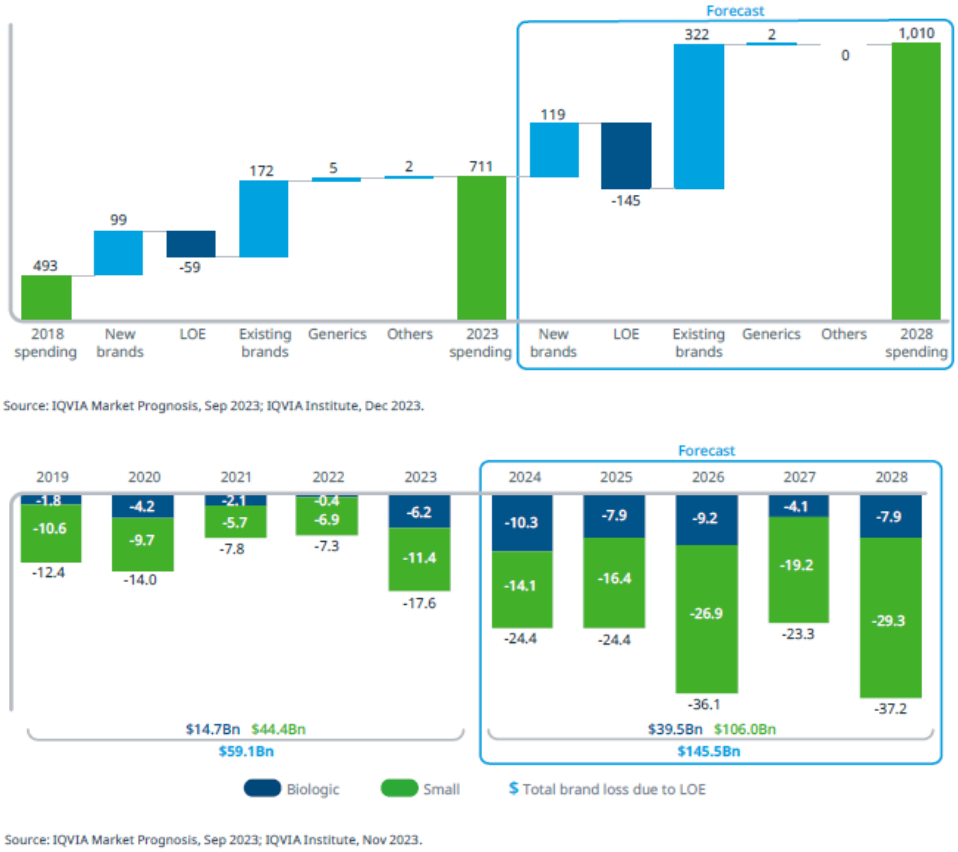
While innovative drugs dominate in other advanced countries, efforts to promote competition and provide affordable drugs for public use also encourage the development and utilization of generic drugs. This helps alleviate the financial pressure on healthcare expenditure in various countries. The proportion of generic drugs in physician prescriptions has already exceeded 70% in many countries.

Since 2017, the United States has been promoting the Competitive Generic Therapy (CGT) program, whereby manufacturers whose products are the first competitive generic therapy and meet other criteria are eligible for 180 days of market exclusivity. However, they must be marketed within 75 days of approval, or they will lose their eligibility. As of the end of May 2023, 209 generic drugs have been granted CGT qualification, successfully incentivizing manufacturers to develop safe, effective, and affordable generic drugs. According to the Generic Drug Annual Report from the U.S. FDA, the number of generic drugs approved by the FDA has increased from 776 in 2021 to 914 in 2022. Among them, there were 742 Abbreviated New Drug Approvals (ANDAs) and 172 tentative approvals. Additionally, the

number of first generic drug approvals reached 106. Cumulatively, over 32,000 generic drugs have been approved for marketing. Due to their lower prices compared to branded drugs and the more generics approved for the same product, the prices are lower. Currently, approximately 90% of prescriptions issued by U.S. hospitals are for generic drugs, meeting all patients' medical needs and effectively reducing healthcare expenditure. Generic drugs approved for marketing from 2018 to 2020 saved US$53.3 billion in healthcare costs in their first year on the market.

Figure 10. Growth Distribution for US Grug Market

Unit: Billion in USD



Source:IQVIA,Jan 2024

The global generic drug market is primarily driven by the top ten countries for generic drugs, with the United States being the leading market for branded drugs and Mainland China being the second-largest pharmaceutical market globally. The combined market size of generic drugs in the United States and Mainland China accounts for nearly half of the global generic drug market. In the United States, under the encouragement of insurance systems and national regulatory policies, the usage rate of generic drugs has significantly increased. In Europe, due to pressure on drug prices, many governments actively encourage the use of generic drugs.

Additionally, improvements in the process by EU regulatory authorities enable generic drugs to obtain marketing approval in a shorter time frame. In China, the government vigorously promotes consistency evaluation and volume-based procurement of generic drugs. Meanwhile, the Japanese government has been aggressively promoting the goal of achieving an 80% market share for generic drugs by 2020, making Japan's generic drug market a battleground for major pharmaceutical companies. Many generic drug manufacturers, including Teva and Actavis, have established joint ventures or acquired Japanese pharmaceutical companies to enter the Japanese generic drug market. Moreover, governments in countries like India continue to increase policy efforts to encourage the use of generic drugs in domestic medical institutions, indicating the significant attention given to the global generic drug market by various countries.

According to financial reports from various generic drug companies, the top five global generic drug companies are Viatris Pharmaceuticals, Teva Pharmaceuticals, Sandoz, Sun Pharmaceuticals, and Cipla, as shown in Figure-11. Viatris Pharmaceuticals reported a revenue of US$16.263 billion in 2022, a decrease of 9.08% compared to 2021. Revenue from generic drugs was US$5.015 billion, also down by 10.09% from 2021, mainly due to a decrease in sales in emerging markets. Teva Pharmaceuticals recorded a revenue of US$14.925 billion, a decrease of 6.00% from 2021. Sales from generic drugs were US$7.928 billion, down by 3.83%. This decline was primarily attributed to reduced sales of multiple sclerosis drug Copaxone®, cancer chemotherapy drugs Bendeka®, and Treanda®. Sandoz reported a revenue of US$9.249 billion in 2022, a decrease of 3.97% compared to 2021. Revenue from generic drugs was $6.776 billion, down by 4.46% from 2021, mainly due to reduced sales in the US market.

Figure 11- Top 10 Generic Drug Manufacturers in Global Sales in 2022

Unit: 0.1 billion USD, %

Ranking	Manufacturer	2021	2022	Headquarters	Growth Rate
1	Viatris	178.86	162.63	US	-9.08
2	Teva	158.78	149.25	Israel	-6.00
3	Sandoz	96.31	92.49	Switzerland	-3.97
4	Sun Pharmaceutical	45.33	52.35	India	15.36
5	Cipla	25.93	29.48	India	13.59
6	Dr. Reddy's	25.78	29.18	India	13.11
7	Lupin	20.52	22.22	India	8.19
8	Amneal	20.94	22.12	US	5.67
9	Zydus	19.49	20.68	India	5.98
10	Nichi-Iko Pharmaceutical Co Ltd	15.94	16.92	Japan	6.15

Source: 2023 Biotech White Paper; Globaldata, May, 2023

In contrast, the Taiwanese market is subject to overall drug price control under the National Health Insurance (NHI) system and faces intense price competition, leading to extreme market fragmentation and very low profit margins. Taiwanese generic drug manufacturers, if confined to the domestic market alone, are susceptible to falling into a cycle of price wars. To seek higher-profit margins in niche generic drug markets, they must venture into overseas markets such as European and American countries, as well as Japan.

For Taiwanese generic drug manufacturers to export generic drugs to advanced countries in Europe and America, they first need to contend with competition from Indian, European, and American generic drug manufacturers, with Indian manufacturers particularly leveraging low prices as their main advantage. Therefore, for Taiwanese generic drug manufacturers to develop and export generic drugs, they should focus on specialized generic drugs with high technological barriers and entry barriers, striving to differentiate themselves in terms of product quality or production technology. Generally, in advanced countries, the decision to choose lower-priced generic drugs to reduce drug procurement costs is inevitable due to past long-term deficits in their healthcare systems. However, for specialized generic drugs with fewer competitors, such considerations are often not present, allowing them to command prices and profit margins closer to those of branded drugs.

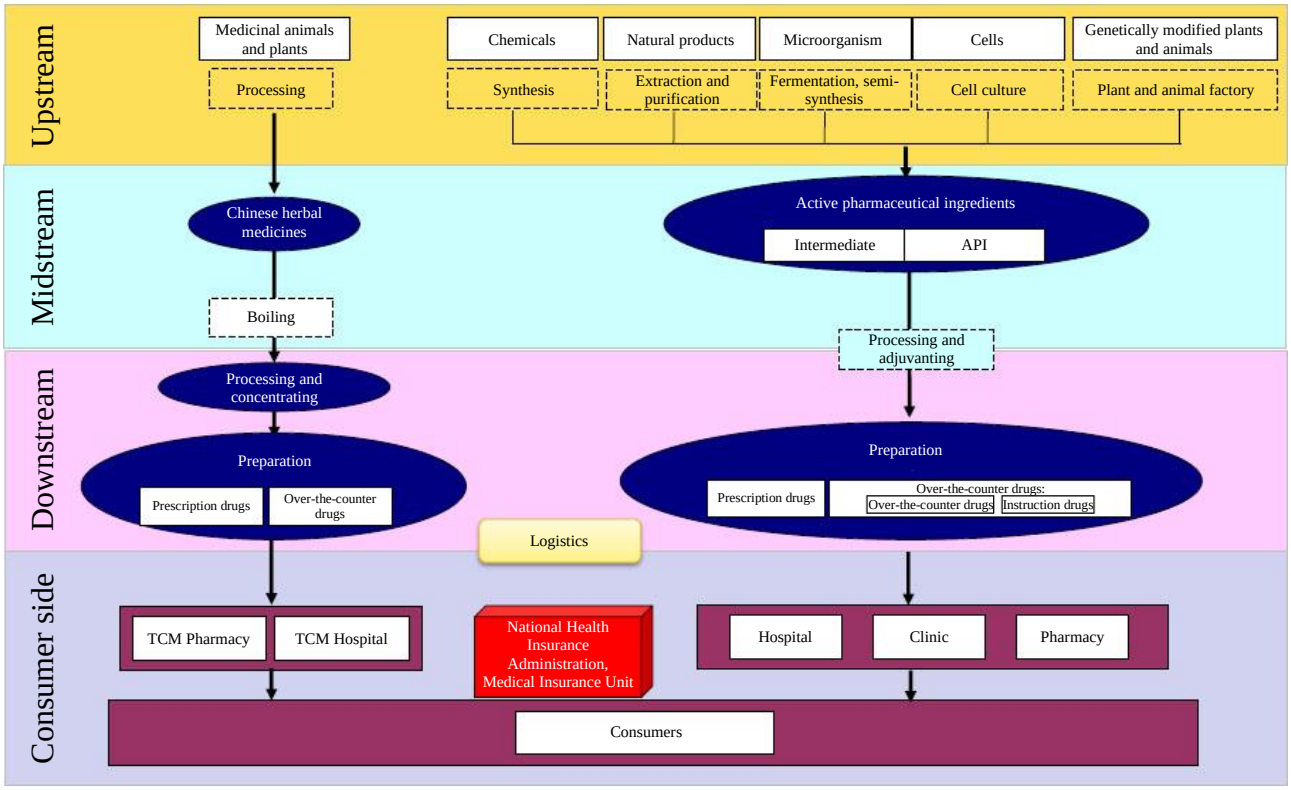
(3) In terms of health food supplements

According to research and forecasts by Research and Markets, the functional food and beverage market is expected to grow at a compound annual growth rate (CAGR) of 8.9% from 2023 to 2030, with an estimated market size of US$533 billion by 2030. Additionally, according to studies by Reportlinker, prices of functional foods are generally 30% to 500% higher than regular foods, and inflation and other macroeconomic changes may limit the growth potential of functional foods due to rising prices. Furthermore, Reportlinker predicts that the global functional ingredients market was valued at US$102.1 billion in 2022 and is expected to grow to US$111.1 billion by 2023, with a CAGR of 8.8%. By 2027, it is projected to reach US$157 billion, with probiotics and dietary fibers expected to continue growing due to their association with health benefits such as gut health, cholesterol reduction, and blood sugar control. According to Technavio, downstream food and beverage manufacturers are increasing the incorporation of dietary fibers into various food products to enhance product value and appeal, driving the global dietary fibers market to grow at a CAGR of 9.7% over the next five years, with a projected market size of US$3.67 billion by 2027.

2. Upstream, midstream and downstream industry relations

There are three types of drugs: original drugs, imported or domestic generic drugs with bioequivalence (BE Generics). The structure of the domestic pharmaceutical industry can be categorized into upstream, midstream and downstream. Upstream includes the raw materials for the preparation of pharmaceuticals, such as natural substances and general chemicals for Western pharmaceuticals; midstream is the active pharmaceutical ingredients industry and Chinese herbal medicine processing industry; downstream is the manufacture of pharmaceuticals and various sales channels. Currently, the pharmaceutical industry in Taiwan is generally focused on downstream. The Company and its subsidiaries' main sources of revenue come from the manufacturing and distribution of various Western pharmaceuticals and pharmaceutical CDMO. Therefore, it is considered downstream manufacturers in the industry. The upstream, midstream, and downstream relationships in the pharmaceutical industry are shown below:

Figure 12- Upper, middle and downstream structure of Taiwan's pharmaceutical industry



Data source: Compiled by the ITIS program of DCB's Product Investment Group; Pharmaceutical Industry Yearbook (2015)

A. Upstream

The raw materials for Western pharmaceuticals include natural substances and general chemicals, which are mainly synthesized chemically or prepared semi-synthetically, while others are obtained from plants, animals, minerals, animal organs, microbial strains and related tissue cells. The upstream of Chinese medicine is mainly made of plants and a few animals and minerals as raw materials. However, in recent years, due to advances in biotechnology, biotech drugs are produced by tissue culture or direct cultivation of plants or farmed animals using gene transfer techniques. Therefore, biotech drugs are mainly made from living organisms and are produced by genetic recombination technology to produce proteins, monoclonal antibodies or nucleic acid drugs with therapeutic or preventive properties.

B. Midstream

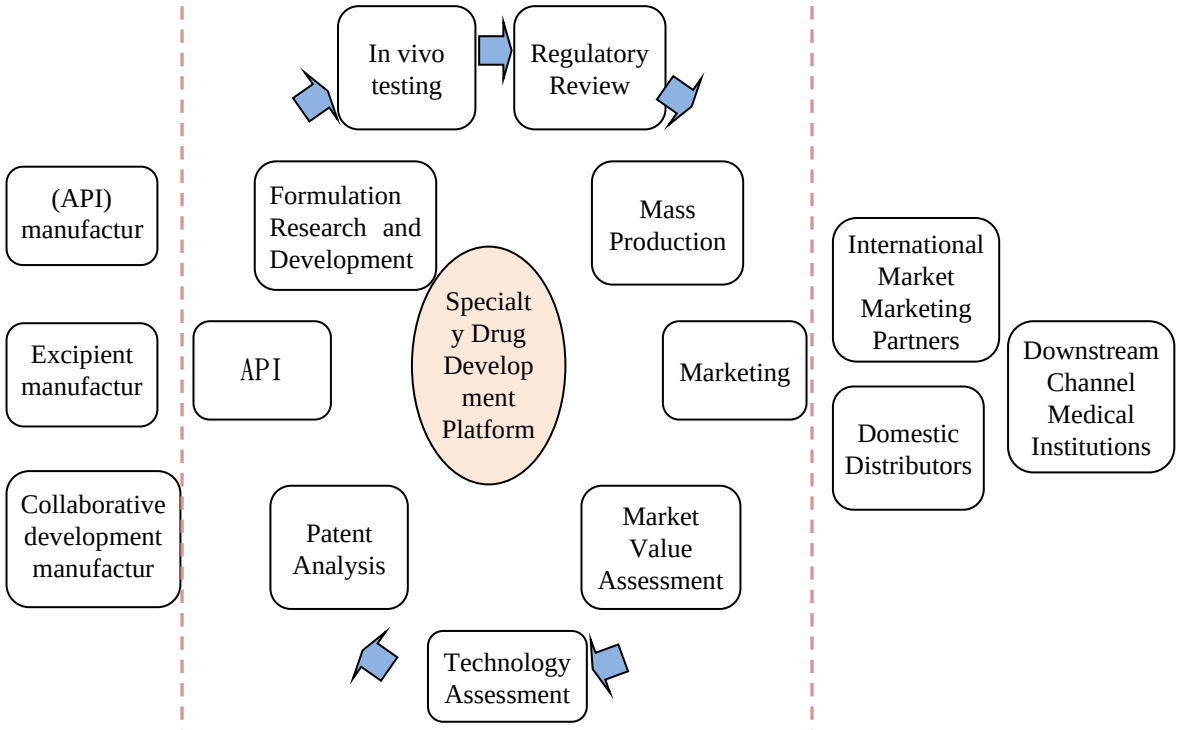
Mainly the Active Pharmaceutical Ingredients industry and Chinese herbal medicine processing industry. The Active Pharmaceutical Ingredients industry is an organic chemical industry with different mass production methods depending on the source. For ingredients obtained from natural materials, in addition to the preparation of raw materials such as fermentation and cultivation, the main process technologies are extraction, separation and purification; as for the preparation of general chemicals, the main process technologies are complex organic synthesis

and separation and purification; for preparation by genetic engineering, purification and recovery processes are used. The processing of Chinese herbs is mainly based on the processing and concoction of medicinal plants.

C. Downstream

Downstream includes both the Western pharmaceutical and Chinese medicine industry. The Western pharmaceutical industry includes the processing of raw materials and pharmaceuticals, such as excipients, disintegrants, adhesives, lubricants, emulsifiers, etc., into convenient dosage forms. In addition to traditional methods of processing Chinese herbs into paste, pill, powder, tablet, etc., Chinese herbal formulas can be refined and concentrated into granules, powder or other Western pharmaceutical forms, which are called Chinese medicine concentrated preparations (commonly known as scientific Chinese medicine) or Western pharmaceutical forms of Chinese medicine.

Subsidiary TWi Pharmaceutical positions itself with high-entry barrier drug development and manufacturing technologies as a platform for the development of special generic drugs. It continuously invests in the development of special generic drugs and 505B2 new drug formulations with highly niche market advantages. The interrelationship among its industry upstream, midstream, and downstream is as follows:



Source: Compiled by the company internally.

3. Product trends and competition

A. Product trends and competition

The Company and its subsidiaries currently focus on three main product categories: pharmaceutical contract manufacturing, Western medicine sales, and healthcare product sales. Regarding Western medicine contract manufacturing, Taiwan's Food and Drug Administration (TFDA) joined the PIC/S organization as its 43th member on January 1, 2013, and fully implemented PIC/S GMP from January 1, 2015. This membership allows mutual recognition of GMP with other countries, streamlining inspection procedures and representing Taiwan's pharmaceutical industry's alignment with international standards. As global competition in the pharmaceutical market intensifies, both for new drugs and generics, regulatory standards continue to rise, emphasizing cost control and efficiency in research and development. Consequently, there's been a growing trend towards specialization and outsourcing in various segments of the industry value chain, such as disease-targeted research, drug compound screening, clinical trials, contract manufacturing, and marketing. This trend has led to the emergence of specialized service outsourcing companies, known as Contract Research Organizations (CROs) and Contract Manufacturing Organizations (CMOs). According to the Pharmaceutical Industry Yearbook report, the global CRO market reached approximately US$54.62 billion in 2021, with North America accounting for 54.6% of the market share. The global CMO market reached US$114.36 billion in 2021 and is expected to grow to US$159.94 billion by 2026, with a CAGR of 6.9% from 2022 to 2026. Despite short-term impacts from the COVID-19 pandemic, industry consolidation, frequent mergers and acquisitions, strategic collaborations, expansion of services and regional markets, adoption of emerging technologies, and entry into emerging therapeutic areas all contribute to the diversification and growth of opportunities for CROs and CMOs. These trends are expected to benefit the expansion of the Western medicine contract manufacturing market. Furthermore, the Company and its subsidiaries actively develop Contract Development and Manufacturing Organization (CDMO) services globally, anticipating market demand. Most Taiwanese pharmaceutical companies lack their own manufacturing facilities. When there is a need for clinical drug manufacturing, finding PIC/S GMP-compliant active pharmaceutical ingredient (API) and formulation manufacturers for cooperation in manufacturing technology development and production is challenging. Traditional pharmaceutical companies without pilot plants face uncertainties in the early stages of new product development. Using in-house research and production lines inevitably consumes resources for existing products, resulting in delayed timelines and increased development costs. Therefore, traditional pharmaceutical companies have also begun to outsource CDMO and CRDMO services in recent years to reduce risks and enhance their competitiveness.

B. Product Competition

(A) Pharmaceutical CDMO

While the continuing increase in number of PIC/S GMP members is beneficial to the expansion of the Western pharmaceutical CDMO market, it has also accelerated the competition in the Western pharmaceutical CDMO market. On the other hand, sales of Western pharmaceuticals are mainly in the domestic market, while the export market is subject to competition from large international pharmaceutical companies which makes expansion challenging; the small size of the domestic market, the small number and variety of products, the lack of economic scale, the number of domestic manufacturers, fierce competition, and the restrictions on drug prices imposed by the national health insurance have made it very difficult for the industry to grow and become profitable. Both for pharmaceutical CDMO and Western pharmaceutical sales, companies are actively expanding their export markets in order to overcome existing difficulties. For pharmaceutical CDMO, the Company's products manufactured at the Canada, Miaoli Zhunan and Tainan Guantian facilities can be exported to nearly 100 international markets worldwide, including the United States, Europe, Japan, Southeast Asia, Central and South America, and the Middle East. The Company intends to leverage on this advantage to actively explore overseas CDMO opportunities and continue to strive for domestic pharmaceutical CDMO orders to meet the needs of its CDMO customers, so that Bora's Canada, Miaoli Zhunan and Tainan Guantian facilities can become professional pharmaceutical manufacturing plants with global competitiveness.

(B) Western Medicine Sales

In addition to Western medicine sales, the Company will continue to develop proprietary products and increase the proportion of in-house manufacturing to enhance the competitive advantage of proprietary products. We will also continue to expand the range of self-pay pharmaceuticals to meet the medication characteristics and market demand of different medical specialties. Subsidiary TWi Pharmaceuticals has submitted over 30 applications for special generic drugs to the US FDA and received acceptance for review. It has launched over 23 special generic drugs in the US market. According to IQVIA data, TWi Pharmaceuticals ranked first in the sales of newly launched generic drugs in the US market in November 2022. The US pharmaceutical market holds a pivotal position globally. The Company and subsidiaries will continue to focus on the US market and develop special generic drugs (ANDA) and new formulations (505B2) with high market potential to maintain market competitiveness. Additionally, we will license and sell characteristic or patented products internationally. The special generic drugs developed by TWi Pharmaceuticals can be mainly categorized into two types:

- Oral Controlled-Release Formulations of Special Generic Drugs:

  These are targeted for development within a reasonable period where the expected number of potential generic competitors for controlled-release oral formulations is limited. Generic competitors for controlled-release oral formulations in the US market are often highly substitutable, with many competitors being Indian generic drug manufacturers. Competition typically involves price-cutting to gain market share after the expiration of the original drug's patent. However, the Company aims to reduce direct competition with generic drug manufacturers from various countries that use low prices as a competitive advantage by offering high-entry-barrier products combined with our own R&D technical expertise. Therefore, competition is less intense compared to general generic drugs.

- Special Generic Drugs in Ophthalmic Formulations:

  These formulations are based on a sustained-release control platform and will also expand product combinations to ophthalmic/ointment special generic drugs. Unlike conventional eye drop formulations, ophthalmic ointments use a water-in-oil drug delivery system to enhance drug absorption and slowly release the drug to achieve efficacy and prolong the duration of action. This allows patients to maintain or even improve drug efficacy while reducing the frequency of medication use, thereby lowering potential side effects. With the continuous extension of electronic technology applications into daily life, the incidence of ophthalmic diseases caused by excessive use or stimulation is increasing. Ophthalmic medications cater to a specialized market, and manufacturers need considerable manufacturing capabilities compared to other specialty drugs, resulting in relatively low market competition. Subsidiary Bora Pharmaceuticals Ophthalmic underwent a Pre-Approval Inspection (PAI) by the US FDA in October-November 2022, and the official Establishment Inspection Report indicates that the Bora Pharmaceuticals Ophthalmic Taoyuan plant has passed the pre-approval inspection, marking an important milestone for the Company's entry into the US market with ophthalmic drug products.

(C) In terms of health supplement sales

Subsidiary Bora Health actively develops its health and wellness product business, continuously seeking representation rights for renowned international brands in Taiwan to enrich the group's business and product lines. As of now, it has secured the distribution rights in Taiwan for health and skincare products from SSP, the third-largest pharmaceutical company in the Japanese drugstore market, as well as the exclusive marketing business for the global over-the-counter (OTC) leader, France's BOIRON. In December 2023, Bora Health signed a cooperation

agreement with Japan's Shionogi Healthcare Co., Ltd., obtaining exclusive agency rights for all health food and OTC product lines in Taiwan, strengthening the uniqueness and diversity of products in the health market.

Furthermore, in accordance with international financial reporting standards on reverse acquisitions, as of November 1, 2023, SunWay Biotech Co., Ltd. (hereinafter referred to as SunWay) was incorporated into our Group as a subsidiary. SunWay possesses extensive research and development experience in NTU568 red yeast rice and NTU101 lactobacillus. It has published over 130 and 42 research reports respectively in the SCI (Science Citation Index), with its red yeast rice extract (ANKASCIN 568-R) being recognized by the US FDA as a New Dietary Ingredient (NDI). It is currently the only red yeast rice ingredient legally recognized in the United States for claiming efficacy and clearly indicating the content of active ingredients. Additionally, it has obtained multi-country patent certifications in countries such as the United States, European Union, Canada, Japan, Australia, mainland China, South Korea, Singapore, and Taiwan. The Company will leverage SunWay's proprietary technology and manufacturing capabilities in the health food sector, coupled with the group's existing domestic and international channel resources and international experience, to accelerate the deepening of the global health product market layout and seize the vast global health product business opportunities.

(III) Overview of Technology and R&D

1. Technology level and research development of the business

A. Technology level of the business operated

The pharmaceutical production facility under our group can produce solid dosage forms such as tablets (bare tablets, film-coated tablets, sugar-coated tablets), capsules and granules, as well as liquid (oral solution, nasal spray) and semi-solid (gel, cream, ointment) dosage forms. We also have various types of equipment for the production of small, medium, and large controlled release granule dosage forms, and are one of the few facilities designed for the large-scale production of controlled release film coatings with organic solvents, and are a company with the technical capability to produce multiple pharmaceutical dosage forms. In addition, we will further enhance our process technology and production capability through product development.

B. Research and Development

(A) Process technology capability enhancement

a. Development of process technology for various dosage forms:

Currently, the Group’s pharmaceutical manufacturing facilities includes several plants. The Canadian facility is capable of producing tablets, liquids (oral solutions, nasal sprays), and semisolids (gels, creams, ointments). It holds multiple international certifications, making it a globally recognized high-quality pharmaceutical manufacturing plant.

Our Guantian plant in Tainan currently operates production lines for tablets, capsules, and granules. Additionally, our subsidiary Bora Pharmaceutical Laboratories plant in Zhunan not only has production lines for oral solid dosage forms but also possesses the capability to produce oral sustained-release capsules.

Furthermore, our Zhongli plant and Taoyuan plant can manufacture various oral solid dosage forms, as well as laser-drilled controlled-release formulations, suspensions, and sterile ophthalmic preparations, primarily for export and sale in the US market.

Subsidiary Bora Biologics's plant in Zhubei specializes in producing biologics, such as monoclonal antibody protein drugs.

We are also continuously expanding production lines for different dosage forms in response to new product development or outsourcing opportunities. For example, our Bora Pharmaceutical Laboratories plant in Zhunan recently added a spray drying production line. We are committed to developing various process technologies to meet the needs of contract manufacturing clients and to pursue more outsourcing opportunities.

b. Development of process amplification technology:

The Company is capable of meeting customers' needs at various stages of contract manufacturing, including technology transfer, trial production, batch scaling, and commercialization. Typically, contract manufacturers initially require small-scale production to test market acceptance. As such, our contracted manufacturers must be able to fulfill customers' small-scale production needs. As the market expands, manufacturers must quickly scale up production to meet increased demand. Our group currently operates pharmaceutical manufacturing facilities with different dosage forms, capacities, and production volumes to accommodate and collaborate with the needs of our clients. With high scheduling flexibility and a professional project management department, we have extremely high production flexibility to meet various batch or packaging requirements from customers.

Our Zhunan plant is divided into medium and large-scale production areas, enabling us to adjust capacities and volumes to meet the demands of large

overseas markets (such as the United States). The Canadian plant also has a small-scale trial production area to meet the demand for production scaling. Our TWi Research Center, Zhongli plant, and Taoyuan plant can conduct laboratory-scale trial production, batch scaling studies, and registration batch production to meet all registration documentation requirements.

Overall, our Group's pharmaceutical plants currently export products to approximately 100 global markets, providing extensive experience in supplying pharmaceuticals to international customers. In the future, we will continue to develop different production line scaling technologies to provide contract manufacturing customers with various production batch requirements and accelerate product production speed.

(B) Self-developed pharmaceutical drugs

a. New dosage forms:

Develop new dosage forms to create product differentiation. The main development direction is to redesign the dosage form and evaluate the efficacy in clinical trials, improve the marketing strategy of dosage form development and to make a high threshold specialty drug.

b. Special generic drug products development:

We will focus on the development of niche generic drugs, especially those with market demand and technical thresholds. In addition to the above, the Company also provides comprehensive services from product development, registration to product production and CDMO for generic drugs, which will enhance the Company’s competitiveness.

c. Currently, our research and development focus is on the following dosage forms:

- Oral Controlled-Release Formulations:

  Leveraging our accumulated expertise and experience in tackling the high technological barriers of special generic drugs, we have successfully submitted multiple applications for oral extended-release/short-acting formulations for ANDA approval in the United States. Several of our proprietary products have been successfully launched in the U.S. market. Moving forward, we will continue to develop high technological barrier oral formulations for special generic drugs. We will utilize our expertise in managing bioequivalence studies to continue building a portfolio of products with high market niche and potential, competing with world-class manufacturers of special generic drugs.

・ Ophthalmic Special Generic Drugs:

We are committed to expanding the application of different dosage forms. As of the printing date of this year's report, we have successfully submitted ANDA applications for ophthalmic special generic drugs to the U.S. FDA. Additionally, we have ongoing internal projects for the development of ophthalmic solutions/emulsions, continuously expanding our portfolio of specialized ophthalmic drugs. In addition to the above, we also accept collaborative contracts for generic drug development, providing comprehensive services from product development and registration to manufacturing outsourcing, enhancing our competitiveness in the market.

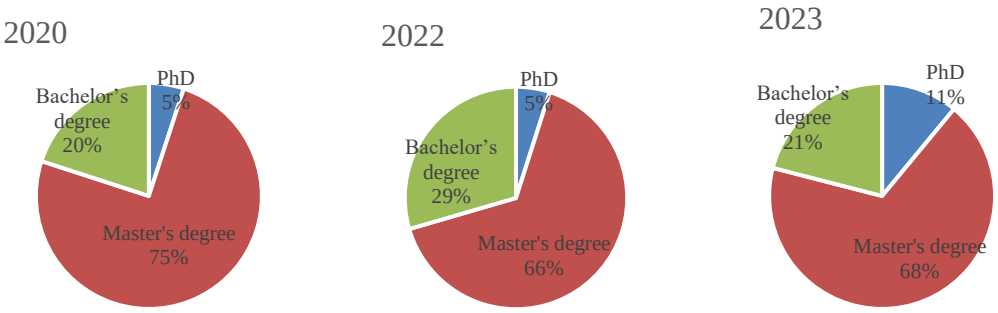
2. Research and development staff and their academic experience

(1) Number of research and development staff and their years of experience

Unit: Number of people; Year

Item \ Year	2021	2022	2023
Number of people	20	67	81
Average years of services	3.99	6.08	2.57
Average years of R&D experience	11.95	9.55	9.09

(2) Research and development staff and their academic experience



3. Research and development expenses for the last two years

Unit: NTD thousands; %

Item \ Year	2022	2023
R&D expenses	129,078	298,160
Net revenue	10,494,470	14,200,068

Item \ Year	2022	2023
Percentage of net revenue	1.23	2.10

4. The last five years of successful technology or product development

(1) The Company technology or products successfully developed or under development in the last 5 years:

Year	Technology or products successfully developed or under development in the last 5 years
2017	• BSAD-1303 (OTC combination cold and flu medicine): Obtain a license. • TGTE-1305 (antiviral): Obtain a license. • TGT-1307 (antiviral): Obtain license, complete product validation and product launch. • TGT-1409 (urinary tract disorder): Obtain a license. • TGT-1520 (antiviral): Passed the bioequivalence test study. • TGR-1524 (Parkinson's disease): Passed the bioequivalence test study.
2018	• BSAT-1301 (a new dosage form of compound pain relief drug) was patented in Taiwan. • TGT-1520 (antiviral): Obtain a license.
2019	• TGR-1524 (Parkinson's disease): Obtain a license.
2020	• BSAT-1301 (a new dosage form of compound pain relief drug) has been patented in Germany, the UK and France.
2021	• Complete client's new drug clinical phase II to III formulation development, optimization and mass production.

(2) The successful technologies or products developed by our subsidiary, TWi Pharmaceutical, (only listing those that have obtained or are pending approval from the US FDA):

Product	Treatment
Bupropion HCl ER Tablets	Depression
Cyclobenzaprine HCl ER Capsules	Muscle spasms
Dexlansoprazole DR Capsules	Gastroesophageal reflux
Dicyclomine HCl Capsules	Gastrointestinal spasms
Dicyclomine HCl Tablets	Gastrointestinal spasms
Diltiazem HCl ER Capsules (Cardizem CD®)	Hypertension, angina
Diltiazem HCl ER Capsules (Cardizem SR®)	Hypertension, angina
Dimethyl Fumarate DR Capsules	Multiple sclerosis
Donepezil HCl Tablets	Mild to moderate Alzheimer
Fenofibric Acid DR Capsules	Hyperlipidemia (high blood lipids)

Product	Treatment
Fluphenazine HCl Tablets	Depression
Guanfacine ER Tablets	Attention deficit hyperactivity disorder (ADHD)
Guanfacine Tablets	Hypertension
Megestrol Acetate 125mg/mL	Anorexia in AIDS patients, significant weight loss due to cachexia
Mycophenolic Acid DR Tablets	Acute immune response due to auxiliary kidney transplantation
Nifedipine ER Tablets	Hypertension
Oxcarbazepine ER Tablets	Epilepsy
Potassium Chloride ER Tablets	Hypokalemia (low blood potassium)
Propafenone HCl ER Capsules	Tachycardia (rapid heart rate)
Terbutaline Sulfate Tablets	Bronchospasm
Testosterone Gel, 1.62%	Testosterone deficiency
Testosterone Topical Solution, 30 mg/1.5 mL	Testosterone deficiency
Topiramate Sprinkle Capsules	Epilepsy

5. Taiwan CDC Drug License

To maintain our market share and distribution channels in the domestic pharmaceutical market, the Company has been cultivating brand advantages in the generic drug field and maintaining stable sales channels. In addition to the numerous drug certifications held by our subsidiary Bora Health in areas such as the central nervous system, ophthalmology, and antibiotics, which facilitate our comprehensive layout in the CNS drug market and the expansion of emerging markets with potential development in antibiotic and ophthalmic products, we also acquired the Bora Pharmaceutical Laboratories factory in Zhunan in 2018. During this period, we obtained exclusive Taiwan authorization for the long-acting capsule formulation of Numient (Rytary), a Parkinson's disease treatment, from the drug development company Impax (now known as Amneal). In 2019, we obtained approval from the Ministry of Health and Welfare for the drug license, officially launching the product. We also collaborated with Vitruvias Therapeutics Inc. in the United States to register and market an oral controlled-release potassium chloride drug for the treatment of hypokalemia in Taiwan. It was included in the Essential Drug List by the Food and Drug Administration. Both Numient and KCl, for the treatment of hypokalemia, have been granted reimbursement prices under the National Health Insurance in 2021. Currently, the Company and its subsidiaries hold a total of 214 drug licenses registered with the Ministry of Health and Welfare.

(IV) Long- and short-term business development plans

1. Short-term business development

A. Continue to expand existing products

(A) Original Distributor

In the pharmaceutical market, the Company currently distributes products from the Danish manufacturer Lundbeck, including Lexapro, Ebixa, and Brintellix, as well as the Numient sustained-release capsules used to treat Parkinson's disease. We also distribute Lendormin from Boehringer Ingelheim, the largest pharmaceutical company in Germany. These products have shown good efficacy with minimal side effects and have experienced growth in recent years. Additionally, since the acquisition of TWi Pharmaceuticals, the Company has achieved impressive sales performance in the US market. In the future, both the Company and its subsidiaries will continue to expand our product portfolio, customer base, and sales volume, maintaining momentum in both domestic and international pharmaceutical sales.

In the health supplement market, the Company has operated its own brand of health supplements, IMMU BOOST, for many years, which has earned a good reputation and garnered a loyal consumer base in the market. Our subsidiary, Bora Health, has successfully introduced products from Japanese manufacturer SSP and the French leader in over-the-counter medicines, BOIRON, exclusively marketed in Taiwan. These products are sold in chain pharmacies and retail drugstores, with sales performance continuing to grow. In December 2023, we signed a cooperation agreement with Japan's Shionogi Healthcare Co., Ltd., obtaining exclusive distribution rights for their entire line of health food and over-the-counter products in Taiwan. We are set to launch the first flagship product, "Moringa Leaf Juice," from April 2024 onwards, further enhancing the uniqueness and diversity of our products in the health market.

(B) Self-licensed products

Since the merger with Bora Health, the Company has been gradually reanalyzing, researching, positioning, planning, and relaunching the potentially promising branded generic drugs of Bora Health. These include Udapine for the treatment of schizophrenia, Parnin for Parkinson's disease, and Gerecon Suspension for relieving gastrointestinal bloating. Additionally, we are actively exploring export markets for Bora Health's pharmaceutical products. The subsidiary, TWi Pharmaceuticals, will continue to utilize its platform for developing branded generics to focus on innovative prescription branded generic drugs, maintaining momentum in applying for approximately 3 to 5 US FDA approvals annually. We will also expand our technology platform to include non-oral dosage forms, especially eye care products and other specialized branded generic drugs, to further expand our niche markets. Furthermore, we will form

strategic alliances with pharmaceutical manufacturers in the Greater China region, collaborating with strategic partners to enter international markets. Through these collaborations, we aim to share the research and development investment required for product development and mitigate the risks associated with product development failures, while sharing the outcomes of collaborative development to create a win-win situation.

B. Development of new original distributorship

The Company has a wide range of sales channels, with a comprehensive team of clinics, pharmacies and hospital distributors. Because of the health care policy and the global cost reduction of the original manufacturer, we will leverage on our professional capability in the central nervous system and good relationship with the original manufacturer to obtain the distribution rights of other foreign original manufacturers.

C. CDMO business continues to grow

The Company has a long-term CDMO contract with Taiwan Eisai, increasing our annual CDMO scale year by year. In addition, the Company continues to transfer the production of Union Chemical & Pharmaceutical certified products to the Tainan Guantian Facility and expand its CDMO business. The above business strategy policy can gradually increase the proportion of Union Chemical & Pharmaceutical products, the Company's own products or other CDMO products in the Guantian Facility and increase future revenue. In addition, the Company acquired Zhunan Facility in February 2018 and obtained a long-term CDMO contract. Located in the Hsinchu Science Park, the 36,133-square-meter facility is the second pharmaceutical manufacturing facility of Bora, following the purchase of the Tainan Guantian facility of Japanese company Eisai in 2013. The facility has been certified by the Food and Drug Administration of the Ministry of Health and Welfare, the Food and Drug Administration of the United States, and the Medicines and Healthcare Products Regulatory Agency of the United Kingdom. The factory has an annual production capacity of 2 billion tablets and capsules and is equipped with pilot processes, standard production areas, laboratories, offices, cafeterias, mechanical rooms, and warehouses. The facility’s main focus is on the production of oral solid dosage forms. At present, all of our pharmaceutical products are supplied to the US pharmaceutical market, and we are the only pharmaceutical production facility in Taiwan that only supplies the US market. In addition to the production of generic drugs, the Company’s also produce brand-name drugs, which are orally administered special controlled release drugs. The pilot mass production and scale-up technology development are done in Bora's Zhunan facility, which is the production center for the global supply of this product. The

Zhunan facility is an important production site for Bora Pharmaceuticals as it ventures into the global market.

In addition, on December 01, 2020, the Company acquired the pharmaceutical manufacturing facility from GlaxoSmithKline in Mississauga, Canada. The new Bora facility, located in Ontario, Canada, has 183,000 square feet of space and is approved by USFDA, Health Canada, EMA of the EU, Japan's PMDA and satisfies the PIC/S world class standards. The facility specializes in the manufacture of tablets, capsules, semi-solids and liquids, and is equipped with chemical analysis and microbiology laboratories. In addition, this facility has a complete packaging line for tablets, capsules, liquids, nasal sprays, aluminum foil bags, blisters, high-speed tube filling, and has the ability to serialize products in bottles and tubes. The products are exported to many countries, including North America, South America, Asia, Russia, Middle East, Europe and Africa.

Mississauga produces and packages a wide range of semi-finished and finished pharmaceutical and healthcare products in a variety of dosage forms, with the ability to manufacture a variety of complex products, including expertise in handling highly active pharmaceutical ingredients (HPAPI) and technology transfer, on a scale that allows for clinical and volume production needs. The facility is currently equipped with 18 types of production equipment modules (including three pilot facilities) and can provide various production scales according to customer requirements.

The facility is currently exporting products to about 100 markets around the world and is equipped with international production capabilities and quality. The acquisition of the Canadian factory will accelerate the growth and expansion of Bora's international CDMO.

In November 2023, the Company completed a reverse merger and integrated SunWay Company. SunWay Company, a subsidiary, has secured a notable position in the Taiwanese health food market with its popular products "Niangjia Probiotics" and "Niangjia Red Yeast Rice," developed in collaboration with Formosa TV. Especially noteworthy are the probiotic NTU 101 and red yeast rice NTU 568, which have accumulated multiple international patents and publications in SCI journals. This establishment serves as a solid and high-quality self-production capacity foundation for the Company's expansion into the global health food market.

2. Long-term Business Development Plan

A. Actively expand overseas markets

We have three production facilities in Mississauga, Canada, the Tainan Guantian facility, and Bora's Zhunan facility. All are qualified and experienced in exporting pharmaceuticals and competing for international CDMOs worldwide. Since the Company's investment in Union Chemical & Pharmaceutical in July 2014, we have

been actively expanding the exports of Union's products to other Asian markets and established a US subsidiary in early November 2019. In addition to actively expanding our international business, we will also explore opportunities for collaboration in our overseas markets. In 2020, we jointly acquired the exclusive manufacturing and sales rights for Numient, a brand-name drug for Parkinson's disease, with Amneal, a US pharmaceutical company, for 12 markets in 10 countries in Asia, excluding Taiwan. The Company and its subsidiaries will take leverage on it international CDMO export experience and also seek collaboration and authorization in the international market to expand the international export business.

B. Continuous development of own products

The Company will continue to develop our own products, such as our own generic drugs and new dosage forms drug, using our own drug delivery technology. In the future, we will also collaborate with international marketing partners and establish our own channels for domestic and international drug sales.

C. Focus on innovative drug development

The Company and its subsidiaries are dedicated to the research and development of innovative drugs, focusing on the development of new small molecule dosage forms for drug improvement and the development of next generation drugs to maximize drug efficacy, minimize side effects, and increase the convenience of drug use. Projects focus on “new dosage forms” which have high development threshold and duration but high market value. Focus on developing time-consuming, high-risk, technology and hardware specific technology platforms that satisfy "unmet medical needs" and cater to the “innovative drug delivery platform” with long-term economic benefits and market differentiation. The current R&D development focus is as follows.

(A) Niche generic drugs:

The Company's focus for development lies in niche, high-technology barrier generic drugs, particularly those with high market demand and economic value. The initial strategy involves providing contract development services for generic drugs, offering a complete development chain from raw material assessment, product development, registration to contract manufacturing, thus solidifying the foundation of research and development capabilities. Subsidiary TWi Pharmaceuticals has submitted over 30 applications for special generic drugs to the US FDA and received acceptance for review. Among them, 23 special generic drugs have successfully obtained FDA approval or tentative review approval, significantly enhancing the overall R&D strength of the company. The company will continue to develop high-technology barrier special generic drugs, leveraging its expertise in managing bioequivalence studies to continuously build a product portfolio with high

market niche and potential, competing with world-class manufacturers of special generic drugs.

(B) New dosage forms:

The Company is developing new drugs with new formulations, new indications, new dosage forms and new compounding to create product differentiation and market segmentation, which will strengthen our marketing of special dosage forms as specialized drugs. Promote the development of foreign markets at the same time, including: The Company is planning to collaborate with foreign pharmaceutical companies in the United States, Europe, Southeast Asia, Japan, and China in order to bring our products to market quickly in all major countries. At present, the Company has obtained a license for BSAD-1303, a new formulation combination drug; BSAT-1301, a new compounded pain relief drug, which is a major development project, a patent in Taiwan and Europe respectively, and a number of international patents under review; the Company also has special multi-unit dosage forms under development.

(C) Innovative drug delivery platform:

Based on the Company's many years of experience in selling original central nervous system drugs, our analysis of market trends and the "unmet medical needs" of patients, we have formulated "special drug delivery technology" as the core of our long-term development strategy. Pharmaceutical development is focused on improving the efficacy, safety, and convenience of medications to meet the unmet needs of the healthcare market. Direction of research and development of special agent technology: The Company's drug delivery technology platform has been progressively completed through controlled release dosage forms, microcellular dosage forms, special particulate dosage forms and special multi-dose dosage forms, in order to accelerate its innovative drug development process and reduce development risks and costs in the future. In addition, the Company can further combine the patented ingredients of advanced foreign pharmaceutical companies and invest in the development of innovative drugs at an early stage, so as to obtain the first mover advantage for global manufacturing and marketing in specific markets. The drug delivery technology platform that the Company is currently constructing is described below:

① Controlled release dosage form technology

In addition to the various dosage form technologies, the Company also specializes in the more advanced controlled release dosage forms of drugs. The controlled dosage form design can adjust the drug release rate and control the circulation time of the drug in the body, thus reducing the frequency of repeated dosing, increasing the efficiency and convenience of the user, and reducing the side

effects of the drug. As a result, the Company has accumulated a number of mature key technology experiences and established many key pharmaceutical technology platforms.

② Film-coated drug coating and release control system

The drug is coated on the surface of the tablet with a safe and special polymer material, such as ethylcellulose, poly(meth)acrylates, hydroxypropyl methylcellulose phthalate, etc., to control its uniformity. When the patient takes the drug orally, the outer layer of the coating can control the amount of water entering the dissolved drug and also regulate the release of the drug. This technology can maintain the effective therapeutic concentration and efficacy of the drug in the blood for 24 hours, which means only one dose is needed per day, improving the convenience of taking the drug and reducing side effects.

③ Interstitial controlled release dosage system

The drug is uniformly dispersed in specific excipients, such as hydroxypropyl methylcellulose and carboxymethylcellulose sodium, and pressed into a tablet with a special formulation. This technology can reduce the number of doses and maintain the effective therapeutic concentration and efficacy in the body for 24 hours with just one tablet each time, thus enhancing the convenience of administering the drug to patients.

④ Delayed controlled release dosage system

There are different pH levels in the human gastrointestinal tract, with acidic pH 1.2 in gastric juice and neutral pH 5-7 in intestinal juice. Therefore, the tablet or spherical granule is coated with a pharmaceutical coating that is stable in the stomach and dissolves at a specific pH in the intestine after passing through the stomach. The coated tablets or spherical granules are designed to meet specific drug release characteristics, such as pharmacological requirements for release in the intestinal tract. This can avoid stomach irritation and the concern of unstable damage caused by the dissolution of drugs in the stomach, and can control the dissolution and absorption of drugs to the duodenal or small intestine area. This dosage form is designed to avoid causing discomfort to the patient and to facilitate the effective performance of the drug's pharmacological functions.

⑤ Oral quick-disintegrating tablet preparation system

This new dosing system is highly acceptable to patients and is ideal for the elderly, children, psychiatric patients, uncooperative patients, and patients who have difficulty in obtaining water. The tablets disintegrate immediately in the mouth, changing the stereotype that drugs are not easy to swallow and greatly enhancing the convenience of administration for patients.

⑥ Microcellular dosage form technology

Micelles are composed of amphiphilic molecules with polar hydrophilic group facing outward and non-polar hydrophobic group facing inward to form a single-layer spherical structure. Depending on the characteristics of the amphiphilic molecules that make up the microcellular structure, they can be divided into conventional microcells equipped with low molecular weight interfacial activators and polymeric micelles formed by amphiphilic copolymers. The Company focuses on the development of microcellular system formed by amphiphilic polymers as a delivery system for hydrophobic drugs, and the development of self-assembly polymeric micelle system (SAPMS), which can increase the solubility of drugs and thus increase their absorption and efficacy. It can also protect the drug from degradation and reduce toxicity and side effects. For example: The microcellular bodies are composed of biocompatible polymers and are therefore relatively non-toxic. Microsomes are composed of biocompatible polymers and are therefore relatively non-toxic, can be formed using polymers with a larger hydrophobic core that can increase solubility (about 10-5000 times) and most drugs are insoluble. Therefore, the drug can be encapsulated in a hydrophobic microcellular core using macromolecules and isolated from the blood circulation system to avoid contact with non-active sites to reduce the toxicity of the drug. After the drug-coated microsomes are given to the body, the microsomes will come into contact with body fluids, which will dilute the microsomes in a continuous manner. When the concentration of the microsomes is diluted below the minimum critical micelle concentration (CMC), the microsomes will disintegrate and the drug will be released.

⑦ Special multi-dose technology

Multiple unit delivery systems contain multiple units of drug particles or pellets in a single tablet, and the tablet can be split in half according to the required dose. Due to the homogeneous distribution of the drug-containing particles in the tablet, it is possible to achieve the advantage of stable dose control even if the tablet is used in half. In addition, these drug-containing pellets or pellets are treated with a special technique that allows the tablet to be placed in water and stirred for a few minutes before the tablet disintegrates, revealing the drug-containing pellets or pellets, so that the patient can drink the water and the pellets for therapeutic purposes, or use the disintegrating granules in nasogastric tubes for patients to achieve the goal of convenience in drug administration.

The Company will continue to develop our own products, such as our own generic drugs and new dosage forms, using our own drug delivery technology. In the future, we will also collaborate with international marketing partners and establish our own channels for domestic and international drug sales.

II. Market and Production Overview

(I) Market analysis

1. Main product sales regions: Taiwan and the United States

Unit: NTD thousands %

Region	2023 Revenue	Geography Ratio
Domestic Sales	1,053,207	7.42
Export Sales	13,146,861	92.58
Total	14,200,068	100.00

2. Future market supply and demand and future growth

The pulse of the global pharmaceutical industry will be influenced by the following key factors that will affect future market supply, demand and growth:

A. The increasingly ageing global society

The United Nations Department of Economic and Social Affairs released the 2022 World Population Prospects report, projecting a global population of 9.7 billion by 2050, with approximately 16.4% aged 65 and above. This demographic shift towards an aging population is expected to drive growth in the market for pharmaceuticals related to elderly and chronic disease treatments.

B. The global pharmaceutical market continues to grow steadily

According to the latest IQVIA statistical report, the global pharmaceutical market reached approximately US$1.6 trillion in 2023, marking an 8.4% growth compared to US$1.48 trillion in 2022. This growth rate is double the 4.2% growth observed in 2022, indicating a significant acceleration. The projected compound annual growth rate (CAGR) for the global pharmaceutical market from 2024 to 2028 is estimated to be 7.3%, with the total market size reaching US$2.3 trillion by 2028.

In the generic drug market, governments worldwide are actively promoting the use of low-cost, high-quality generic drugs to replace branded drugs as a means to control pharmaceutical spending and restore fiscal balance. The accelerating global aging population trend, coupled with economic downturns in Europe and the United States, has led governments to aggressively cut healthcare costs by promoting the use of generic drugs over expensive branded medications. As a result, the global generic drug market continues to grow steadily.

According to a survey report by Research And Markets, the global generic drug market is expected to increase from US$361.7 billion in 2022 to $682.9 billion by 2030, with a compound annual growth rate of 8.3%.

The Company and its subsidiaries will adapt to changes in the market and supply-demand dynamics by adjusting our business model. Instead of relying solely on a few best-selling drugs to generate profits, we will focus on diversifying our product portfolio and sales territories to enhance profitability.

3. Competitive niche

A. Diversified access, with advantages and reputation

The Company has a wealth of experience in representing original pharmaceutical products. We maintain strong relationships with various medical centers, regional hospitals, local clinics, and pharmacies. We distribute imported original central nervous system medications and actively cultivate professional sales talents to explore the market. In the field of psychiatry and neurology, we hold a leading position.

In response to the growing demand for health supplements among the populace, our company has successfully developed and launched our own brand, IMMU BOOST, a series of effervescent drinks. Additionally, we represent several internationally renowned health and wellness brands. Moreover, we have established unique patented technology for developing health supplements through OEM sales to meet the diverse needs of the market. By integrating our provincial distribution network, we strengthen our presence in the domestic market.

Furthermore, we have an experienced sales team for international markets. Through a combination of in-house research and development, original manufacturer authorizations, external procurement, or agency sales, we have successfully penetrated the U.S. market and established our own sales platform. This enables us to provide long-term and stable growth in international sales operations.

B. High-quality production environment and internationally certified pharmaceutical companies, as well as pharmaceutical companies with production and sales channels and extensive product lines

The Company's Tainan Guantian Facility and our subsidiaries, Bora's Miaoli Zhunan Facility and Mississauga Facility in Canada, have high quality products and technology. The production, manufacture and sale of pharmaceutical products involve time-consuming professional certification procedures and quality control, and have stringent and special requirements in terms of production process and quality, which can meet the requirements of international pharmaceutical companies for the production process and quality of pharmaceutical products. In addition to being a professional pharmaceutical manufacturing facility with PIC/S GMP certification, the Tainan Guantian Facility and Bora's Miaoli Zhunan Facility are also one of the few pharmaceutical manufacturers in Taiwan that have received international certification. The facilities produce CDMO products that are currently exported to about 100 markets

worldwide, have passed the inspection of national regulatory authorities with international high quality requirements, and are equipped with international production capacity and quality. The vast hinterland of the facility also provides an excellent environment for facility expansion.

In addition, the Company continues to enhance its capabilities in the production of Western pharmaceutical CDMOs and its own drug certification products, and to integrate its existing complete distribution channels. The Company has gradually evolved into an excellent pharmaceutical company with products, production capacity and sales channels.

C. Leveraging High-Threshold Drug Development and Manufacturing Technologies to Enhance Diverse Product Portfolio and Sustain Growth Momentum

One of the primary focuses of our subsidiary, TWi Pharmaceutical, is on the development of special generic drugs. This strategy helps us avoid intense competition in traditional generic drug manufacturing. Additionally, it allows for mutual support with another core competency of our company, Contract Development and Manufacturing Organization (CDMO), enabling rapid market entry and diversification of product offerings to seize sales opportunities. The competitive advantages of TWi Pharmaceutical include:

- Prescription Innovation Design and Development: Possessing innovative prescription design and development capabilities, along with comprehensive analytical development, confirmation, and testing techniques.
- Clinical Trial Design for Bioequivalence and Pharmacokinetics: Designing clinical trials for bioequivalence in compliance with FDA regulations to control costs precisely and prove the bioequivalence of special generic drugs to brand-name drugs.
- Compliance with Regulatory Standards and Applications: TWi Pharmaceutical has filed multiple Abbreviated New Drug Application (ANDA) cases in the United States, accumulating rich experience in writing and preparing ANDA application documents.
- Drug Development Speed: The Generic Drug User Fee Act (GDUFA), implemented by the FDA since October 2012, charges application fees for ANDA submissions and maintenance fees for generic drug manufacturing facilities, thus expediting the review and approval process. Leveraging the efficiencies provided by the GDUFA act, accelerating drug development speed to enter the market promptly and share the market with brand-name drugs will be one of the operational priorities for special generic drug manufacturers.

- Familiarity with the US Drug Market: Having extensive experience in understanding the demands of the US pharmaceutical market, selecting niche-specific special generic drugs for development, and, upon completion of development and obtaining approvals, gaining profits through a well-established cooperative sales model and platform.

Furthermore, the Company continues to maintain a dual-axis growth strategy, leveraging a globally integrated CDMO platform with both large and small molecules and global sales capabilities for niche market drugs. Combined with outstanding strategic execution and management team, we aim to accelerate towards becoming a world-class pharmaceutical group, rooted in Taiwan but with an international outlook.

4. Favorable and unfavorable factors for future development and response measures

A. Favorable factors

(A) Taiwan's pharmaceutical market is growing due to its aging population and rising living standards

Due to the gradual aging of the population in our country, there has been a significant increase in demand for medical care for the elderly and chronic disease patients. With the rise in national income and overall improvement in living standards, people are paying more attention to health insurance and medical quality. Therefore, the demand for pharmaceuticals is expected to continue to increase in the future.

According to a report by the National Development Council, the total population of our country reached 23.17 million in 2022, with the proportion of elderly people (aged 65 and above) accounting for 17.5% of the total population. It is estimated that by 2025, this ratio will exceed 20%, making our country an aged society. By 2070, this ratio is projected to further increase to 43.6%. Among the elderly population, the proportion of super-elderly people aged 85 and above is expected to increase from 10.4% in 2022 to 31.3% in 2070. This indicates that our country is moving towards an aging society, and population aging will lead to increased expenditure on healthcare, social insurance, and welfare.

Furthermore, in recent years, there has been a growing demand for central nervous system medications domestically due to mental health issues arising from increasing life stresses, as well as the onset of elderly dementia associated with an aging society. Therefore, in the long term, there is still ample room for continued growth in the overall pharmaceutical industry.

(B) Compliant with the trend of PIC/S GMP pharmaceutical manufacturing facilities

and professional division of labor

Under the influence of technological advances and the impact of market globalization, international safety requirements for pharmaceuticals are constantly increasing. The Food and Drug Administration (TFDA) of the Ministry of Health and Welfare of Taiwan has become a member country of PIC/S GMP in 2013 in order to improve the quality of domestic pharmaceutical products and ensure the safety of domestic drug use, and to help domestic pharmaceutical products become more competitive in the international market. Since January 1, 2015, PIC/S GMP production and manufacturing standards have been officially implemented. Pharmaceutical companies that do not meet the certification are not allowed to continue to produce drugs. Most of the new drug companies in Taiwan do not have their own manufacturing facilities, and when there is a demand for clinical drug manufacturing, it is very difficult to find active pharmaceutical ingredient facilities and pharmaceutical companies that comply with PIC/S GMP regulations to collaborate in manufacturing technology development and manufacturing. Without a pilot facility, traditional pharmaceutical companies face uncertainties in the early stage of new product development, and the use of their own R&D and production lines is bound to take up the resources of existing products, causing delays and higher relative development costs. Therefore, traditional pharmaceutical companies have started to try to outsource CDMO in recent years to reduce risks and enhance their competitiveness. The Company and its subsidiaries are aware of the rising trend of international CDMO and professional division of labor, where domestic pharmaceutical companies use production facilities that meet international standards to compete for CDMO opportunities offered by international companies. For domestic pharmaceutical companies, engaging in CDMO for foreign pharmaceutical companies, in addition to enhancing production technology of pharmaceuticals, is an opportunity to establish further cooperation with major international companies in the future.

The Company's Tainan Guantian Facility, Bora's Zhunan Facility and Canada Facility have all passed the PIC/S GMP inspection standard and obtained international certification, and are qualified and experienced in international pharmaceutical sales or international CDMO in member countries. This will facilitate the future international expansion of the Company and our subsidiaries.

(C) Outstanding Research and Development Achievements and Experience, Investing in Niche Specialty Generic Drugs to Sustain Growth Momentum

Subsidiary TWi Pharmaceuticals has extensive experience with US pharmaceutical manufacturers, and its research team possesses strong expertise and capabilities. After product validation, it can immediately establish its own sales channels through the establishment of a subsidiary in the United States, thereby

increasing its control over marketing channels in the US market. Coupled with excellent product selection capabilities, it has established a comprehensive product selection strategy to reduce the risk of development failures.

In particular, it has developed practical experience and capabilities in executing/managing clinical trials and has extensive experience in dosage form development, making it highly competitive. Additionally, leveraging the resources of our company's Contract Development and Manufacturing Organization (CDMO), it can provide CDMO services in addition to its own generic drug development business.

Furthermore, as countries worldwide actively reduce spending on pharmaceuticals, affordable generic drugs are prioritized over expensive branded drugs. The United States, as the world's largest healthcare market, is favorable to generic drug manufacturers. Healthcare reforms in the US government are conducive to generic drug manufacturers, as increased requirements for controlled-release dosage forms will reduce low-cost competitors, further benefiting our company's business development.

B. Adverse factors and countermeasures

(A) Changes in the health care and drug pricing system suppress the profitability of pharmaceutical companies

The rapid growth of health insurance expenditures has led to a heavy financial burden for the health insurance system. With limited resources, the government has implemented a total medical cost budgeting system, on top of setting up drug contracts that regulate both drug prices and drug quantities, and conducted stringent audits on drug prices. In 2010, the government began to conduct health insurance drug price adjustments once every two years in accordance with the "National Health Insurance Drug Price Benchmark" and conducted several drug price benchmark surveys and drug price reductions. In 2013, the "National Health Insurance Drug Allocation Ratio Target System" was implemented on a trial basis for two years starting from January 1, 2013. The new drug price adjustment was announced in April 2014 and April 2015 respectively. The trial will be conducted for a third year in 2016 and will make adjustments for excessive drug expenditures in 2015. The new drug prices will be effective from April 1, 2016, which may affect the sales of some drugs and further reduce the profitability of pharmaceutical companies.

Response Measures:

The government's promotion of health care policies such as "total coverage," "public differential burden," and "cessation of coverage for instruction drugs" has challenged the domestic pharmaceutical industry's ability to respond to changes in

the industrial environment. Price reductions are required for foreign patent drugs, expired patent drugs and local generic drugs; pharmaceutical companies inevitably face profitability suppression from price reductions. The Company's Tainan Guantian Facility and its subsidiary Bora's Miaoli Zhunan Facility have passed the PIC/S GMP inspection and international certification, and are qualified and experienced in CDMO or international CDMO in member countries. The facilities are now actively planning to further expand their international export business. In addition, with the implementation of the "public differential burden" in the health insurance policy, the National Health Insurance Administration is only willing to pay the lowest price in the market for the same efficacy of drugs, which has a greater impact on the higher-priced foreign drugs. Due to budgetary and financial considerations, medical institutions and the public will turn to the best quality and inexpensive domestic generic drugs. The Company and its subsidiaries currently sell a number of non-healthcare products, such as: The Company also sells a number of our own and distributed health care products, which are self-proprietary pharmaceuticals and health care products, which are not affected by the price adjustment of health insurance drugs. The Company and its subsidiaries continue to enhance their product competitiveness and R&D capabilities in order to develop global contract research and development and manufacturing services (CDMO). The Company also continues to develop its own licensed products and distribute original pharmaceutical products, in order to reduce the impact of the health care drug pricing policy on turnover and profitability through the above measures.

(B) Excessive number of generic drugs, downward price competition for products

In order to survive in the market with excessive generic drugs of similar ingredients, domestic pharmaceutical manufacturers have adopted a price competition policy, thus reducing the sales lifespan and investment return period of the products.

Response Measures:

The Company and its subsidiary have a comprehensive sales channel and have been working on central nervous system drugs for a long time. Through its professional positioning and good relationship with the original manufacturer, the Company is currently distributing the Boehringer insomnia products of the original manufacturer and will actively seek to distribute other pharmaceutical products of the original overseas manufacturer in the future, in order to disperse the price competition pressure of the generic products. The Company's Tainan Guantian facility and our subsidiary Bora Miaoli Zhunan facility have strict requirements in terms of manufacturing process and quality; our factory staff have been trained by the original development pharmaceutical factory for many years and have a wealth

of production experience. In addition, the facility has passed PIC/S GMP inspection and obtained international certification, so that it can immediately connect with the United States, Europe, Southeast Asia, Central and South America, the Middle East and other countries, etc. In addition to obtaining CDMO revenue to mitigate the impact of lower prices of generic drugs on the Company, the Company also serves as a distribution agent for Taiwan Eisai, the Impax from the US and other major international pharmaceutical companies. As mentioned above, the Company and its subsidiaries will actively seek to address the price competition of generic drugs by distributing overseas drugs from foreign manufacturers, increasing CDMO and other revenue sources, and exploring opportunities to develop overseas drug markets.

(C) How the progress and success of proprietary product development will affect the Company's operations

When investing in the development of its own pharmaceuticals, the Company must consider development progress and the risks it can bear in terms of success or failure. If the results of research and development cannot be successfully converted into sales of its own products to contribute to operating income, it will pose risks to the Company's future operations and profits.

Response Measures:

In order to reduce the impact of failure or lack of progress in the development of our own pharmaceutical products, the Company will first and foremost steadily develop our core businesses of CDMO and sales of pharmaceutical products, before investing a considerable amount of profits in the development of our own products to mitigate the risk of failure in the development of our own products due to operating losses. Since the main ingredients of the generic drugs and new dosage forms are already known, safety concerns are lower and literature data can be used to replace some of the clinical tests, which significantly reduces costs, shortens the investment time in R&D, and increases the success rate of our own drug development. In summary, the Company is currently relying on stable profits to invest in the development of drugs that can be marketed quickly in the short to medium term. In the future, the Company will follow this model and continue to increase the scale of its revenue, and invest a considerable amount of its profits in the development of drugs with a high threshold in the medium to long term, in order to enhance its R&D capability and product competitiveness.

(II) Major product applications and manufacturing processes

Below are the main types of sales and services offered by our company:

Product Items	Major Applications or Functions
Western Pharmaceuticals	Includes central nervous system medications, antibiotics, and gastrointestinal medications. Central nervous system drugs are mainly used for prevention and treatment of sedation, tranquilization and sleeping.

	Gastrointestinal drugs are mainly used for the prevention and treatment of gastrointestinal diseases. The main purpose of antibiotics is to inhibit the growth of bacteria or to kill them.
Health Care Products	Nutritional supplements, physical recovery, vitamin supplements and health care products, etc.
Income from CDMO	The Company's revenue from CDMO services and technical services for the development of pharmaceutical products.

Major product and product treatment for the Company's subsidiary TWi Pharmaceuticals are as follows:

Product		Treatment
Tablet	Bupropion HCl ER Tablets	Depression
	Dicyclomine HCl Tablets	Gastrointestinal spasms
	Donepezil HCl Tablets	Mild to moderate Alzheimer's disease
	Fluphenazine HCl Tablets	Mental disorders
	Guanfacine ER Tablets	Attention deficit hyperactivity disorder (ADHD)
	Guanfacine Tablets	Hypertension (High blood pressure)
	Mycophenolic Acid DR Tablets	Acute immune response caused by auxiliary kidney transplantation
	Nifedipine ER Tablets	Hypertension (High blood pressure)
	Potassium Chloride ER Tablets	Hypokalemia (Low blood potassium)
	Terbutaline Sulfate Tablets	Bronchospasm
Capsule	Cyclobenzaprine HCl ER Capsules	Muscle spasms
	Dexlansoprazole DR Capsules	Gastroesophageal reflux
	Dicyclomine HCl Capsules	Gastrointestinal spasms
	Diltiazem HCl ER Capsules (Cardizem CD®)	Hypertension, angina
	Diltiazem HCl ER Capsules (Cardizem SR®)	Hypertension, angina
	Dimethyl Fumarate DR Capsules	Multiple sclerosis
	Fenofibric Acid DR Capsules	Hyperlipidemia (High blood lipids)
	Propafenone HCl ER Capsules	Tachycardia (Rapid heartbeat)
	Topiramate Sprinkle Capsules	Epilepsy
Liquid	Megestrol Acetate 125mg/mL	Anorexia in AIDS patients, significant weight loss caused by cachexia
External Use	Testosterone Gel, 1.62%	Testosterone deficiency
	Testosterone Topical Solution, 30 mg/1.5 mL	Testosterone deficiency

(III) Supply of major raw materials

The sources of raw materials' supply for the Company and its subsidiaries are divided into domestic purchases and foreign imports. The Company maintains long-term and close collaborative relationship with domestic manufacturers, and raw materials imported from

abroad are mainly imported from overseas through traders. Raw materials and suppliers are appropriately evaluated before collaboration. The Company maintains friendly relationships with alternative raw material suppliers and purchases raw materials in a decentralized manner. Therefore, the Company and its subsidiaries do not rely on a centralized source of raw materials from one supplier and have not experienced any shortage of materials.

(IV) The names of customers who have accounted for more than 10% of the total purchase (sales) in any of the last two years and the amount and proportion of their purchase (sales), together with the reasons for the increase or decrease

1. The names of customers who have accounted for more than 10% of the total purchase in any of the last two years and the amount and proportion of their purchase, together with the reasons for the increase or decrease

Unit: NTD thousands

Item	2022				2023			
	Name	Amount	As a percentage of net imports (%)	Relationship with the issuer	Name	Amount	As a percentage of net imports (%)	Relationship with the issuer
1	NEMERA	314,090	18.35	None	NEMERA	391,916	14.90	None
2	A Company	186,992	10.93	None	Dipharma	165,001	6.27	None
3	Others	1,210,411	70.72	—	Others	2,072,749	78.83	—
Total	Net amount of purchases	1,711,493	100.00	—	Net amount of purchases	2,629,666	100.00	—

Explanation for any increase or decrease:

A. A Company: Mainly due to the acquisition of R Group by Max Solutions in September 2022, the purchasing target for the fiscal year 2023 changed to Max Solutions, resulting in a decrease in the amount of purchases.

B. Dipharma: As a supplier to the subsidiary TWi Pharmaceutical Co., Ltd., it only covers purchases from September to December 2022 due to the acquisition of TWi Pharmaceutical Co., Ltd. starting in September 2022.

2. The names of customers who have accounted for more than 10% of the total purchase in any of the last two years and the amount and proportion of their purchase, together with the reasons for the increase or decrease

Unit: NTD thousands

Item	2022				2023			
	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer
1	B Company	3,033,299	28.90	None	D Company	2,778,896	19.57	None
2	C Company	1,423,393	13.56	None	C Company	2,442,094	17.20	None
3	D Company	1,256,515	11.97	None	B Company	1,934,120	13.62	None
4	E Company	486,458	4.64	None	E Company	1,590,407	11.20	None
5	Others	4,294,805	40.93	—	Others	5,454,551	38.41	—

Total	Net sales	10,494,470	100.00	—	Net sales	14,200,068	100.00	—

Explanation for any increase or decrease:

A. B Company: In Q3 2022, a portion of the transactions was transferred to its subsidiary. Subsequently, products such as Voltaren and Duac were mainly traded through this subsidiary, resulting in a decrease in sales for B Company in 2023.

B. C Company, D Company, and E Company: Mainly due to the acquisition of 100% equity of TWi Pharmaceutical Co., Ltd. in September 2022, the sales revenue for the current period reflects a complete 12-month contribution, leading to a substantial increase in sales.

(V) Production volume for the last two years

Unit of production value: NTD thousands

Year / Output Quantity and Value / Main Product		2022			2023		
		Production Capacity Note1	Production Volume	Production Value	Production Capacity Note1	Production Volume	Production Value
Semi-solid dosage forms	thousand tubes	46,082	17,943	1,045,151	48,098	18,652	969,548
	thousand bags	17,700	9,537	268,195	17,700	10,225	190,270
Solid dosage forms	thousand tablets	1,508,025	797,004	876,726	2,014,829	1,235,528	1,820,910
	thousand pics	1,600,000	145,817	718,268	1,600,000	201,820	740,583
	thousand bottles	14,000	163	50,063	14,000	116	19,728
Liquid dosage forms	thousand bottles	37,079	19,318	978,764	42,707	22,691	959,468
Others	kilogram	-	-	-	452	452	5,609
Total		Note2	Note2	3,937,167	Note2	Note2	4,706,115

Note1: Capacity refers to the company's quantities that can be produced using existing production facilities in normal operations, after consideration of necessary suspensions of operations, holidays and other such factors.

Note2: Not aggregated due to the different units of sales.

(VI) Sales volume for the last two years

Unit of production value: NTD thousands

Year / Sales Volume /Value / Main Product		2022				2023			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Semi-solid dosage forms	thousand tubes	—	—	17,479	1,098,555	1,790	16,953	15,377	1,099,030
	thousand bags	—	—	9,673	394,225	—	—	10,210	422,054
Solid dosage	thousand tablets	424,796	247,326	293,584	723,602	459,587	191,788	138,725	521,589

forms	thousand pics	–	–	150,886	566,525	–	–	177,951	704,920
	thousand bottles	–	–	1,446	2,799,788	–	–	4,552	6,708,761
Liquid dosage forms	thousand bottles	14	3,850	18,212	3,132,577	6,203	28,809	17,909	2,654,405
Raw Material	kilogram	–	–	8	19,857	11,770	14,710	1	36
CDMO	thousand tubes	372	3,134	–	–	–	–	–	–
	thousand bottles	1,454	7,037	–	–	–	–	–	–
others	thousand bottles	Note	589,339	Note	908,655	Note	800,947	Note	1,036,066
Total		Note	850,686	Note	9,643,784	Note	1,053,207	Note	13,146,861

Note: Not aggregated due to the different units of sales.

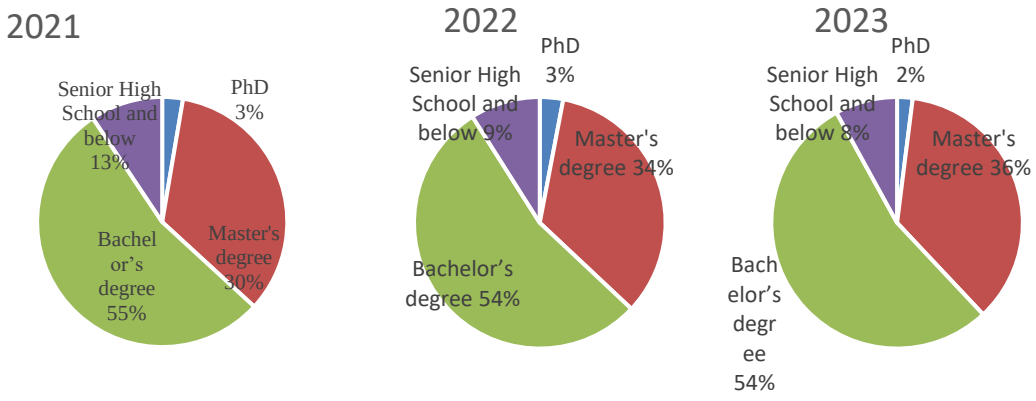
III. Number of workers, average length of service, average age and education distribution of employees in the industry for the last two years and as of the printing date of the annual report

1. Number of employees, average years of service, average age

Unit: person; %

Year		2021	2022	2023
Number of employees	Direct labor	266	378	542
	Indirect	531	909	891
	Total	797	1287	1,433
Average age (years)		43.44	41.17	41.09
Average length of		8.52	6.93	6.59

2. Education background distribution



IV. Environmental protection expenditure information

(I) Total losses (including compensation) and penalties for environmental pollution for the most recent year and up to the date of printing of the annual report: None.

(II) Future countermeasures and possible expenses:

1. The environmental permit and expenditure information for each of the Company's and subsidiary's plant locations:

(1) The Company's Tainan plant, our subsidiary Bora Pharmaceutical Laboratories Pharmaceuticals Co., Ltd. (hereinafter referred to as 'Subsidiary Bora Pharmaceutical Laboratories'), subsidiary Bora Biologics Co., Ltd. (hereinafter referred to as 'Subsidiary Bora Biologics'), and subsidiary SunWay Biotech Co., Ltd. (hereinafter referred to as 'Subsidiary SunWay'): each employs one professional operator and holds a water pollution prevention permit (permit number: Permit No. 05743-02 issued by the Environmental Protection Bureau of the Southern City Government.).

Item	License and content
Stationary pollution source prevention and control permit	Subsidiary Bora Pharmaceutical Laboratories obtained the Fixed Pollution Source Organic Solvent Operation Certificate for Procedure M01 (permit number: Hsinchu Science Park Environmental Control Operation Certificate No. KS244-09), issued by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on December 29, 2023, and also obtained the Fixed Pollution Source Boiler Steam Generation Operation Certificate for Procedure M02 (permit number: Hsinchu Science Park Environmental Control Operation Certificate No. KS248-04), issued by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on August 13, 2023. Subsidiary Baorui Biotech and Chenhui have no fixed pollution sources.
Pollution control permit	The Company applied to the Tainan City Government Environmental Protection Bureau for approval of water pollution prevention measures on November 28, 2023 (Permit Number: Environmental Water Letter No. 1120152930). Subsidiary Bora Pharmaceutical Laboratories had its sewage pipeline application approved by the Hsinchu Science Park Bureau on September 15, 2014 (Document Number: Hsinchu Environmental Letter No. 1030027715). Subsidiary Bora Biologics received approval for wastewater discharge management from the Ministry of Science and Technology, Hsinchu Science Park Bureau, on July 21, 2022 (Document Number: Hsinchu Environmental Letter No. 1110024133). Subsidiary SunWay is not required to obtain pollution discharge management permits.
Water Pollution Control Permit	The Company obtained the water pollution prevention permit document from the Tainan City Government on November 28, 2022 (Permit Number: Environmental Water Letter No. 05743-03 issued by the Tainan City Government), valid from October 18, 2023 to October 17, 2028. Subsidiary Bora Pharmaceutical Laboratories obtained the water pollution prevention permit on August 31, 2023 (Operation Permit Number: Hsinchu Environmental Water Permit No. KS036-10), valid until August 4, 2024. Subsidiary Bora Biologics does not require a water pollution prevention permit; its wastewater is discharged into the sewage system managed by the Hsinchu Science Park Bureau. Subsidiary Sunway is not required to apply for a water pollution prevention permit."
Business waste removal	The Company applied for amendments to the business waste cleanup plan approved by the Tainan City Government Environmental Protection Bureau on November 3, 2020 (Control Number: D9700625), with Permit Number: Environmental Affairs Letter No. 1090128567. Subsidiary Bora Pharmaceutical Laboratories applied for changes to the business waste

Item	License and content
plan	cleanup plan approved by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on August 11, 2023 (Control Number: K71A2160), with Document Number: Hsinchu Environmental Letter No. 1120027144. Subsidiary Bora Biologics applied for amendments to the business waste cleanup plan approved by the National Science and Technology Commission Hsinchu Science Park Bureau on September 2, 2022 (Control Number: J55B3392), with Approval Letter Number: Hsinchu Environmental Letter No. 1110028968. Subsidiary SunWay is not required to apply for a business waste cleanup plan.
Toxic chemical substance approval documentation	The Company obtained the modified Toxic Chemical Substances Approval Document on March 3, 2022, with Approval Number: Tainan City Toxic Core Letter No. 000020, valid until July 15, 2024. The permitted operations and the managed chemical substances are listed with codes and serial numbers: 04501, 05201, 05401, 05502, 05518; 06401, 07301, 07501, 07901, 08201, 09301, 09501, 09701, 09801, 09802, 10401, 10501, 11401, 11501, 11701, 12101, 12901, 14201, 14601, 16001, 16401, 17601, and 18301, totaling 28 items. On August 11, 2023, our company issued the modified Chemicals of Concern Approval Document with Approval Number: Tainan City Concern Core Letter No. 000072. The permitted operations and the managed chemicals of concern are listed with codes and serial numbers: L00201 (initial approval date: June 27, 2022) and E00103 (initial approval date: August 11, 2023), totaling 2 items. Subsidiary Bora Pharmaceutical Laboratories obtained the Toxic Chemical Substances Approval Document on December 25, 2022, with Approval Numbers: Miaoli County Toxic Core Letter No. 000044 and Miaoli County Concern Core Letter No. 000046, valid until August 14, 2028. The permitted operations and the managed toxic chemical substances are listed with codes and serial numbers: 04301, 04501, 04602, 05201, 05401, 05502, 06101, 06806, 07201, 07301, 07501, 07901, 08201, 09301, 09501, 09701, 09801, 09802, 10401, 10501, 10801, 11501, 11601, 11701, 12101, 14201, 14601, 17801, 18501, E00402, F00101, totaling 31 items. Subsidiary Bora Biologics obtained the extended Toxic Chemical Substances Approval Document on June 5, 2023, with Approval Number: Hsinchu County Toxic Core Letter No. 000057, valid until August 30, 2028. The permitted operations and the managed toxic chemical substances are listed with codes and serial numbers: 09801, 10501, 11501, with Approval Letter Number: Municipal Letter No. 1128655180. Subsidiary SunWay obtained the Toxic Chemical Substances Approval Document on October 28, 2021, with Approval Number: Taipei City Toxic Core Letter No. 000321, valid until May 5, 2025. The permitted operations and the managed toxic chemical substances are listed with codes and serial numbers: 07901, 09802, 10401, and 10501, totaling four types.

(2) The Company directly owns the subsidiary TWi Pharmaceutical Inc. which has two facilities in Zhongli, namely Zhongli Plant 1 and Zhongli Plant 2:

Item	License and content
Stationary pollution source prevention and control	Zhongli Plant 1 obtained the Fixed Pollution Source Pharmaceutical/General Manufacturing Process - Western Medicine Tablet Manufacturing Process (M01) Operation Certificate issued by the Taoyuan City Government on May 6, 2021 (Permit Numbers: Taoyuan Environmental Permit No. 1100109643, Operation Certificate No. H6905-00).

Item	License and content
permit	
Pollution control permit	Zhongli Plant 1 applied to and received approval from the Zhongli Industrial Park Service Center of the Industrial Development Bureau of the Ministry of Economic Affairs on June 20, 2023, to connect and utilize the industrial zone's sewer system for wastewater discharge. Document Number: Zhongli General Letter No. 1125142064. Zhongli Plant 2 applied to and received approval from the Zhongli Industrial Park Service Center of the Ministry of Economic Affairs on September 26, 2023, to connect and utilize the industrial zone's sewer system for wastewater discharge. Document Number: Beitoli Letter No. 1125143640.
Water Pollution Control Permit	Zhongli Plant 1 applied for the Water Pollution Prevention Plan and Water Pollution Prevention Permit from the Taoyuan City Government Environmental Protection Bureau on March 17, 2023 (Permit Numbers: Taoyuan Environmental Discharge Letter No. H4198-01, Taoyuan Environmental Water Letter No. 1120212406), valid until April 18, 2028. Zhongli Plant 2 applied for the Water Pollution Prevention Plan and Water Pollution Prevention Permit from the Taoyuan City Government Environmental Protection Bureau on September 11, 2023 (Permit Numbers: Taoyuan Environmental Discharge Letter No. H3334-02, Taoyuan Environmental Water Letter No. 1120361883), valid until October 14, 2028.
Business waste removal plan	Zhongli Plant 1's business waste cleanup plan modification application was approved by the Taoyuan City Government Environmental Protection Bureau on September 27, 2021 (Control Number: H4314363), with the approval number for the cleanup plan being H09512270001. Zhongli Plant 2's business waste cleanup plan modification application was approved by the Taoyuan City Government Environmental Protection Bureau on August 3, 2021 (Control Number: H43B8800), with the approval number for the cleanup plan being H10208120003.
Toxic chemical substance approval documentation	Zhongli Plant 2 obtained the Toxic Chemical Substances Approval Document on February 7, 2023, with Approval Number: Taoyuan City Toxic Core Letter No. 000142, valid until January 12, 2025. The permitted operations and the managed toxic chemical substances are listed with codes and serial numbers: 03801, 04301, 04501, 04601, 04602, 05201, 05301, 05301, 05401, 05501, 05502, 05518, 06101, 06401, 06601, 07102, 07201, 07301, 07501, 07901, 08001, 08002, 08101, 08201, 08301, 08601, 09001, 09301, 09501, 09701, 09801, 09802, 10401, 10501, 10501, 10501, 10601, 10801, 11201, 11501, 11601, 11701, 11901, 12101, 12301, 13401, 13402, 14201, 14301, 14601, 16001, 16502, 17601, 17801, 17901, 18501, totaling 55 types. Zhongli Plant 2 obtained the Chemicals of Concern Approval Document on February 16, 2024, with Approval Number: Taoyuan City Concern Core Letter No. 000156, valid until February 19, 2028. The permitted operations and the managed chemicals of concern are listed with codes and serial numbers: E00103, E00301, F00101, L00201, totaling 4 types.

(3) Our company indirectly owns the subsidiary Bora Pharmaceuticals Ophthalmic Inc. (hereinafter referred to as 'Bora Ophthalmic'):

Item	License and content
Water Pollution Control Permit	Bora Ophthalmic applied for a Water Pollution Prevention Plan and Water Pollution Prevention Permit from the Taoyuan City Government Environmental Protection Bureau on June 2, 2020 (Permit Number: Taoyuan Environmental Discharge Permit No. H3397-02), valid until June 1, 2025.
Business	Bora Ophthalmic obtained approval from the Taoyuan City Government Environmental Protection Bureau on November 9, 2023, for a modification to the Business Waste

Item	License and content
waste removal plan	Cleanup Plan (Control Number: H46A8571). The approved number for the cleanup plan is H10303030007, valid until November 8, 2028.
Toxic chemical substance approval documentation	Bora Ophthalmic obtained the Toxic Chemical Substances Approval Document on December 20, 2023, with Approval Number: Taoyuan City Toxic Core Letter No. 000158, valid until February 5, 2025. The permitted operations and the managed toxic chemical substances are listed with codes and serial numbers: 03801, 04501, 04602, 05201, 05301, 05401, 05502, 05518, 06401, 06601, 07102, 07301, 07501, 07901, 08201, 08301, 08901, 09301, 09501, 09701, 09801, 09802, 10401, 10501, 10601, 11201, 11401, 11501, 11701, 11901, 12101, 12601, 12901, 14401, 16001, 17601, 17801, totaling 37 types. Bora Ophthalmic obtained the Chemicals of Concern Approval Document on October 2, 2023, with Approval Number: Taoyuan City Concern Core Letter No. 000082, valid until February 6, 2026. The permitted operations and the managed chemicals of concern are listed with codes and serial numbers: E00101, E00103, E00201, F00101, F00401, L00201, totaling 6 types.

2. Payment of pollution prevention and control costs:

Unit: NTD thousands

Year / Category	2022	2023
Sewage usage fee	926	849
Business waste disposal fee	10,595	9,088
Air pollution fee	288	436

V. Labor Relations

(I) The Company's employee various benefits for studying, training, the pension system and its implementation status as well as labor agreements and employee rights maintenance measures

1. Employee welfare measures and implementation

The following benefits are provided by the Company, in addition to the general benefits such as labor insurance, health insurance, group insurance and pension benefits: Year-end and festival bonuses, wedding and funeral subsidies, the employee stock option system, and other welfare measures, as well as performance bonuses depending on operating conditions.

2. Staff education and training status

The Company and its subsidiaries plan annual training programs and provide training budgets according to the training needs of employees and the future development

of the Company. This enables our employees to improve their professional skills and understand the functions required by the industry in which the Company is located, help them develop their potential and achieve their best, thereby creating an environment in which they can coexist and prosper with the Company.

3. Retirement system and implementation status

In accordance with the Labor Pension Act, the Company and its subsidiaries make monthly contributions of 6% of the employees' monthly wages to the employees' individual accounts at the Labor Insurance Bureau corresponding the wage grading scale prescribed by the government, and employees may voluntarily make additional contributions within 6% of their monthly wages.

4. Agreement between labor and management

The Company and its subsidiaries emphasize rationalized and humanized management, and establish smooth communication channels to maintain good relations between employers and employees, create productivity, share profits, and to establish stable and harmonious labor relations.

5. Employee rights protection measures

The Company and its subsidiaries shall protect the rights and interests of employees and implement the welfare system in accordance with laws and regulations and the Company's management rules.

(II) For the most recent year and up to the date of printing of the annual report, the losses suffered by the Company as a result of labor disputes, the estimated amount for now and in the future and any response measures, and state the items that cannot be reasonably estimated: None.

VI. Information Security Management

1. State the information security risk management framework, information security policy, the specific management plan and the resources implemented in the security management:

(1) Information security management management framework

According to the company's information security management system, the "Information Security Promotion Team" is established and responsible for the coordination, promotion and supervision of information security management matters. The president is the convener and the committee member is composed by each department’s manager and its corresponding IT department manager. The “Information Security Promotion Team” consists of an “Information Security Processing Team” and an “Audit Team”, which is composed of relevant personnel from the Information Department and the Audit Office respectively.

(2) Information security policy

a. Enterprise information security management strategy and framework

To maintain the normal operation of the information system, the company ensures the system can be restored in the shortest time when it suffers from human error or natural disasters. To ensure the safety of employees and each operating department can effectively manage its related computer software and hardware and to ensure the security of information systems and data, the Company has set up the operational procedures and reporting procedures for various information security incidents to ensure the related department personnel can take the correct action when a system-threatening incident occurs. The plan aims to reduce the threat and the impact. The company has formulated the following operations and control in accordance with information security risks:

(a) Operation on system development and program revision

(b) Operation on access control of program and data

(c) Operation on data input and output

(d) Operation on data processing

(e) Operation on file and equipment security

(f) Operation on system restorage plan and testing procedure

(g) Operation on information security inspection

b. Enterprise information security risk managemenat and continuous improvement framework

To ensure the Company continue improve the information security management, the company has formulated a corresponding management mechanism. The main management key items are as follows:

(a) Setup the contract information for related personnel

(b) Report on information security incident

(c) Report on information security weakness

(d) Report on ill function software

(e) Resource needed for continue operation: including ensure information server can continue to provide service and backup the necessary data

(3) Management plan

To ensure the Company's implementation on information security, the Company has formulated the Information Security Policy and Information Security Risk Management Framework. Related the policy will be update continuously in accordance to change on information security risk. The Company has set up the information security department and appoint a personnel as security manager on May 17, 2021. The main responsibilities are as follows:

(a) Formulate the information security policy

(b) Plan on information security framework in accordance to Bora Pharmaceuticals development and change on information security

(c) Monitor, analyze and manage on information security. Check the information environment periodically and evaluate if update and upgrade is needed to lower the security risk

(d) Ongoing evaluation, recommendation and implementation on information security solution

(e) Promotion on information security training to enhance the employee's awareness on information security

(f) Knowledge on information security trend, and report to the management team on related information

(4) Resource invested on information security management

The actual achievements of the Company in 2023, which were reported to the board of directors on December 19, 2023, are as follows:

- Conducted a cybersecurity assessment for the group: Engaged a third-party cybersecurity service provider to conduct cybersecurity assessments across all group premises and implemented improvements and optimizations based on the results.
- Strengthened daily operational monitoring: Enhanced personnel capabilities in system analysis and alerting in addition to utilizing automated defense tools,

enabling timely evaluation, adjustment, and optimization of cybersecurity control measures.

- Optimized and integrated existing defense tools: Integrated multiple defense equipment and central control platforms to effectively enhance overall real-time monitoring and response efficiency, completed in 2023.
- Education, training, and awareness: Information security protection is the responsibility of all employees. Through continuous education and training, we aimed to enhance employees' information security literacy and awareness. In 2023, a total of 41,067 training sessions were conducted, totaling 6,902 hours.

2. List the loss incurred for major information security incident, possible loss and counter measure for the most recent year and up to the annual report date. If the loss cannot be reasonably measured, please explain it:

For 2023 and as of the annual report date, the Company has not incurred loss for major information security incident.

VII. Important Contracts

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Financing Contract	Chang Hwa Bank	2022.08.31-2023.07.31	Short-term Credit Agreement	None
Financing Contract	Chang Hwa Bank	2019.12.23-2034.12.23	Long-term Secured bank loans	None
Financing Contract	CTBC Bank	2022.06.17-2027.06.17 2024.03.28-2024.09.27	Long-term Credit Agreement Medium to long term Credit Agreement	Disbursements and repayments during the loan period should comply with the terms and conditions agreed upon.
Financing Contract	CTBC Bank	2022.04.28-2025.04.28 2022.06.30-2024.09.30	Mid-term Credit Agreement	None
Financing Contract	CTBC Bank	2023.06.27-2026.06.27	Long-term Credit Agreement	Disbursements and repayments during the loan period should adhere to the financial ratio terms agreed upon.
Financing Contract	Huannan Bank	2023.12.19-2024.12.19	Mid-term Credit Agreement	None
Financing Contract	KGI Bank		Mid-term Credit Agreement	Disbursements and repayments during the loan period should adhere to the financial ratio terms agreed upon.

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Contract Manufacturing and Inspection Contracts	Eisai Co., Ltd.	2024.01.01~2028.12.31	Entrust our company with the manufacturing and inspection of specific pharmaceutical products for human use and other contract manufacturing services.	The Company has entered into a five-year long-term CMO contract and agreed on the target demand, lot size and minimum order quantity for each year with Eisai
Distribution agreement	Eisai Co., Ltd	2024.04.01~2025.03.31	Our company distributes the Chocola BB Series, Juvelux, Saclon, Youbulifu, SAHNE, SAHNE Aloe Vera Lotion	None
Distribution agreement	SSP Co., Ltd.	2020.07.15~2023.07.14	The agreement is by and between the Company, SSP, Chin Teng and Best Ocean. The Company obtains exclusive marketing for SSP in Taiwan. The Company distributes Esfight tablets, S.S. Bron tablets, S.S. Bron syrup, S.S. Buron syrup, S.S. Sporty solution, and Picosulu tablets.	This agreement shall be effective as three years. Unless either party terminates by written notice up to 180 days before the expiration of this contract, or this contract will be automatically extended for one year.
Distribution agreement	Beringia Ingelheim Taiwan Co.	2023.01.01~2025.12.31	Our company distributes Boehringer Ingelheim's Lendormin 250mcg medicine	None
Distribution agreement	BOIRON S.A. BOIRON ASIA LIMITED	2022.01.01~2023.12.31	Our company distribute external use and skin care series	The annual purchase needs to reach certain purchase amount。
Distribution agreement	Lundbeck Export A/S (“Lundbeck”)	2023.07.01~2025.12.31	Our company distributes pharmaceutical products for neurological disorders under the Lundbeck brand.	None

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Distribution agreement	Shionogi Healthcare Co., Ltd. (“Shionogi”)	2023.09.15~2025.09.14	"Bora serves as the distributor for health supplements and OTC product series under the Shionogi brand."	Minimum purchase quantity requirement
Contract Manufacturing Agreement	Impax Laboratories Inc. (Amneal)	2017.12.19~2025.12.31	Commission Bora Pharmaceutical Laboratories Pharmaceuticals to manufacture human pharmaceutical products as contract manufacturing services.	None
Authorization Agreement	Impax Laboratories Ireland Limited	2018.03.06~2028.03.05	Authorize our company to distribute the branded medication RYTARY for the treatment of Parkinson's disease.	None
Contract Manufacturing Agreement	GlaxoSmithKline Inc. (GSK)	CMO contract 2020.12.01~2025.12.01	Commission our Canadian subsidiary to undertake contract manufacturing services for prescription and non-prescription health products.	None
Contract Manufacturing Agreement	Formosa TV	2021.01.01~2025.12.31	Commission SunWay to manufacture family's red yeast rice health supplements.	Minimum purchase quantity requirement
Transfer of Distribution Rights Agreement	Bright Future Pharmaceuticals Trading Ltd. (“BF”)	On March 10, 2022, Numient (known as RYTARY in the United States) obtained the Chinese drug registration and market approval for a period of 10 years.	Our company transfers the distribution rights to BF for China (including Hong Kong and Macau)	BF must provide written notice to terminate this agreement to our company at least six months in advance.
Contract Manufacturing Agreement	Bright Future Pharmaceuticals Trading Ltd. (“BF”)	Numient received Chinese drug registration and market approval, valid for 10 years from the date of issuance.	BF entrusts Bora Health Manufacturing.	Both parties may agree to terminate the agreement, which shall take effect 180 days after the signing of the written termination agreement.

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Supply contract	Celltrion Asia Pacific Pte., Ltd	2023.3.31~2027.12.31	Celltrion contracts the Company for manufacturing	Transfer without prior written consent of the other party is prohibited. The agreement automatically renews for one year after the expiration date unless either party provides written notice to the other party of non-renewal at least 6 months prior to the expiration.
Lease Agreement	Hsinchu Science Park Bureau, National Science and Technology Council	2023.01.01~2027.12.31	Lease of Biotech Building in Zhubei Biomedical Park for Five Years	none
Settlement contract	Takeda Pharmaceutical Company Ltd.	Effective on 2015.04.24	Settlement and authorization	Confidential agreement
Sales authorization and aupply contract	Scinopharm Taiwan Ltd.	Effective on 2022.01.28, effective for 7 seven years after the product is lauched	Sales authorization and aupply	Agreement is prohibited from transferring without the prior written consent of the other party
Sales authorization and aupply contract	Arthur Gropu LLC	2022.11.28-2026.01.18	Sales authorization and aupply	Agreement is prohibited from transferring without the prior written consent of the other party
Sales agreement	Cardinal Health	Effective on 2015.01.20	Sales agreement	Confidential agreement
Sales agreement	AmerisourceBergen Drug Corporation	2024.01.01-2024.12.31	Sales agreement	If either party does not raise any objections before the expiration of this contract, this contract will be automatically extended for one year. Agreement is prohibited from transferring without the prior written consent of the other party

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Sales agreement	Morris & Dickson Co. L.L.C.	2018.05.24-2024.05.23	Sales agreement	After the expiration, it automatically renews annually, unless either party provides written notice to the other party 90 days prior to the expiration, not to renew. Confidential agreement
Asset Purchase Agreement	Alvogen Pharma US, Inc., Alvogen, Inc.及 Almatica Pharma LLC	Effective from August 16, 2023	Purchasing assets related to six pharmaceutical products in the US market.	None
Lease agreement	Factory Lease agreement	2017.11.20-2027.11.19	Land and Factory Lease	None
Lease agreement	House Lease agreement	2023.01.01-2027.12.31	Lab lease	Either party, if not willing to continue the lease, shall provide written notice to the other party at least 6 months prior to the expiration.

F. Financial Overview

I. A condensed balance sheet and consolidated income statement for the last five years, with the name of the accountant and accompanying audit opinion

(I) Condensed Balance Sheet and Consolidated Income Statement

1. Condensed Balance Sheet - International Financial Reporting Standards (IFRSs)

(1) Consolidated

Unit: NTD thousands

Item \ Year		Financial Data for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,246,259	2,626,542	2,792,337	12,240,806	10,603,028
Property, plant and equipment		1,738,321	3,818,782	3,749,981	6,645,112	6,649,994
Intangible assets		18,469	4,930	171,045	2,147,431	5,595,670
Other assets		379,575	553,925	658,971	1,727,866	2,203,313
Total assets		3,382,624	7,004,179	7,372,334	22,761,215	25,052,005
Current liabilities	Before distribution	557,046	2,286,061	1,841,122	10,495,523	8,229,061
	After distribution	640,300	2,395,827	2,079,924	11,114,657	Note 2
Non-current liabilities		1,171,827	2,253,354	2,378,671	7,125,236	5,057,133
Total liabilities	Before distribution	1,728,873	4,539,415	4,219,793	17,620,759	13,286,194
	After distribution	1,812,127	4,649,181	4,458,595	18,239,893	Note 2
Equity attributed to the owners of the parent company		1,653,751	2,464,764	3,152,541	4,528,322	9,084,787
Capital stock		394,272	541,154	684,783	756,922	1,014,981
Capital surplus		676,232	951,647	1,025,985	1,236,380	3,318,350
Retained earnings	Before distribution	590,722	961,012	1,465,693	2,549,019	4,728,617
	After distribution	507,468	851,246	1,226,891	1,929,885	Note 2
Other equity		(5,071)	10,951	(23,920)	39,093	73,807
Treasury stock		(2,404)	-	-	(53,092)	(50,968)
Non-controlling equity		-	-	-	612,134	2,681,024
Total equity	Before distribution	1,653,751	2,464,764	3,152,541	5,140,456	11,765,811
	After distribution	1,570,497	2,354,998	2,913,739	3,090,188	Note 2

Note 1: The above financial information has been audited and verified by our accountant.
Note 2: The 2023 earning distribution case is to be approved by the shareholders' meeting.

(2) Individual

Unit: NTD thousands

Item \ Year		Financial Data for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,088,126	1,280,323	865,556	419,136	727,494
Property, plant and equipment		1,046,844	1,038,833	1,112,663	1,113,309	1,115,400
Intangible assets		544	2,801	2,779	1,757	1,476
Other assets		456,804	1,383,173	2,242,630	11,281,705	13,582,447
Total assets		2,592,318	3,705,130	4,223,628	12,815,907	15,426,817
Current liabilities	Before distribution	300,209	645,415	309,015	3,102,570	2,869,879
	After distribution	383,463	755,181	547,817	3,721,704	Note 2
Non-current liabilities		638,358	594,951	762,072	5,185,015	3,472,151
Total liabilities	Before distribution	938,567	1,240,366	1,071,087	8,287,585	6,342,030
	After distribution	1,021,821	1,350,132	1,309,889	8,906,719	Note 2
Equity attributed to the owners of the parent company		1,653,751	2,464,764	3,152,541	4,528,322	9,084,787
Capital stock		394,272	541,154	684,783	756,922	1,014,981
Capital surplus		676,232	951,647	1,025,985	1,236,380	3,318,350
Retained earnings	Before distribution	590,722	961,012	1,465,693	2,549,019	4,728,617
	After distribution	507,468	851,246	1,226,891	1,929,885	Note 2
Other equity		(5,071)	10,951	(23,920)	39,093	73,807
Treasury stock		(2,404)	-	-	(53,092)	(50,968)
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	1,653,751	2,464,764	3,152,541	4,528,322	9,084,787
	After distribution	1,570,497	2,354,998	2,913,739	3,090,188	Note 2

Note 1: The above financial information has been audited and verified by our accountant.

Note 2: The 2023 earning distribution case is to be approved by the shareholders' meeting.

2.Condensed Balance Sheet - International Financial Reporting Standards (IFRSs)

(1) Consolidated

Unit: NTD thousands

Year / Item	Financial Data for the Most Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,529,216	1,799,570	4,899,885	10,494,470	14,200,068
Gross profit	643,034	703,884	1,671,778	2,912,775	6,991,238
Operating profit and loss	344,846	226,077	1,045,991	1,922,176	5,249,139
Non-operating income and expenses	(19,496)	369,322	(22,023)	(82,175)	(1,184,993)
Net profit before tax	325,350	595,399	1,023,968	1,840,001	4,064,146
Net profit from continuing operations in current period	305,031	578,426	749,736	1,401,525	3,071,921
Loss from discontinued operations	-	-	-	-	-
Current period net profit (loss)	305,031	578,426	749,736	1,401,525	3,071,921
Other consolidated income of the current period (after income tax)	(171)	16,022	(34,871)	63,013	34,279
Total comprehensive income for the period	304,860	594,448	714,865	1,464,538	3,106,200
Net profit attributable to owners of the parent company	305,031	578,426	749,736	1,391,916	3,030,142
Net profit attributable to non-controlling equity	-	-	-	9,609	41,779
Total comprehensive income attributed to the owners of the parent company	304,860	594,448	714,865	1,454,929	3,064,856
Total comprehensive income attributed to non-controlling equity	-	-	-	9,609	41,344
Earnings per share	6.08	8.63	10.04	14.26	30.20

Note 1: The above financial information has been audited and verified by our accountant.

(1) Individual

Unit: NTD thousands

Item \ Year	Financial Data for the Most Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	378,139	389,794	456,449	470,677	466,605
Gross profit	126,752	93,971	96,182	95,808	103,981
Operating profit and loss	(16,737)	(77,408)	(99,040)	(138,596)	(231,637)
Non-operating income and expenses	334,243	658,097	950,852	1,598,840	3,204,151
Net profit before tax	317,506	580,689	851,812	1,460,244	2,972,514
Net profit from continuing operations in current period	305,031	578,426	749,736	1,391,916	3,030,142
Loss from discontinued operations	-	-	-	-	-
Current period net profit (loss)	305,031	578,426	749,736	1,391,916	3,030,142
Other consolidated income of the current period (after income tax)	(171)	16,022	(34,871)	63,013	34,714
Total comprehensive income for the period	304,860	594,448	714,865	1,454,929	3,064,856
Earnings per share	6.08	8.63	10.04	14.26	30.20

Note 1: The above financial information has been audited and verified by our accountant.

(II) Condensed Balance Sheets and Consolidated Statements of Income - R.O.C. Financial Accounting Standards

The Company has adopted IFRSs since 2014 for the preparation of its financial statements; therefore, they are not applicable.

(III) Names of auditors and audit opinions for the most recent 5 years

Year	Name of the CPA Firm	Name of certified public accountants:	Audit Opinion
2019	Ernst & Young, Taiwan	Fuh, Wen Fun, Lin, Li Huang	Unqualified opinion
2020	Ernst & Young, Taiwan	Fuh, Wen Fun, Lin, Li Huang	Unqualified opinion
2021	Ernst & Young, Taiwan	Hung, Guo Sen, Lin, Li Huang	Unqualified opinion
2022	Ernst & Young, Taiwan	Hung, Guo Sen, Lin, Li Huang	Unqualified opinion

2023	Ernst & Young, Taiwan	Hung, Guo Sen, Chen, Ming Hung	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis - International Financial Reporting Standards IFRS

(1) Consolidated Financial Statements

Analysis Item \ Year		Financial Analysis for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure%	Debt to assets ratio	51.11	64.81	57.24	77.42	53.03
	Long-term capital to property, plant and equipment ratio	137.06	112.76	135.19	159.25	188.32
Solvency %	Current ratio	223.73	114.89	151.66	116.63	128.85
	Quick ratio	166.84	63.42	97.80	95.30	92.91
	Interest protection multiples	23.38	28.10	20.10	17.92	24.73
Operation Capability	Receivables turnover (times)	5.48	4.10	7.18	3.04	2.81
	Average collection period	67	89	51	120	130
	Inventory turnover (times)	3.78	1.60	3.23	5.30	3.51
	Payables turnover (times)	13.99	7.77	14.19	21.96	17.26
	Average days of sales	96	228	113	69	104
	Turnover (times) of real estate properties, plants and equipment	0.95	0.58	1.18	1.84	1.92
	Total assets turnover (times)	0.54	0.35	0.68	0.70	0.59
Profitability	Return on assets (%)	11.28	11.48	11.03	9.82	13.25
	Return on equity (%)	20.51	28.09	26.69	36.24	44.52
	Pre-tax profit to paid-in capital ratio (%)	82.52	110.02	149.53	243.09	400.42
	Net profit margin (%)	19.94	32.14	15.30	13.26	21.34
	Earnings per share (NTD)	6.08	8.63	10.04	14.26	30.20

Cash Flow	Cash flow ratio (%)	41.61	7.78	67.17	19.15	56.07
	cash flow adequacy ratio (%)	25.08	17.2	48.56	44.05	70.84
	Cash reinvestment ratio (%)	5.11	1.25	18.66	12.78	21.26
Leverage	Operating leverage	1.55	1.93	1.16	1.58	1.26
	Financial leverage	1.04	1.11	1.05	1.06	1.03

Please explain the reasons for the changes in various financial ratios over the past two years, where the changes between the periods are significant (more than 20%).

1. Debt to Asset Ratio Decrease:
Mainly due to the repayment of bank loans and the payment of reserves and profit-sharing from the acquisition of TWi in 2023. Additionally, the significant increase in profits and the acquisition of SunWay equity in 2023 resulted in a substantial increase in assets, leading to a decrease in the debt to asset ratio.

2. Interest Coverage Ratio Increase:
Primarily attributed to the elimination of low-margin products in the current period and diversification of product offerings to enhance the development of high-margin items, resulting in higher pre-tax profits and an increase in the interest coverage ratio.

3. Inventory Turnover Ratio Decrease, Increase in Average Days of Sales, and Decrease in Accounts Payable Turnover Ratio:
Mainly due to the merger of Bora Biologics, TWi, and its subsidiaries in 2022. The lower inventory and accounts payable at the beginning of 2022 resulted in lower average inventory for the year, leading to a higher inventory turnover ratio in 2022. However, higher average inventory in the current period led to a decrease in inventory turnover ratio and an increase in days of sales outstanding.

4. Return on Assets, Return on Equity, Ratio of Pre-Tax Income to Paid-in Capital, Net Profit Margin, and Earnings per Share Increase:
Mainly attributed to the complete 12-month contribution of profits from TWi in the current period and the elimination of low-margin products. Additionally, diversification of product offerings to enhance high-margin product development resulted in a significant increase in post-tax profits, leading to increases in return on assets, return on equity, ratio of pre-tax income to paid-in capital, net profit margin, and earnings per share.

5. Cash Flow Ratio and Cash Reinvestment Ratio Increase:
Mainly due to higher pre-tax profits in the current period and partial repayment of short-term borrowings, resulting in an increase in operating cash flow and a decrease in current liabilities, leading to an increase in the cash flow ratio.

6. Operating Leverage Decrease:
Primarily due to a substantial increase in sales revenue.

Note 1: The financial statements have been prepared in accordance with the rules governing the audit of financial statements by certified public accountants.

Note 2: The above formulae are presented in detail in the individual financial analysis - using IFRSs.

(2) Individual Financial Statements

Analysis Item \ Year		Financial Analysis for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure%	Debt to assets ratio	36.21	33.48	25.36	64.67	41.11
	Long-term capital to property, plant and equipment ratio	212.94	286.94	344.09	848.79	1098.63
Solvency %	Current ratio	362.46	198.37	280.10	13.51	25.35
	Quick ratio	338.22	187.96	261.02	12.55	23.86
	Interest protection multiples (times)	96.55	64.13	78.47	27.11	27.83
Operating performance	Receivables turnover (times)	3.24	3.39	3.02	3.12	4.22
	Average collection period	113	108	121	117	86
	Inventory turnover (times)	5.41	5.55	7.61	11.01	12.87
	Payables turnover (times)	5.70	7.52	7.50	7.86	8.58
	Average days of sales	67	66	48	33	28
	Turnover (times) of real estate properties, plants and equipment	0.51	0.36	0.41	0.41	0.41
	Total assets turnover (times)	0.17	0.12	0.12	0.06	0.03
Profitability	Return on assets (%)	14.21	18.60	19.13	16.86	22.09
	Return on equity (%)	20.51	28.09	26.69	36.24	44.52
	Pre-tax profit to paid-in capital ratio (%)	80.53	107.31	124.39	192.92	292.86
	Net profit margin (%)	80.67	148.39	164.25	295.73	649.40
	Earnings per share (NTD)	6.08	10.76	10.04	14.26	30.20
Cash Flow	Cash flow ratio (%)	3.41	6.17	Note 2	Note 2	2.38
	cash flow adequacy ratio (%)	0.92	2.40	Note 2	Note 2	0.57
	Cash reinvestment ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3
Leverage	Operating leverage	Note 4	Note 4	Note 4	Note 4	Note 4
	Financial leverage	Note 4	Note 4	Note 4	Note 4	Note 4

Please explain the reasons for the changes in various financial ratios over the past two years, where the changes between the periods are significant (more than 20%):

1. Debt to Asset Ratio Decrease:
This is primarily due to the repayment of bank loans in 2023, payment of retained earnings and profit distribution related to the acquisition of TWi, and an increase in investments under the equity method due to the acquisition of Bora Biologics and TWi in 2022, leading to a decrease in the debt to asset ratio.

2. Long-Term Funds to Property, Plant, and Equipment Ratio Increase:
This is mainly due to the conversion of equity in Bora Health and SunWay Biotech, which increased the total equity, resulting in an increase in the ratio of long-term funds to property, plant, and equipment.

3. Current Ratio and Quick Ratio Increase:
This is because of the repayment of short-term bank loans, leading to a decrease in current liabilities and an increase in the current ratio and quick ratio.

4. Accounts Receivable Turnover Increase and Average Collection Days Decrease:
This is mainly due to the transfer of the Western Medicine department to Bora Health (Inc.) before 2022, resulting in higher average accounts receivable in the previous period and thus an increase in accounts receivable turnover and a decrease in average collection days.

5. Total Asset Turnover Decrease:
This is because of the acquisitions of Eden and TWi in 2022, which significantly increased investments under the equity method, resulting in an increase in total assets. However, net sales remained relatively constant compared to the previous year, leading to a decrease in the total asset turnover ratio.

6. Return on Assets, Return on Equity, Ratio of Profit before Tax to Paid-in Capital, Profit Margin, and Earnings per Share Increase:
This is mainly due to the complete 12-month contribution of TWi this year and the elimination of low-profit products. Through diversification of product portfolios and the development of high-margin products, investment income and net profit increased significantly, leading to an increase in return on assets, return on equity, ratio of profit before tax to paid-in capital, profit margin, and earnings per share.

Note 1: The financial statements have been prepared in accordance with the rules governing the audit of financial statements by certified public accountants.

Note 2: The negative cash flow from operating activities is insignificant for comparison purposes. Therefore, the relevant ratio is not shown.

Note 3: The cash activity reinvestment ratio is negative and has no comparative significance, so the relevant ratios are not listed.

Note 4: Operating income is negative and is insignificant for comparison; therefore, the relevant ratio is not shown.

Note 5: The analysis formula of the items is as follows:

1. Financial structure
   (1) Debt-to-assets ratio = total liabilities / total assets.
   (2) Long-term fund ratio for property, plant, and equipment = (total equity + non-current liabilities) / net for property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Interest protection multiples = earnings before interest expense and net income / interest expense.
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable arising from operation) turnover ratio = net sales / average receivables (including accounts receivable and notes receivable arising from operation) balances.
   (2) Average collection period = 365 / receivables turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Payable (including accounts payable and notes payable arising from operation) turnover ratio = cost of goods sold / average payables (including accounts payable and notes payable arising from

operation) balances.

(5) Average days of sales = 365 / inventory turnover.

(6) Property, plant, and equipment turnover ratio = net sales / average net for property, plant, and equipment.

(7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

(1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.

(2) Return on equity = income after tax/net average equity.

(3) Net profit margin = net income / net sales.

(4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued.

5. Cash Flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent years / most recent five years (capital expenditure + inventory + cash dividend).

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross profit for property, plant, and equipment + long-term investments + other non-current assets + working capital

6. Leverage:

(1) Operating leverage = (net operating income - variable operating cost and expenses) / operating income.

(2) Financial leverage = operating income / (operating income - interest expenses).

(II) Financial Analysis - R.O.C. Financial Accounting Standards: The Company has adopted IFRSs since 2014 for the preparation of its financial statements; therefore, they are not applicable.

III. Audit committee's review report on the latest annual financial report

Bora Pharmaceuticals Co., Ltd.
Audit Committee’s Review Report

The board of directors has submitted the Company's 2023 Financial Statements and Consolidated Financial Statements, and they have been audited by certified public accountants, Hung, Kuo Sen and Lin, Li Huang of Ernst & Young, Taiwan. Together with the Business Report and Profit Distribution Proposal, they have been reviewed by the Audit Committee and no non-compliance have been found. A report is hereby submitted in accordance with Article 219 of the Company Act.

Sincerely,

Bora Pharmaceuticals Co., Ltd. 2024 Annual General Shareholders' Meeting

Audit Committee convener: Lai Ming-Jung

March 7, 2024

IV. Consolidated financial statements for the most recent year audited by a certified public accountant

Independent Auditors' Report

To BORA PHARMACEUTICALS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") and its subsidiaries (together the "Group") as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. 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.

Valuation for inventories

As of 31 December 2023, the Group's net inventories amounted to NT$2,156,134 thousand, and constituted 9% of total consolidated assets, which were material to the consolidated financial statements. Considering the market demand and possible sales, management evaluated the obsolescence of raw materials, work in progress, and semi-finished goods by inventories aging.

Since the expiration date would affect sales of inventories, management evaluated the obsolescence of merchandise inventories and finished goods based on the expiration date of the goods. Due to the complexity in calculating the net realizable value of inventories, we therefore determined allowance for inventories valuation losses as a key audit matter.

Our audit procedures included, but were not limited to, the following: understanding and testing the effectiveness of internal controls over inventories established by management; assessing the net realizable value used for valuation estimated by management, including testing the accuracy of inventories aging and expiration date on a sampling basis, observing the physical count to confirm the quantity and status of inventories, and analyzing inventories movement; considering the market demand and evaluating the analysis and assessment of slow-moving and obsolete inventories made by management, including the possibility of the sales of inventories and the net realizable value estimations; and recalculating the allowance for inventories valuation loss. We also considered the appropriateness of the disclosure of inventories in Notes V and VI to the consolidated financial statements.

Revenue Recognition

For the year ended 31 December 2023, the Group recognized NT$14,200,068 thousand as revenues, mainly coming from toll manufacturing, rendering services, prescription drug distribution and sales of consumer healthcare products. As timing of revenue recognition varies among contract terms with customers, which involved management's significant judgment, we have determined this as a key audit matter.

Our audit procedures included, but were not limited to, the following: evaluating the appropriateness of the management's accounting policies for revenue recognition; understanding the transaction processes for revenue recognition when fulfilling identified performance obligations; evaluating and testing the effectiveness of the design and implementation of internal controls over the timing of revenue recognition when fulfilling performance obligations; performing analytical procedures for the top ten clients; selecting samples to perform test of details to confirm the appropriateness of the timing of revenue recognition when fulfilling performance obligations; performing revenue cut-off testing for a period before and after the balance sheet date by tracing to relevant supporting documents to verify that revenue has been recognized in correct periods; investigating and understanding the cause and nature of significant sales returns for a period after the balance sheet date; and conducting journal entries testing. We also evaluated the disclosures of revenue recognition. Please refer to Notes IV and VI to the consolidated financial statements.

Business Combination

On November 1, 2023 (the "acquisition date"), in accordance with the Enterprise Mergers and Acquisitions Law and other relevant laws, the Group acquired the shares of SunWay Biotech Co., LTD. and obtained the control over SunWay Biotech Co., LTD. by exchange the shares of Bora Health Inc. This transaction accounts for a reverse acquisition according to the International Finance Reporting standards. We have determined the transaction as a key audit matter as this transaction accounts for a reverse acquisition and the transaction amount of business combinations is significant, which involved the identification of merger and acquisition transaction.

Our audit procedures included, but were not limited to, the following: obtaining agreements for share exchanges, evaluating the reasonableness of acquisition consideration under business combination and the fair value of identifiable net assets through business combination, confirming the acquisition date and related accounting treatments. We also evaluated the appropriateness of the disclosures of business combination. Please refer to Notes IV and VI to the consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's 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 auditor's 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 auditing standards generally

accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries 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 consolidated financial statements for year ended 31 December 2023 and are therefore the key audit matters. We describe these matters in our auditor's 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Hung, Kuo Sen

Chen, Ming Hung

Ernst & Young, Taiwan

7 March 2024

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the consolidated financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	31 December 2023		31 December 2022	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	IV&VI.1	$3,053,294	12	$3,281,319	15
Financial assets measured at fair value through profit or loss, current	IV&VI.2	-	-	14	-
Financial assets at amortized cost, current	IV&VI.4&VIII	342,627	1	247,617	1
Contract assets, current	IV&VI.23	15,111	-	35,197	-
Notes receivable, net	IV&VI.5.24	54,323	-	36,900	-
Accounts receivable, net	IV&VI.6.24	3,890,584	16	6,028,343	27
Accounts receivable-related parties, net	IV&VI.6.24&VII	68,290	-	19,707	-
Other receivables		82,614	-	286,376	1
Inventories, net	IV&VI.7	2,156,134	9	1,946,818	9
Prepayments	VI.8	801,425	3	291,419	1
Other current assets	VI.9	138,626	1	67,096	-
Total current assets		10,603,028	42	12,240,806	54
Non-current assets					
Financial assets measured at fair value through profit or loss, non-current	IV&VI.2	-	-	2,336	-
Financial assets measured at fair value through other comprehensive income, non-current	IV&VI.3	7,758	-	-	-
Financial assets measured at amortized cost, non-current	IV&VI.4&VIII	13,500	-	62,027	-
Property, plant and equipment	IV&VI.10&VIII	6,649,994	27	6,645,112	29
Right-of-use assets	IV&VI.25	842,586	3	655,196	3
Investment properties, net	IV&VI.11&VIII	17,018	-	17,626	-
Intangible assets	IV&VI.12.13	5,595,670	22	2,147,431	10
Deferred tax assets	IV&VI.29	1,044,615	5	829,636	4
Prepayment for equipments		149,991	1	37,803	-
Refundable deposits		44,111	-	38,298	-
Other non-current assets		83,734	-	84,944	-
Total non-current assets		14,448,977	58	10,520,409	46
Total assets		$25,052,005	100	$22,761,215	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	31 December 2023		31 December 2022	
Current liabilities					
Short-term loans	VI.14	$767,508	3	$2,161,065	9
Financial liabilities measured at fair value through profit or loss, current	IV&VI.15	1,584,841	6	695,476	3
Contract liabilities, current	IV&VI.23	224,597	1	85,692	-
Notes payable		18,845	-	2,856	-
Accounts payable		361,605	1	426,851	2
Accounts payable-related party	VII	-	-	25,031	-
Other payables	VI.16	1,526,752	6	3,891,975	17
Other payables-related party		-	-	1,129	-
Income tax payable	IV&VI.29	987,430	4	238,651	1
Provisions, current	IV&VI.20	144,523	1	134,381	1
Lease liabilities, current	IV&VI.25	106,039	1	75,307	-
Current portion of long-term loans	VI.18	630,502	3	725,627	3
Refund liabilities	IV&VI.23	1,866,901	7	2,023,565	9
Other current liabilities		9,518	-	7,917	-
Total current liabilities		8,229,061	33	10,495,523	45
Non-current liabilities					
Financial liabilities measured at fair value through profit or loss, non-current	IV&VI.15	359,604	1	928,206	4
Contract liabilities, non-current	IV&VI.23	-	-	4,184	-
Bonds payable	IV&VI.17	1,538,361	6	642,363	3
Long-term loans	VI.18	1,185,260	5	3,394,474	15
Provisions, non-current	IV&VI.20	216,805	1	341,716	2
Deferred tax liabilities	IV&VI.29	701,736	3	742,848	3
Lease liabilities, non-current	IV&VI.25	763,333	3	596,879	3
Other non-current liabilities		292,034	1	474,566	2
Total non-current liabilities		5,057,133	20	7,125,236	32
Total liabilities		13,286,194	53	17,620,759	77
Equity attributable to the parent company	VI.17.21				
Capital					
Common stock		1,014,128	4	753,815	3
Advance receipts for ordinary share		853	-	3,107	-
Capital surplus		3,318,350	13	1,236,380	6
Retained earnings					
Legal reserve		355,501	1	216,436	1
Special reserve		-	-	23,919	-
Unappropriated earnings		4,373,116	18	2,308,664	10
Subtotal		4,728,617	19	2,549,019	11
Other equity		73,807	-	39,093	-
Treasury stock		(50,968)	-	(53,092)	-
Equity attributable to shareholders of the parent		9,084,787	36	4,528,322	20
Non-controlling interests	VI.21	2,681,024	11	612,134	3
Total equity		11,765,811	47	5,140,456	23
Total liabilities and equity		$25,052,005	100	$22,761,215	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEEMENTS OF COMPREHENSIVE INCOME

Unit: Thousands of New Taiwan Dollars

	Notes	For the year ended 31 December 2023		For the year ended 31 December 2022	
Operating revenue	IV&VI.23&VII	$14,200,068	100	$10,494,470	100
Operating costs	VI.7.24.25&VII	(7,208,830)	(51)	(7,581,695)	(72)
Gross profit		6,991,238	49	2,912,775	28
Operating expenses					
Sales and marketing expenses	VI.22.24.25.26&VII	(447,093)	(3)	(260,115)	(2)
General and administrative expenses		(996,846)	(7)	(601,406)	(6)
Research and development expenses		(298,160)	(2)	(129,078)	(1)
Total operating expenses		(1,742,099)	(12)	(990,599)	(9)
Operating income		5,249,139	37	1,922,176	19
Non-operating income and expenses	VI.27				
Other revenue		93,392	1	30,684	-
Other gains and losses		(1,107,146)	(8)	(4,132)	-
Financial costs		(171,239)	(1)	(108,727)	(1)
Total non-operating income and expenses		(1,184,993)	(8)	(82,175)	(1)
Net income before income tax		4,064,146	29	1,840,001	18
Income tax expense	IV&VI.29	(992,225)	(7)	(438,476)	(4)
Net income		3,071,921	22	1,401,525	14
Other comprehensive income	IV&VI.28.29				
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains or losses on remeasurements of defined benefit plans		(8,681)	-	5,399	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		2,489	-	(1,430)	-
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translation foreign operations		50,758	-	73,805	1
Income tax related to items to be reclassified subsequently to profit or loss		(10,287)	-	(14,761)	-
Total other comprehensive income, net of tax		34,279	-	63,013	1
Total comprehensive income		$3,106,200	22	$1,464,538	15
Net income attributable to:					
Stockholders of the parent		$3,030,142		$1,391,916	
Non-controlling interests		$41,779		$9,609	
Comprehensive income attributable to:					
Stockholders of the parent		$3,064,856		$1,454,929	
Non-controlling interests		$41,344		$9,609	
Earnings per share (NTD)	IV&VI.30				
Earnings per share-basic		$30.20		$14.26	
Earnings per share-diluted		$29.39		$14.13	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unit: Thousands of New Taiwan Dollars

Items	Equity attributable to shareholders of the parent											Non-controlling interests	Total equity
	Capital		Capital surplus	Retained earnings			Other equity			Treasury stock	Total		
	Common stock	Advance receipts for ordinary share		Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translation of foreign operations	Unrealized (loss) on financial assets at fair value through other comprehensive income	Gains or losses on remeasurements of defined benefit plans				
Balance as of 1 January 2022	$684,123	$660	$1,025,985	$141,462	$4,900	$1,319,331	$(23,555)	$(4,900)	$4,535	$-	$3,152,541	$-	$3,152,541
Appropriation and distribution of 2021 retained earning													
Legal reserve	-	-	-	74,974	-	(74,974)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	19,019	(19,019)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(238,802)	-	-	-	-	(238,802)	-	(238,802)
Stock dividends	68,522	-	-	-	-	(68,522)	-	-	-	-	-	-	-
Issuance of convertible bonds	-	-	94,679	-	-	-	-	-	-	-	94,679	-	94,679
Net income for the year ended 31 December 2022	-	-	-	-	-	1,391,916	-	-	-	-	1,391,916	9,609	1,401,525
Other comprehensive income for the year ended 31 December 2022	-	-	-	-	-	15	59,044	-	3,969	-	63,028	-	63,028
Total comprehensive income	-	-	-	-	-	1,391,931	59,044	-	3,969	-	1,454,944	9,609	1,464,553
Conversion of convertible bonds	-	3,067	80,403	-	-	-	-	-	-	-	83,470	-	83,470
Treasury stock purchases	-	-	-	-	-	-	-	-	-	(53,092)	(53,092)	-	(53,092)
Share-based payment transactions-exercise of stock option	510	40	3,346	-	-	-	-	-	-	-	3,896	-	3,896
Share-based payment transactions-stock based compensation	-	-	29,790	-	-	-	-	-	-	-	29,790	2,036	31,826
Share-based payment transactions-conversion of stock option	660	(660)	-	-	-	-	-	-	-	-	-	-	-
Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	2,177	-	-	-	-	-	-	-	2,177	21,823	24,000
Adjustment to share of changes in equities of subsidiaries	-	-	-	-	-	(1,281)	-	-	-	-	(1,281)	578,666	577,385
Balance as of 31 December 2022	$753,815	$3,107	$1,236,380	$216,436	$23,919	$2,308,664	$35,489	($4,900)	$8,504	$(53,092)	$4,528,322	$612,134	$5,140,456
Balance as of 1 January 2023	$753,815	$3,107	$1,236,380	$216,436	$23,919	$2,308,664	$35,489	($4,900)	$8,504	$(53,092)	4,528,322	$612,134	5,140,456
Appropriation and distribution of 2022 retained earnings													
Legal reserve	-	-	-	139,065	-	(139,065)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(619,134)	-	-	-	-	(619,134)	-	(619,134)
Stock dividends	231,410	-	-	-	-	(231,410)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(23,919)	23,919	-	-	-	-	-	-	-
Issuance of convertible bonds	-	-	392,062	-	-	-	-	-	-	-	392,062	-	392,062
Net income for the year ended 31 December 2023	-	-	-	-	-	3,030,142	-	-	-	-	3,030,142	41,779	3,071,921
Other comprehensive income for the year ended 31 December 2023	-	-	-	-	-	-	40,906	-	(6,192)	-	34,714	(435)	34,279
Total comprehensive income	-	-	-	-	-	3,030,142	40,906	-	(6,192)	-	3,064,856	41,344	3,106,200
Conversion of convertible bonds	27,863	(3,064)	644,607	-	-	-	-	-	-	-	669,406	-	669,406
Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	872,616	-	-	-	-	-	-	-	872,616	1,993,616	2,866,232
Adjustment to share of changes in equities of subsidiaries	-	-	47,125	-	-	-	-	-	-	-	47,125	29,375	76,500
Share-based payment transactions-exercise of stock option	1,000	850	24,594	-	-	-	-	-	-	-	26,444	-	26,444
Share-based payment transactions-stock based compensation	-	-	95,598	-	-	-	-	-	-	-	95,598	7,215	102,813
Share-based payment transactions-conversion of stock option	40	(40)	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,660)	(2,660)
Other-treasury shares sold to employees	-	-	5,368	-	-	-	-	-	-	2,124	7,492	-	7,492
Balance as of 31 December 2023	$1,014,128	$853	$3,318,350	$355,501	$-	$4,373,116	$76,395	($4,900)	$2,312	($50,968)	$9,084,787	$2,681,024	$11,765,811

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unit: Thousands of New Taiwan Dollars

Items	For the year ended 31 December 2023	For the year ended 31 December 2022	Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before income tax	$4,064,146	$1,840,001	Proceeds from disposal of financial assets measured at amortized cost	53,648	323,981
Adjustments for:			Acquisition of financial assets measured at amortized cost	(95,351)	-
Income and expense adjustments:			Acquisition of subsidiary (net of cash acquired)	(1,288,413)	(4,514,398)
Depreciation	420,088	258,774	Proceeds from disposal of subsidiary	-	24,000
Amortization	186,198	66,412	Acquisition of property, plant and equipment	(256,300)	(187,760)
Net loss on financial assets or liabilities measured at fair value through profit or loss	1,044,183	47,787	Proceeds from disposal of property, plant and equipment	3,372	37,953
Interest expense	171,239	108,727	Increase in refundable deposits	-	(10,805)
Interest income	(62,954)	(11,364)	Decrease in refundable deposits	3,375	-
Share-based payment expenses	102,813	31,826	Decrease in other receivables	-	73,005
Loss on disposal of property, plant and equipment	4,997	2,357	Acquisition of intangible assets	(1,132,481)	(5,410)
Gains on disposal of other assets	-	1,023	Net cash inflows from business combination	288,423	-
Others	8,398	16,607	Other non-current assets	7,547	(14,712)
Total income and expense adjustments:	1,874,962	522,149	Increase in prepayment for equipments	(41,405)	(7,045)
			Net cash used in investing activities	(2,457,585)	(4,281,191)
Changes in operating assets and liabilities:					
Contract assets	20,086	(35,197)	Cash flows from financing activities:		
Notes receivable, net	(17,423)	(12,575)	Increase in short-term loans	-	772,328
Notes receivable-related party, net	-	2,233	Decrease in short-term loans	(1,397,782)	-
Accounts receivable, net	2,138,609	(1,469,620)	Issuance of convertible bonds	2,023,360	844,998
Accounts receivable-related parties, net	(1,419)	(4,002)	Proceeds from long-term borrowings	2,781,000	4,709,273
Other receivables	8,045	(37,655)	Repayment of long-term loans	(5,101,136)	(1,878,472)
Inventories, net	(124,499)	99,389	Repayment of the principal of lease liabilities	(74,747)	(37,227)
Prepayments	(9,210)	(106,166)	Increase in other non-current liabilities	-	557
Other current assets	(71,203)	(35,302)	Decrease in other non-current liabilities	(3,119)	-
Contract liabilities	134,721	(11,774)	Cash dividends	(619,134)	(238,802)
Notes payable	1,852	2,057	Employee stock options exercised	26,444	3,896
Notes payable-related party	-	(7,596)	Treasury stock purchases	-	(53,092)
Accounts payable	(65,844)	94,802	Treasury shares sold to employees	7,492	-
Accounts payable-related party	(25,031)	12,366	Interest paid	(156,006)	(105,040)
Other payables	(2,185,681)	1,447,498	Net change of non-controlling interests	73,405	576,381
Refund liabilities	(156,664)	163,338	Net cash (used in) provided by financing activities	(2,440,223)	4,594,800
Provisions	(139,197)	(103,532)			
Other current liabilities	923	6,044	Effect of exchange rate changes on cash and cash equivalents	56,126	46,887
Cash generated from operations	5,447,173	2,366,458			
Interest received	62,954	11,364	Net (decrease) increase in cash and cash equivalents	(228,025)	2,370,570
Income tax paid	(896,470)	(367,748)	Cash and cash equivalents at beginning of period	3,281,319	910,749
Net cash provided by operating activities	4,613,657	2,010,074	Cash and cash equivalents at end of period	$3,053,294	$3,281,319

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2023 and 2022

(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

I. History and Organization

1. BORA PHARMACEUTICALS CO., LTD. ("the Company") was incorporated in Republic of China ("R.O.C.") on 12 June 2007, for which the Company's initial name 'Bora International Co., LTD.' was used until it was renamed in June 2013. The Company's initial registered office and principal place of business was of Sing'ai Rd., Neihu Dist., Taipei City, Republic of China (R.O.C.), and then relocated to 6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu District, Taipei City, Republic of China (R.O.C.) on 2 February 2021. The main activities of the Company focus on manufacturing and selling generic, brand, and over-the-counter (OTC) drugs, contract development and manufacturing (CDMO). The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on 19 December 2023.

II. The Authorization of Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 7 March 2024.

III. Application of New and Revised International Financial Reporting Standards

1. The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The standards and interpretations have no material impact on the Group.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "*Consolidated Financial Statements*" and IAS 28 "*Investments in Associates and Joint Ventures*" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "*Insurance Contracts*"	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10 "*Consolidated Financial Statements*" and IAS 28 "*Investments in Associates and Joint Ventures*" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 "*Consolidated Financial Statements*" and IAS 28 "*Investments in Associates and Joint Ventures*", in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "*Insurance Contracts*"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's consolidated financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no significant impact on the Group.

IV. Summary of Significant Accounting Policies

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRSs").

2. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

3. Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. activities of the investee;
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. the contractual arrangement with the other vote holders of the investee;
b. rights arising from other contractual arrangement;
c. the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Group, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:
a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
b. derecognizes the carrying amount of any non-controlling interest;
c. recognizes the fair value of the consideration received;
d. recognizes the fair value of any investment retained;
e. recognizes any surplus or deficit in profit or loss; and
f. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are as follows:

Investor	Subsidiary	Major business	Percentage of Ownership 31 December 2023	Percentage of Ownership 31 December 2022
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	-% (Note 1)	100%
The Company	Bora Health Inc.	Pharmaceutical wholesale and healthcare product wholesale	-% (Note 2)	90.44%
The Company	Bora Pharmaceutical Laboratories Inc.	Pharmaceutical contract development and manufacturing	100%	100%
The Company	Bora Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%
The Company	Bora Pharmaceutical Services Inc.	Pharmaceutical contract development and manufacturing	50%	50%
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Pharmaceutical contract development and manufacturing	50%	50%
The Company	Bora Management Consulting Co., Ltd.	Management & consulting	100%	100%
The Company	Bora Biologics Co., Ltd.	Biotechnical services, research and development services and pharmaceutical manufacturing	65.7%	65.7%
The Company	Bora Pharmaceutical and Consumer Health Inc.	Biotechnical research and management and consulting	100%	100%
The Company	TWi Pharmaceuticals, Inc.	Pharmaceutical manufacturing and wholesale	100%	100%
The Company	SunWay Biotech Co., LTD.	Healthcare product research and development and manufacturing and sales	35.79% (Note 2) (Note 4)	-%
TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Pharmaceutical manufacturing and sales	-% (Note 3)	98.64%
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Pharmaceutical manufacturing and sales	98.85% (Note 3)	-%
SunWay Biotech Co., LTD.	Sunway Group Holding Limited	Investment	100% (Note 2)	-%
SunWay Biotech Co., LTD.	Chen Run Marketing Co., Ltd	Healthcare product sales	51% (Note 2)	-%
SunWay Biotech Co., LTD.	Bora Health Inc.	Pharmaceutical and Healthcare product wholesale	100% (Note 2)	-%
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	100% (Note 1)	-%
Sunway Group Holding Limited	Sunway Investment (H.K.) Limited	Investing	100% (Note 2)	-%
Sunway Investment (H.K.) Limited	Sunway (Dongguan) Biotech Co., LTD.	Healthcare product wholesale and sales	100% (Note 2)	-%

Note 1: For the Group's future strategic integrations and the full utilization of Group resources, the Company sold all the shares of Union Chemical & Pharmaceutical Co., Ltd. to Bora Health Inc. in July 2023.

Note 2: In order to enhance the efficiency of research and development as well as expand the portfolio of health care products, the Company's board of directors resolved on August 21, 2023, to acquire 35.79% of equity interests of SunWay Biotech Co., LTD. in exchange for all the Company's equity interest of Bora Health Inc. Upon the completion of share conversion effective on November 1, 2023, the Company obtained the control over SunWay Biotech Co., LTD. and its subsidiaries. and they have been included in the consolidated financial statements.

Note 3: Due to the Group's future strategic integrations and the full utilization of Group resources, Bora Pharmaceutical Laboratories Inc. was authorized by the board of directors' meeting to acquire all the shares of Bora Pharmaceuticals Ophthalmic Inc. owned by TWi Pharmaceuticals, Inc. since July 2023.

Note 4: The Company holds less than 50% of the voting rights of SunWay Biotech Co., LTD. but still has control over it because the Company is the single largest shareholder of SunWay Biotech Co., LTD. since the acquisition date while the other shareholders are relatively dispersed. As the Company has the ability to dominate major relevant activities of SunWay Biotech Co., LTD., SunWay Biotech Co., LTD. becomes one of the Company's subsidiary accordingly.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Group's functional currency. Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or partial disposal of an interest in an associate that includes a foreign operation is financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) 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 the issue of equity instruments do not affect its classification.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *"Financial Instruments"* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: recognition and measurement

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

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivables, accounts receivables and other receivables etc., on balance sheet as of the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:
A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:
A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note XII for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:
A. The rights to receive cash flows from the asset have expired
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss. A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

11. Inventories, net

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted average basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are calculated on a weighted average basis.

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

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment"*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～50 years
Machinery and equipment	2～25 years
Transportation equipment	5～13 years
Office equipment	2～17 years
Leasehold improvements	2～25 years
Other equipment	2～19 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

13. Investment property, net

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

14. Leases

The Group assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

15. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
(b) Its intention to complete and its ability to use or sell the asset
(c) How the asset will generate future economic benefits
(d) The availability of resources to complete the asset
(e) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies information applied to the Group's intangible assets is as follows:

Category	Useful lives	Amortization methods
Trademark	10 years	Straight line method
Patent	9 to 20 years	Straight line method
Product distribution	5 to 13 years	Straight line method
Computer software	1 to 7 years	Straight line method
Drug license	2 to 16 years	Straight line method
Customer relations	12 years	Straight line method
Other intangible assets	2 to 10 years	Straight line method

16. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

17. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for onerous contracts

Provisions for onerous contracts are estimated based on past experiences and other known factors.

Provisions for employee benefits

Provisions for employee benefits are recognized for employees' cumulative and unused benefits obligations at the reporting days.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

18. Treasury stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

19. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and CDMO services. The accounting policies are explained as follow:

Sale of goods (Commercial Sales)

Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is prescription drugs, generic drugs, and consumer healthcare products. Revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, the Group makes estimates of the net sales price, including estimates of variable consideration to be incurred on the respective product sales which includes volume discounts and sales discount (known as "Gross to Net" adjustments). Estimating gross to net adjustments and applying the constraint on variable consideration requires the use of significant management judgment, historical trends and other market data. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Pursuant to terms of the contract, calculations related to Gross to Net adjustments are estimated based on historical or contract stated information and was recorded as refund liabilities.

The terms of accounts receivable are generally 30 ~180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contracts. However, for some contracts, part of the consideration was received from customers upon signing the contracts, and the Group has the obligation to provide the products subsequently; accordingly, these amounts are recognized as contract liabilities.

Contract liabilities usually are recognized as revenue within one year, thus, no significant financing component arose.

CDMO – Services Revenue

The Group provides biopharmaceutical contract testing and development services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

CDMO – Manufacturing Revenue

The Group provides pharmaceutical drugs manufacturing services, in which the production is based on the terms of the agreements. Sales are recognized at contractual price when control of the goods are transferred to the customers (which is when the customers obtain the ability to prevent others from directing the use of and obtaining the benefits from the goods) and the goods are physically received by the customers in accordance with contract term.

20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

21. Post-employment benefits

All employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

Defined contribution plan for overseas subsidiaries: Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and recognizes as an expenses when the employees have rendered service entitling them to the contribution.

For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations and are determined using the Projected Unit Credit Method. Remeasurement from net defined benefit liability (asset), comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Prior service cost resulting from the change of the present value of defined benefit obligation (assets) due to the amendment or the reduction of pension plan are recognized as expense at earlier of
(a) The amendment or reduction of pension plan or
(b) The Group recognizes restructuring cost or severance benefits.

Net interest on the net defined benefit liability (asset) is determined by the discount rate, contributions, and payments made in the reporting periods.

22. Shared-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

23. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The amendment in "*International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)*" has applied the exception. an exception to the requirements in IAS 12 that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the pillar two income taxes.

24. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at fair value at acquisition date. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition-date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

In a reverse acquisition, the accounting acquirer usually issues no consideration for the acquiree. Instead, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer. Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

In a reverse acquisition, the consolidated financial statements reflect the assets and liabilities of the legal subsidiary (the accounting acquirer) recognized and measured at their pre-combination carrying amounts, and reflect the retained earnings and other equity balances of the legal subsidiary (the accounting acquirer) at their pre-combination carrying amounts. The consolidated financial statements reflect the assets and liabilities of the legal parent (the accounting acquiree) recognized and measured at its fair value, and reflect the retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the

business combination.

V. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Revenue recognition

For certain CDMO contracts with customers, the Group determines if it is acting as a principal or an agent in a contract by considering the indicators of whether it primarily responsible for fulfilling the promise to provide the goods or service, it bears inventory risk before or after transfer of control to the customers, it has the discretion to establish prices. The assessment of principal/agent arrangement would affect the Group's recognition of revenue.

(b) Operating lease commitment－group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) Reverse acquisition

The Company acquired 21,257,000 shares of SunWay Biotech Co., LTD. (share interest of 35.79%, approximately) in exchange of all the Company's equity interest of Bora Health Inc. and has obtained control over SunWay Biotech Co., LTD. and its subsidiaries. Because SunWay Biotech Co., LTD. and Bora Health Inc. were not under common control before the share exchange, when SunWay Biotech Co., LTD. and Bora Health Inc. determine the accounting acquirer, they should make a consistent judgment as the parent company of SunWay Biotech Co., LTD. Therefore, the share exchange transaction was account for a reverse acquisition, under which Bora Health Inc. is identified as the accounting acquirer, and accordingly, SunWay Biotech Co., LTD. is identified as legal acquiree in accordance with IFRS 3.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

(b) Revenue recognition－sales returns and discounts

The Group estimates sales returns and discounts based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note VI for more details.

(c) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(d) Accounts receivable–estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

(e) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note VI.

(f) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the discount rate, changes of the future salary, trend rate, claim cost, etc.

(g) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note VI.

(h) Goodwill assessment arising from business combinations

The Group assessed the goodwill acquired through business combinations by identifying and allocating assets, liabilities and goodwill to related cash-generating unit at the date of acquisition based on an external specialist report which involving multiple assumptions in financial models, parameter inputs, and relevant accounting estimates. Please refer to Note VI for more details for the assumption that might have significant impact for the recognition of goodwill

(i) Fair value measurement of contingent consideration

Contingent consideration, resulting from business combinations, is valued at the fair value at acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

VI. Details of Significant Accounts

1. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	$1,034	$871
Checking accounts and demand deposits	2,902,260	3,280,448
Time deposits	150,000	-
Total	$3,053,294	$3,281,319

2. Financial assets measured at fair value through profit or loss

	31 December 2023	31 December 2022
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments:		
Forward foreign exchange agreements	$-	$14
Embedded derivative:		
Right of redemption of convertible bonds	-	2,336
Total	$-	2,350
Current	$-	$14
Non-current	$-	$2,336

The Group has no financial assets measured at fair value through profit or loss, pledged to others.

3. Financial assets at fair value through other comprehensive income

	31 December 2023	31 December 2022
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Stocks – private entity	$7,758	$-

The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income and none were pledged.

4. Financial assets at amortized cost

	31 December 2023	31 December 2022
Time deposits	$334,951	$76,775
Restricted deposits	21,176	232,869
Total	$356,127	$309,644
Current	$342,627	$247,617
Non-current	$13,500	$62,027

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI.24 for more details on credit loss, Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk management.

5. Notes receivable, net

	31 December 2023	31 December 2022
Notes receivable from operation, gross	$54,323	$36,900
Less: loss allowance	-	-
Subtotal	54,323	36,900
Notes receivable from related party, gross	-	-
Less: loss allowance	-	-
Subtotal	-	-
Total	$54,323	$36,900

Notes receivable were not overdue and not pledged. The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.24 for more details on credit loss and Note XII for details on credit risk management.

6. Accounts receivable

	31 December 2023	31 December 2022
Accounts receivables, gross	$3,907,992	$6,038,657
Less: loss allowance	(17,408)	(10,314)
Subtotal	3,890,584	6,028,343
Accounts receivable from related party, gross	68,290	19,707
Less: loss allowance	-	-
Subtotal	68,290	19,707
Total	$3,958,874	$6,048,050

(1) Accounts receivable were not pledged.

(2) The terms of accounts receivable are generally on 30 to 180 days. The total carrying amount as of 31 December 2023 and 2022 are NT$3,976,282 thousand and NT$6,058,364 thousand, respectively. Please refer to Note VI.24 for more details on credit loss of accounts receivable as of 31 December 2023 and 2022. Please refer to Note XII for more details on credit risk management.

7. Inventories, net

(1) Details on net inventories are as follows:

	31 December 2023	31 December 2022
Raw materials	$961,801	$810,560
Supplies and spares parts	113,986	154,196
Work in progress	100,390	46,080
Semi-finished goods	303,814	343,926
Finished goods	576,456	500,178
Merchandise	99,687	91,878
Total	$2,156,134	$1,946,818

(2) Details on operating costs recognized as expense are as follows:

	For the years ended 31 December	
	2023	2022
Cost of goods sold	$7,104,316	$7,516,909
Inventories (overage) shortage	(838)	5,876
Loss on valuation of inventories	105,352	58,910
Total	$7,208,830	$7,581,695

(3) The cost of inventories recognized in operating costs amounted to NT$7,208,830 thousand and NT$7,581,695 thousand for the years ended 31 December 2023 and 2022, respectively, including the loss on valuation of inventories of NT$105,352 thousand and NT$58,910 thousand, respectively.

(4) No inventories were pledged.

8. Prepayments

	31 December 2023	31 December 2022
Advances to vendors	$115,595	$44,488
Prepaid insurance	19,426	9,544
Prepaid rent	1,009	904
Prepaid inspection fee	48,668	32,970
Prepaid business tax	37,858	136,868
Prepaid income tax	499,138	4,465
Others	79,731	62,180
Total	$801,425	$291,419

9. Other current assets

	31 December 2023	31 December 2022
Payment on behalf of others (Note)	$91,831	$51,593
Temporary payments	5,276	4,435
Others	41,519	11,068
Total	$138,626	$67,096

Note: Payment on behalf of others is mainly the payments for the purchases of materials on behalf of the Group's CDMO clients.

10. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:									
1 January 2023	$3,397,207	$1,905,066	$2,321,376	$2,751	$63,351	$205,288	$65,894	$76,723	$8,037,656
Addition	-	39,856	109,356	-	3,536	14,933	8,527	89,548	265,756
Acquisitions through business combinations	-	-	97,561	481	1,550	23,193	-	31,902	154,687
Disposals	-	(37,302)	(169,643)	-	(863)	-	(2,980)	-	(210,788)
Reclassification	-	22,396	45,573	-	(13,134)	8,397	15,417	(83,898)	(5,249)
Exchange differences	26,816	14,502	11,809	-	158	-	-	1,563	54,848
31 December 2023	$3,424,023	$1,944,518	$2,416,032	$3,232	$54,598	$251,811	$86,858	$115,838	$8,296,910
1 January 2022	$1,983,704	$1,392,590	$776,695	$570	$9,286	$-	$82,522	$11,725	$4,257,092
Addition	-	18,054	89,237	630	12,089	6,851	5,847	55,052	187,760
Acquisitions through business combinations	1,360,377	468,510	1,553,171	1,551	42,123	198,512	6,406	10,369	3,641,019
Disposals	-	(11,827)	(146,465)	-	(223)	(75)	(358)	-	(158,948)
Reclassification	-	9,196	27,013	-	-	-	(28,523)	(462)	7,224
Exchange differences	53,126	28,543	21,725	-	76	-	-	39	103,509
31 December 2022	$3,397,207	$1,905,066	$2,321,376	$2,751	$63,351	$205,288	$65,894	$76,723	$8,037,656
Depreciation and impairment:									
1 January 2023	$-	$406,660	$898,878	$1,269	$34,111	$15,021	$36,605	$-	$1,392,544
Depreciation	-	81,304	232,206	226	6,438	13,205	7,684	-	341,063
Acquisitions through business combinations	-	-	86,248	441	1,525	23,193	-	-	111,407
Disposals	-	(31,447)	(167,188)	-	(863)	-	(2,921)	-	(202,419)
Reclassification	-	-	-	-	(12,140)	-	12,140	-	-
Exchange differences	-	944	3,368	-	9	-	-	-	4,321
31 December 2023	$-	$457,461	$1,053,512	$1,936	$29,080	$51,419	$53,508	$-	$1,646,916
1 January 2022	$-	$164,447	$270,723	$478	$4,122	$-	$67,341	$-	$507,111
Depreciation	-	63,086	141,223	70	3,864	5,609	5,774	-	219,626
Acquisitions through business combinations	-	189,768	554,657	721	26,242	9,429	-	-	780,817
Disposals	-	(11,800)	(106,335)	-	(223)	(17)	(263)	-	(118,638)
Reclassification	-	452	36,247	-	-	-	(36,247)	-	452
Exchange differences	-	707	2,363	-	106	-	-	-	3,176
31 December 2022	$-	$406,660	$898,878	$1,269	$34,111	$15,021	$36,605	$-	$1,392,544

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Net carrying amount as at:									
31 December 2023	$3,424,023	$1,487,057	$1,362,520	$1,296	$25,518	$200,392	$33,350	$115,838	$6,649,994
31 December 2022	$3,397,207	$1,498,406	$1,422,498	$1,482	$29,240	$190,267	$29,289	$76,723	$6,645,112

(1) Buildings primarily include building structure, relevant constructions (such as air conditioning units and electrical machinery), which are depreciated over 20 to 50 years and 8 to 10 years, respectively.
(2) Interests were not capitalized for the years ended 31 December 2023 and 2022.
(3) Please refer to Note VIII for more details on pledges of property, plant, and equipment.
(4) Please refer to Note VI.11 for the investment properties disclosure for the building acquired by the Group in 2019 for business operation which partial is for lease while the remaining portion is owner-occupied. Leasing portion were recognized as investment properties.

11. Investment properties

The Group's owns investment properties. The Group has entered into several commercial property leases on its owned investment properties with lease terms approximately between three to nine years which include a clause for annual rate adjustment to reflect the change in market conditions.

	Buildings
Cost:	
1 January 2023	$19,449
Additions	-
31 December 2023	$19,449
1 January 2022	$26,673
Reclassification	(7,224)
31 December 2022	$19,449
Depreciation and impairment:	
1 January 2023	$1,823
Depreciation	608
31 December 2023	$2,431
1 January 2022	$1,667
Reclassification	(452)
Depreciation	608
31 December 2022	$1,823
Net carrying amount as of:	
31 December 2023	$17,018
31 December 2022	$17,626

	2023	2022
Net income from investment properties	$4,690	$6,294

Please refer to Note VIII for more details on investment properties under pledge.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is NT$53,094 thousand and NT$54,405 thousand as of 31 December 2023 and 2022, respectively. The fair value has been determined based on valuations performed by an independent appraiser. The valuation methods applied are the income approach and comparison approach, and the related inputs are as follows:

Income approach:

	31 December 2023	31 December 2022
Net income margin	$110,741	$110,269
Capitalization rate	2.11%	2.07%

Comparison approach:

	31 December 2023	31 December 2022
Regional factors	98%-100%	100%
Individual factors	89%-91%	90%-94%

12. Intangible assets

	Trademark	Patent	Product distribution	Goodwill	Software	Drug License	Customers Relationship	Others	Total
Cost:									
1 January 2023	$-	$-	$250,366	$983,585	$228,945	$1,009,383	$-	$64,827	$2,537,106
Addition	-	-	-	-	9,326	1,244,969	-	-	1,254,295
Acquisitions through business combinations	$5,296	275,396	-	1,797,803	2,061	-	321,000	7,689	2,409,245
Disposals	-	-	(25,922)	-	(519)	-	-	-	(26,441)
Reclassification	-	-	-	-	5,249	-	-	-	5,249
Exchange differences	-	-	-	-	4,132	-	-	-	4,132
31 December 2023	$5,296	$275,396	$224,444	$2,781,388	$249,194	$2,254,352	$321,000	$72,516	$6,183,586
1 January 2022	$-	$-	$-	$-	$195,510	$-	$-	$36,839	$232,349
Addition	-	-	-	-	4,339	-	-	1,071	5,410
Acquisitions through business combinations	-	-	250,366	983,585	22,131	1,009,383	-	31,679	2,297,144
Disposals	-	-	-	-	(1,235)	-	-	(4,762)	(5,997)
Exchange differences	-	-	-	-	8,200	-	-	-	8,200
31 December 2022	$-	$-	$250,366	$983,585	$228,945	$1,009,383	$-	$64,827	$2,537,106
Amortization and impairment:									
1 January 2023	$-	$-	$248,555	$-	$100,106	$21,417	$-	$19,597	$389,675
Amortization	14	4,101	1,605	-	42,756	106,685	4,458	26,579	186,198
Acquisitions through business combinations	4,543	29,564	-	-	2,031	-	-	832	36,970
Disposals	-	-	(25,922)	-	(519)	-	-	-	(26,441)
Exchange differences	-	-	-	-	1,514	-	-	-	1,514
31 December 2023	$4,557	$33,665	$224,238	$-	$145,888	$128,102	$4,458	$47,008	$587,916
1 January 2022	$-	$-	$-	$-	$41,829	$-	$-	$19,475	$61,304
Amortization	-	-	843	-	39,952	21,417	-	4,200	66,412
Acquisitions through business combinations	-	-	247,712	-	18,764	-	-	-	266,476
Disposals	-	-	-	-	(1,235)	-	-	(4,078)	(5,313)
Exchange differences	-	-	-	-	796	-	-	-	796
31 December 2022	$-	$-	$248,555	$-	$100,106	$21,417	$-	$19,597	$389,675
Net book value:									
31 December 2023	$739	$241,731	$206	$2,781,388	$103,306	$2,126,250	$316,542	$25,508	$5,595,670
31 December 2022	$-	$-	$1,811	$983,585	$128,839	$987,966	$-	$45,230	$2,147,431

Amortization of intangible assets for years ended 31 December are as follows:

	For the years ended 31 December	
Amortization recognized in	2023	2022
Operating costs	$156,967	$55,239
Operating expenses	$29,231	$11,173

In August 2023, the Group acquired six brand drug licenses and related right form a third party in the United States at a total purchase price US$38,500 thousand (NT$1,218,140 thousand, approximately). As of 31 December 2023, US$3,850 thousand (NT$ 121,814 thousand, approximately) was outstanding and recognized as other payables.

13. Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations and licenses with indefinite lives have been allocated to two cash-generating units ("CGU"), which are also reportable operating segments, for impairment testing as follows.

(a) CGU A: CDMO segment; and
(b) CGU B: Commercial Sales segment for pharmaceuticals, generic and healthcare products.

Carrying amount of goodwill allocated to each of the cash-generating units:

	CDMO Segment CGU A	Commercial Sales Segment CGU B	Total
31 December 2023	$928,880	$54,705	$983,585
31 December 2022	$928,880	$54,705	$983,585

CGU A: CDMO segment

This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. As of 31 December 2023, the pre-tax discount rate applied to cash flow projections is 14.80%. As a result of this analysis, management considers there is no impairment loss of goodwill.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:
(a) Gross margin
(b) Discount rates
(c) Raw materials price inflation.
(d) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins: Gross margins are based on historical average gross margins preceding the start of the budget period and adjusted with recent market information. The average gross margin of CGU A: CDMO segment are slightly increased over the forecasted period for anticipated efficiency improvement for the production and industry future trends.

Discount rates: Discount rates reflect the current market assessment of the risks specific to the cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Raw materials price inflation: The estimates are based on the recent prices published by the major material suppliers and the historical material price movement.

Growth rate used to extrapolate cash flows beyond the budget period: Growth rate for CGU A: CDMO segment was calculated based on historical sales data and future industry trends.

Sensitivity to changes in assumptions

Regarding the evaluation of value-in-use of CGU A: CDMO segment, the management believes that it is unlikely the aforementioned assumptions will change would cause the carrying value of CDMO segment significantly exceed its recoverable amount.

14. Short-term loans

	Interest rates (%)	31 December 2023	31 December 2022
Unsecured bank loans	1.2%~2.4%	$767,508	$724,365
Secured bank loans	-	-	1,436,700
Total		$767,508	$2,161,065

The unused available line from short-term loans as of 31 December 2023 and 2022 are NT$5,057,720 thousands and NT$1,961,665 thousands.

Information related to the financial assets measured at amortized cost and property, plant and equipment pledged as collateral for the Group's short-term loans is disclosed in Note VIII.

15.Financial liabilities measured at fair value through profit or loss

	31 December 2023	31 December 2022
Held for trading purpose:		
Derivatives not designated as hedging instruments -		
Forward foreign exchange agreements	$-	$501
Contingent consideration from business combination	1,935,436	1,623,181
Embedded derivatives -		
Put Option on convertible bonds	9,009	-
Total	$1,944,445	$1,623,682
Current	$1,584,841	$695,476
Non-current	$359,604	$928,206

16.Other payables

	31 December 2023	31 December 2022
Investments payable	184,230	$521,538
Salaries payable	106,398	84,399
Employees' and directors' remuneration payable	190,972	94,268
Equipment payable	18,206	8,747
Bonus payable	220,311	208,595
Repair and maintenance payable	122,191	60,136
Professional service fees payable	24,739	54,076
Facility management fees payable	209	4,540
Business tax payable	19,757	74,538
Interests payable	1,230	2,767
Royalty fees payable	305,658	2,565,502
Intangible assets payables	127,426	-
Other payables	205,425	213,998
Total	$1,526,752	$3,893,104

17. Domestic convertible bonds payable

	31 December 2023	31 December 2022
Liability component:		
Principal amount	$1,699,800	$708,000
(Discounts) on convertible bonds payable	(161,439)	(65,637)
Subtotal	1,538,361	642,363
Less: current portion	-	-
Net	$1,538,361	$642,363
Embedded derivative (shown as "Financial (liabilities) assets measured at fair value through profit or loss, non-current)	$(9,009)	$2,336
Equity component (shown as "Capital Surplus, net of tax)	$392,017	$83,791

Please refer to Note VII.27 for more details on the evaluation of gain and loss of embedded derivatives and the interest expenses of the domestic convertible bonds payable.

On 28 September 2022, the Company issued 2nd zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$800,000 thousand

Period: 28 September 2022 ~ 28 September 2027

Important redemption clauses:

a. If the closing price of the Company's common shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days is above than the conversion price by 30%, the Company may redeem the bonds at the price of the bond's part value within 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date.
b. The Company may redeem the bonds at the price of the bond's part value within 30 days during the period from the date after three months of the bonds issue to 40 days before the maturity date if the outstanding balance of the bonds is less than 10% of total initial issued principal amount.
c. Bondholders have the right to require the Company to redeem all or any portion of the bonds at the principal amount of the bonds with an interest, totaled at 100.7519% of principal amount) after 28 September 2025.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after 29 December 2022 and prior to 28 September 2027 into common shares of the Company.
c. Exchange Price and Adjustment: The exchange price was originally NT$300 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

All of the convertible bonds were converted into 2,787 thousands of common shares as of 31 December 2023.

On 4 August 2023, the Company issued 3rd zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$1,700,000 thousand

Period: 4 August 2023 ~ 4 August 2028

Important redemption clauses:

a. If the closing price of the Company's common shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days is above than the conversion price by 30%, the Company may redeem the bonds at the price of the bond's part value within 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date.
b. The Company may redeem the bonds at the price of the bond's part value within 30 days during the period from the date after three months of the bonds issue to 40 days before the maturity date if the outstanding balance of the bonds is less than 10% of total initial issued principal amount.
c. Bondholders have the right to require the Company to redeem all or any portion of the bonds at the principal amount of the bonds with an interest (totaled at 100.7519% of principal amount) after 4 August 2026.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after 5 November 2023 and prior to 4 August 2028 into common shares of the Company.
c. Exchange Price and Adjustment: The exchange price was originally NT$808 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

As of 31 December 2023, the bonds of NT$200 thousand were converted into 320 thousands of common shares and were recognized as advance receipts for capital stock.

18. Long-term loans

Details of long-term loans as at 31 December 2023 and 31 December 2022 are as follows:

Lenders	31 December 2023	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan *(Note 1)*	$459,196	1.90%	From 23 December 2019 to 23 December 2034; 156 monthly instalments (principal and interests), starting from 23 January, 2022.
KGI Bank unsecured bank loan	200,000	2.29%	From 4 December 2023 to 4 December 2025; 5 quarterly instalments (principal and interests), starting from 4 December 2024.
CTBC unsecured bank loan	164,000	2.34%	From 17 June 2022 to 17 June 2027; 17 quarterly instalments (principal), starting from 17 June 2023.
CTBC secured bank loan *(Note 2)*	600,000	2.49%	From 27 June 2023 to 27 June 2026；5 semi-annual instalments (principal), starting from 27 June 2024.
CTBC secured bank loan *(Note 3)*	52,500	2.33%	From 30 June 2020 to 30 September 2024; Quarterly instalments (principal) of NT$17,500 thousand, from 30 September 2020 to the maturity date, 30 September 2024. Repay the remaining outstanding principal at maturity date with floating interest rate.
CTBC secured bank loan	189,273	2.24%	From 28 April 2022 to 28 April 2025; Quarterly instalments (principal) of NT$30,000 thousand, from 28 July 2022 to the maturity date, 28 April 2025. Repay the remaining outstanding principal at maturity date with floating interest rate
CTBC secured bank loan *(Note 4)*	174,610	6.68%	From 27 November 2022 to 27 November 2025；12 quarterly instalments (principal and interests), starting from 27 February 2023.
Subtotal	1,839,579		
Less: unamortized issuance cost	(23,817)		
Subtotal	1,815,762		
Less: current portion	(630,502)		
Total	$1,185,260		

Lenders	31 December 2022	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan *(Note 1)*	$496,434	1.78%	From 23 December 2019 to 23 December 2034; 156 monthly instalments (principal and interests), starting from 23 January, 2022.
O-Bank unsecured bank loan *(Note 2)*	100,000	1.70%	From 29 November 2021 to 01 November 2024; 7 quarterly instalments (principal), starting from 01 May 2023.
CTBC unsecured bank loan	200,000	2.08%	From 17 June 2022 to 17 June 2027; 17 quarterly instalments (principal), starting from 17 June 2023.
CTBC syndicated bank loan *(Note 3)*	2,581,000	2.56%	From 30 September 2022 to 30 September 2027 ； 9 semi-annual instalments (principal), starting from 30 September 2023.
CTBC secured bank loan *(Note 4)*	105,000	2.20%	From 30 June 2020 to 30 September 2024; Quarterly instalments (principal) of NT$17,500 thousand, from 30 September 2020 to the maturity date, 30 September 2024. Repay the remaining outstanding principal at maturity date with floating interest rate.
CTBC secured bank loan	309,273	2.11%	From 28 April 2022 to 28 April 2025; Quarterly instalments (principal) of NT$30,000 thousand, from 28 July 2022 to the maturity date, 28 April 2025. Repay the remaining outstanding principal at maturity date with floating interest rate
CTBC secured bank loan *(Note 5)*	357,948	5.81%	From 27 November 2022 to 27 November 2025；12 quarterly instalments (principal and interests), starting from 27 February 2023.
Subtotal	4,149,655		
Less: unamortized issuance cost	(29,554)		
Subtotal	4,120,101		
Less: current portion	(725,627)		
Total	$3,394,474		

(1) The Company pledged a portion of lands, buildings and investment properties to set first mortgage to the secured loan led by Chang Hwa Bank. Please refer to Note VIII for more details on pledges for the loan.

(2) The Company entered into a Facility Agreement at the amount of NT$2,581,000 thousand with CTBC Bank to replaces the original syndicated facility with 7 banks. The syndicated loan was pledged by all the shares of TWi Pharmaceuticals, Inc. and was terminated on June 2023. Please refer to Note VIII for the details on pledges for the loan. During the term of the contract, the Group shall be in compliance with following financial covenants. The financial covenants will be tested based on audited or reviewed consolidated financial statements on a semi-annual basis starting from 31 December, 2023:

①Current ratio shall not be less than 120%

②Financial liability ratio (financial liabilities over EBITDA) shall not be higher than 3.

③Interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

④In the event that the borrower violates the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Terminate the Borrower to utilize the loan in whole.

b. All the outstanding loans, together with accrued interest, and other amounts due to CTBC Bank (collectively, "Liabilities") to become immediately due and payable.

c. The deposits the Borrowers maintain at CTBC Bank and all of the Borrower's claims from CTBC Bank shall offset with all the Liabilities under the agreement.

d. Claim for the security.

e. Request the maker of the promissory note under the agreement to repay the outstanding Liabilities.

f. Has the power to enter into, perform, or exercise all rights under applicable law, the loan agreement, and other relevant documents, without sending out a reminder, protest or any other notification in accordance with applicable law.

There is no violation of the financial covenant at 31 December 2023.

(3) The secured loan entered between Bora Pharmaceutical Laboratories Inc. (the "Borrower") with CTBC Bank that expired in March 2021, has been extended to 30 June 2024, with a quarterly instalment of NT$17,500 thousand. The original financial covenants had been lifted.

(4) The Company's subsidiary, Bora Pharmaceutical Services Inc. (the "Borrower"), entered into a secured loan agreement with CTBC Bank amounted to NT$689,009 thousand (CAD$30,789 thousand) which includes a term loan in the principal amount of NT$ 357,948 thousand (CAD$15,789 thousand) and a revolving loan facility in the amount of NT$340,061 thousand (CAD $15,000 thousand) with the pledges of real estates as mortgage. Please refer to Note VIII for more details on pledges for the loan. The contract term of the loan is from 27 November 2022 to 27 November 2025 with total available line of NT$340,061 thousand (CAD$15,000 thousand) as of 31 December, 2023. During the term of the agreement, the Borrower should be compiled with following financial covenants. The financial covenants shall be tested based on audited or reviewed financial statements on a semi-annual basis:

①The Borrower's debt coverage ratio (EBITDA over the sum of interest expense and the current portion of long-term loans) shall not be less than 200%.

②The Guarantor's current ratio shall not be less than 120%.

③In the event that the Borrower violates the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Cease the unused loans in whole are in part.
b. All the outstanding loans, together with accrued interest, and other amounts due to the Agent and the Banks (collectively, "Liabilities") to become immediately due and payable.
c. Exercise on behalf of itself and the lenders all rights and remedies available to it and the lenders under the loan agreement and applicable law.

There is no violation of the financial covenant at 31 December 2023.

19. Post-employment benefits

Defined contribution plan

The Group adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 are NT$93,275 thousand and NT$70,821 thousand, respectively.

Defined benefits plan

Bora Pharmaceutical Services Inc.

Bora Pharmaceutical Services Inc., a subsidiary of the Company, provides post-retirement medical benefits for employees who have completed ten years of service and are 55 years old. This post-retirement medical benefit scheme is a defined benefits plan which is funded on a pay-as-you-go basis by contributions from the Company and includes prescription drugs, extended health, vision, dental and life insurance benefits, and the plan was cancelled in 2023, which resulted in a loss of 8,411 thousand and was recognized in the consolidated statements of comprehensive income.

Pension costs recognized in profit or loss for the years ended 31 December 2023 and 2022:

	31 December 2023	31 December 2022
Current period service costs *(Note)*	$-	$ 8,421
Interest expense	-	538
Total	$-	$ 8,959

Note: The current service cost recognized by the post-retirement medical benefit was classified as labor and health insurances of personnel expenses.

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	31 December 2023	31 December 2022	1 January 2022
Defined benefit obligation	$-	$ 12,389	$8,453
Plan assets at fair value	-	-	-
Provisions-non-current	$-	$12,389	$8,453

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2022	$8,453	-	$8,453
Current period service costs	8,421	-	8,421
Net interest expense (income)	538	-	538
Subtotal	17,412	-	17,412
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(4,811)	-	(4,811)
Experience adjustments	(535)	-	(535)
Remeasurement of the defined benefit assets	-	-	-
Subtotal	(5,346)	-	(5,346)
Benefit paid by the employer	-	-	-
Employer Contribution	-	-	-
Exchange differences	323	-	323
As at 31 December 2022	12,389	-	12,389
Current period service costs	-	-	-
Net interest expense (income)	-	-	-
Past service cost and gains and losses arising from settlements	(8,411)	-	(8,411)
Subtotal	3,978	-	3,978
Remeasurements of the net defined benefit liability (asset):			
Return on defined benefit assets(excluding net interest expense (income))	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	11,570	-	11,570
Subtotal	11,570	-	11,570
Benefits paid to employees	(16,245)	-	(16,245)
Exchange differences	697	-	697
As at 31 December 2023	$-	$-	$-

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	31 December 2023	31 December 2022
Discount rate	-	5.10%
Initial trend rate	-	5.18%
Ultimate trend rate	-	4.00%

Sensitivity analysis when main actuarial assumption change was as follows:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligations		Defined benefit obligations	
	Increase by	Decrease by	Increase by	Decrease by
Discount rate increase/ decrease by 1%	$-	$-	$2,158	$(1,775)
Trend rate decrease/increase by 1%	-	-	428	(510)

The sensitivity analysis above is based on one assumption which changed while the other assumptions remain unchanged. In practice, more than one assumption may change all at once. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

TWi Pharmaceuticals, Inc.

TWi Pharmaceuticals, Inc., a subsidiary of the Company, adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two year time deposits with the interest rates offered by local banks. Treasury Funds can be used 53 to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. As of 31 December 2023, TWi Pharmaceuticals, Inc. expects to contribute NT$0 to its defined benefit plan in 2024.

As of 31 December 2023 and 2022, the average duration of the defined benefits plan obligation are both 14 years.

Pension costs recognized in profit or loss are as follows:

	31 December 2023	31 December 2022
Current service cost	$396	$-
Net interest on the net defined benefit liabilities (assets)	(53)	(24)
Total	$343	$(24)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 December 2023	31 December 2022	1January 2022
Defined benefit obligation	$2,735	$5,133	$4,534
Plan assets at fair value	(9,271)	(8,943)	(7,905)
Net defined benefit assets	$(6,536)	$(3,810)	$(3,371)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2022	4,534	(7,905)	(3,371)
Pension costs recognized in profit or loss:			
Interest expense (revenue)	32	(55)	(23)
Subtotal	4,566	(7,960)	(3,394)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(422)	-	(422)
Experience adjustments	989	-	989
Remeasurement of the defined benefit assets	-	(587)	(587)
Subtotal	5,133	(8,547)	(3,414)
Employer Contribution	-	(396)	(396)
As at 31 December 2022	$5,133	$(8,943)	$(3,810)
Pension costs recognized in profit or loss:			
Current service cost	396	-	396
Net interest expense (income)	72	(125)	(53)
Subtotal	5,601	(9,068)	(3,467)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	37	-	37
Experience adjustments	(2,903)	-	(2,903)
Remeasurement of the defined benefit assets	-	(23)	(23)
Subtotal	(2,866)	(23)	(2,889)
Employer Contribution	-	(180)	(180)
As at 31 December 2023	$2,735	$(9,271)	$(6,536)

The principal assumptions used in determining the TWi Pharmaceuticals, Inc.'s defined benefit plan are shown below:

	31 December 2023	31 December 2022
Discount rate	1.40%	1.40%
Expected rate of salary increases	4.00%	4.00%

Sensitivity analysis when main actuarial assumption change was as follows:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligations		Defined benefit obligations	
	Increase by	Decrease by	Increase by	Decrease by
Discount rate increase by 0.25%	$-	$(91)	$-	$(140)
Discount rate decrease by 0.25%	95	-	146	-
Future salary increase by 0.25%	85	-	129	-
Future salary decrease by 0.25%	-	(83)	-	(125)

The sensitivity analysis above is based on one assumption which changed while the other assumptions remain unchanged. In practice, more than one assumption may change all at once. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and types of assumptions used in preparing the sensitivity analysis compared to the previous period.

20. Provisions

	Onerous contracts	Decommissioning, restoration and rehabilitation costs	Employee benefits	Total
1 January 2023	$311,484	$-	$164,613	$476,097
Acquisitions through business combinations	-	5,000	1,744	6,744
Arising during the period	-	-	-	-
Utilized	(108,156)	-	(31,771)	(139,927)
Reversal during the period	-	-	(3,673)	(3,673)
Discount rate adjustment and unwinding of discount from the passage of time	-	-	11,570	11,570
Exchange differences	6,779	-	3,738	10,517
31 December 2023	$210,107	$5,000	$146,221	$361,328

	Onerous contracts	Decommissioning, restoration and rehabilitation costs	Employee benefits	Total
1 January 2022	$397,980	$-	$154,206	$552,186
Acquisitions through business combinations	-	-	3,880	3,880
Arising during the period	-	-	17,717	17,717
Utilized	(106,880)	-	(14,648)	(121,528)
Discount rate adjustment and unwinding of discount from the passage of time	-	-	(5,399)	(5,399)
Exchange differences	20,384	-	8,857	29,241
31 December 2022	$311,484	$-	$164,613	$476,097
Current-31 December 2023	$108,660	$5,000	$30,863	$144,523
Non-current-31 December 2023	101,447	$-	$115,358	$216,805
Current-31 December 2022	$106,177	$-	$28,204	$134,381
Non-current-31 December 2022	$205,307	$-	$136,409	$341,716

Onerous contracts

Provisions are recognized for onerous contracts, based on historical experience and other known factors.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose from the costs incurring after the decommissioning of a facility in accordance with the term of the contract.

Employee benefits

Provisions for employee benefits are recognized for employees' cumulative and unused benefits obligations at the reporting date.

21. Equity

(1) Common stock

① As of 31 December 2023 and 2022, the Company’s authorized capital was NT$2,000,000 and NT$1,200,000 thousand, consisting of 200,000 thousand shares and 120,000 thousand shares of ordinary stock with par value at NT$10 per share, respectively. The outstanding shares amounted to NT$1,014,128 thousand and NT$753,815 thousand consisting of 101,413 thousand shares and 75,382 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

② In 2022, the Company's employee stock option holders have converted 510 thousand shares at the subscription price of NT $65.4 per share and 4 thousand shares at NT$140.3 per share. All the converted shares have completed the registration process.

③ Stock dividends of NT$68,522 thousand with par value at NT$10 per share was approved and 6,852 thousand common shares were authorized for issue by the Board of shareholders on 24 May 2022. The capital injection was approved by the Financial Supervisory Commission on 16 September 2022 and the amendment registration was completed.

④ In 2022, the company's 2nd convertible bond amounted to NT$92,000 thousand had been converted to 307 thousand of ordinary shares with an amount of NT$3,067 thousand recognized as cpaital. All the converted shares have completed the registration process on 10 April 2023.

⑤ For the year ended 31 December 2023, the company's 2nd convertible bond amounted to NT$708,000 thousand had been converted to 2,480 thousand of ordinary shares with an amount of NT$24,796 thousand recognized as capital. All the converted shares have completed the registration process.

⑥ For the year ended 31 December 2023, the company's 3th convertible bond amounted to NT$200 thousand had been converted to 320 of ordinary shares with an amount of NT$3 thousand recognized as captial. The converted shares that have not completed the registration process were recognized as capital - advance receipts for ordinary share at 31 December 2023.

⑦ For the year ended 31 December 2023, the company's employee stock option holders have converted 185 thousand shares at the exercise price from NT$106.8 to NT$150.4 per share, of which 85 thousand shares amounted to NT$850 thousand have not completed the registration process. The converted shares that have not completed the registration process were recognized as capital - advance receipts for ordinary share at 31 December 2023.

⑧ Stock dividends of NT$231,410 thousand with par value at NT$10 per share was approved and 23,141 thousand common shares were authorized for issue by shareholders on 6 June 2023. The capital injection was approved by the Financial Supervisory Commission on 30 August 2023 and the amendment registration was completed.

⑨ As of 31 December 2023, there are 85 thousand shares amounted to NT$853 thousand recognized as capital - advance receipts for ordinary share.

(2) Capital surplus

	31 December 2023	31 December 2022
Additional paid-in capital	$936,839	$896,503
Conversion premium from convertible bonds	908,017	179,574
Employee stock option	118,876	39,020
Treasury stock	40,683	35,315
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	874,793	2,177
Increase through changes in ownership interests in subsidiaries	47,125	-
Equity component of convertible bonds issued	392,017	83,791
Total	$3,318,350	$1,236,380

According to the R.O.C Company Act, the capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

a. Changes in treasury stock are as follows:

For the year ended 31 December 2023: (Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	300	-	(12)	288

For the year ended 31 December 2022:

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	-	300	-	300

b. As of 31 December 2023 and 2022, the treasury stock held by the Company were NT$50,986 and NT$53,092 thousand, respectively, and the number of treasury stock held by the Company was 288 thousand and 300 thousand shares, respectively.

c. The treasury stock transferred by the Company to employees on 31 December 2023 was 12 thousand shares amounted to NT$2,124 thousand.

(4) Retained earnings and dividend policies

According to the R.O.C Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order and the earnings distributions may be made on a semiannually basis:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, is prepared by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal semi-annually and present it at the shareholders' meeting for approval. Generally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act in R.O.C, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital as dividend in stock or in cash in proportion to their share ownership permitted.

When the Company distributes distributable earnings, it shall set aside additional special reserve equivalent to the net debit balance of the component of "shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent decrease in the deductions amount to shareholders' equity, the amount may be reversed from the special reserve. The reversed amount could be included in the distributable earnings.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: When a public company adopts for the first-time the IFRS, for any unrealized revaluation increment or cumulative translation adjustment (profit) accounted for under shareholders' equity, if it is transferred to retained earnings because the Company chooses to apply an exemption under IFRS 1, the Company shall allocate the same amount respectively in special reserve. When there is subsequently any use, disposal, or reclassification of the relevant assets, the company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting on 7 March 2024 and shareholders' meeting on 6 June 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$303,014	$139,065	$-	$-
Special reserve (Reversal)	-	(23,919)	-	-
Common stock－cash dividend (Note)	1,214,798	619,134	12	8
Common stock－stock dividend (Note)	-	231,410	-	3

Note: Cash dividend and payout ratio of the plan of appropriation of earnings had been adjusted as a result of the conversion of employee stock option and 2nd convertible bonds into ordinary shares.

Please refer to Note VI.26 for details on employees' compensation and remuneration to directors.

(5) Non-controlling interests

	For the years ended 31 December	
	2023	2022
Beginning balance	$612,134	$-
Profit attributable to non-controlling interests	41,779	9,609
Translation differences of foreign operations	(435)	-
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	29,375	577,662
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	1,993,616	21,823
Acquisition through business combinations	-	1,004
Issuance of employee stock option by subsidiaries	7,215	2,036
Distribution of cash dividend by subsidiaries	(2,660)	-
Ending balance	$2,681,024	$612,134

22. Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) Share-based payment plan of the parent company

On 4 November 2020,10 January 2022, and 17 May 2023, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 1,000, 1,000,000 and 1,000,000 units, respectively. Each unit entitles an optionee to subscribe for 1,000, 1,and 1 shares of the Company's common shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. Only the employees of the Company and the Company's domestic and overseas subsidiaries, for which the company holds over 50% of shares with voting right on them, are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The contractual terms of each option granted are three and five years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of options granted (in thousand shares)	Exercise price per share (NT$) (Note)
29 December 2020	275	$106.8
13 August 2021	598	$150.4
11 May 2022	477	$109.3
31 August 2022	160	$258.1
8 December 2022	345	$295.0
19 September 2023	535	$646.0
14 November 2023	10	$608.0

Note: Except for various securities issued by the parent company with conversion rights or options to exchange for common stock or issuing new shares for employees' bonus, when there is a change in the common stock of the parent company (including private placement, issuance of common stock for cash, stock dividends, capital surplus reserve to capital increase, combination, company split, transfer of shares of other companies, stock split and issuance of common stock for cash to participate in the issuance of overseas depositary receipts, etc.), the exercise price shall be adjusted in accordance with the parent company's plan.

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2021	2020
Dividend yield (%)	-	-
Expected volatility (%)	48.05%	44.36%
Risk-free interest rate (%)	0.292% ~ 0.310%	0.176% ~ 0.201%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5
Weighted average share price ($)	$277	$197
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

	2022		
Dividend yield (%)	-	-	-
Expected volatility (%)	50.80% ~ 51.80%	48.02% ~ 48.84%	45.29% ~ 46.42%
Risk-free interest rate (%)	1.112% ~ 1.122%	0.992% ~ 1.027%	0.995% ~ 1.038%
Expected option life (Years)	3.0 ~ 3.5	3.0 ~ 3.5	3.0 ~ 3.5
Weighted average share price ($)	$388	$339	$161
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

	2023	
Dividend yield (%)	-	-
Expected volatility (%)	48.72% ~ 49.56%	48.72% ~ 49.56%
Risk-free interest rate (%)	1.081% ~ 1.123%	1.081% ~ 1.123%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5
Weighted average share price ($)	$646	$608
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2023		2022	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	1,725	$225.2	935	$188.6
Granted	545	645.3	982	261.1
Forfeited	(50)	225.6	(102)	197.5
Exercised	(185)	134.6	(55)	70.8
Expired	-	-	(35)	65.4
Outstanding, ending	2,035	$300.4	1,725	$225.2
Exercisable, ending	90	-	78	-

The information on the outstanding stock options as of 31 December 2023 and 2022, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of 31 December 2023 share options outstanding	$106.8~$646	1.19~3.92
As of 31 December 2022 share options outstanding	$140.3~$387.5	2.04~3.19

(2) Share-based payment plan of Bora Biologics Co., Ltd.

On 1 July 2022, Bora Biologics Co., Ltd. (the "Bora Bio") was authorized by the board of director's meeting to issue employee share options with a total number of 6,000 unit. Each unit entitles an optionee to subscribe for 1,000 shares of Bora Biologics Co., Ltd.'s common shares. The exercise price of the option was set at NT$28 of Bora Bio's common share on the grant date. Only the full-time employees of Bora Bio are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 1 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by Bora Bio.

The fair value of the stock options is estimated at the grant date using a Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual terms of each option granted are five years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of options granted (in thousand shares)	Exercise price per share (NT$) (Note)
1 July 2022	3,780	$28
25 July 2022	150	$28
20 December 2022	1,257	$28
15 May 2023	96	$28

Note: Except for various securities issued by Bora Bio with conversion rights or options to exchange for common stock or issuing new shares for employees' bonus, when there is a change in the common stock of Bora Bio (including private placement, issuance of common stock for cash, stock dividends, capital surplus reserve to capital increase, combination, company split, transfer of shares of other companies, stock split and issuance of common stock for cash to participate in the issuance of overseas depositary receipts, etc.), the exercise price shall be adjusted in accordance with Bora Bio's plan.

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2022		
Dividend yield (%)	-	-	-
Expected volatility (%)	51%~57.49%	50.25%~54.64%	50.25%~54.64%
Risk-free interest rate (%)	1.057% ~ 1.105%	0.918% ~ 1.026%	0.918% ~ 1.026%
Expected option life (Years)	3.0 ~ 4.5	3.0 ~ 4.5	3.0 ~ 4.5
Weighted average share price ($)	$28	$28	$28
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

	2023
Dividend yield (%)	-
Expected volatility (%)	51% ~ 57.49%
Risk-free interest rate (%)	1.057% ~ 1.105%
Expected option life (Years)	3.0 ~ 4.5
Weighted average share price ($)	$28
Option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2023		2022	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	5,187	$28	-	$-
Granted	96	28	5,187	28
Forfeited	(397)	28	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, ending	4,886	$28	5,187	$28
Exercisable, ending	1,158	-	-	-

The information on the outstanding stock options as of 31 December 2023 and 2022, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of 31 December 2023 share options outstanding	$28	2.31~2.68
As of 31 December 2022 share options outstanding	$28	3.24~3.48

(3) Share-based payment plan of Twi Pharmaceuticals, Inc

On 20 December 2022, TWi Pharmaceuticals, Inc. (the "TWi") was authorized by the board of director's meeting to issue employee share options with a total number of 3,000 unit. Each unit entitles an optionee to subscribe for 1,000 shares of TWi's common shares. The exercise price of the option was set at NT$104 of TWi's common share on the grant date. Only full-time employees of TWi and its controlling and affiliated companies are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by TWi. The fair value of the stock options is estimated at the grant date using Market Approach and Income Approach, taking into account the terms and conditions upon which the share options were granted.

The contractual terms of each option granted are four years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of options granted (in thousand shares)	Exercise price per share (NT$) (Note)
1 January 2023	1,309	$48.4
1 February 2023	565	$48.4

Note: Except for various securities issued by TWi with conversion rights or options to exchange for common stock or issuing new shares for employees' bonus, when there is a change in the common stock of TWi (including private placement, issuance of common stock for cash, stock dividends, capital surplus reserve to capital increase, combination, company split, transfer of shares of other companies, stock split and issuance of common stock for cash to participate in the issuance of overseas depositary receipts, etc.), the exercise price shall be adjusted in accordance with TWi's plan.

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2023	
Dividend yield (%)	-	-
Expected volatility (%)	33.06%~32.76%	33.06%~32.76%
Risk-free interest rate (%)	1.1503% ~ 1.1506%	1.1503% ~ 1.1506%
Expected option life (Years)	3.73~ 3.88	3.73~ 3.88
Weighted average share price ($)	$104	$104
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2023		2022	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	-	$-	-	$-
Granted	1,874	95.0	-	-
Forfeited	(140)	48.4	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, ending	1,734	$48.4	-	$-
Exercisable, ending	-	-	-	-

The information on the outstanding stock options as of 31 December 2023 and 2022, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of 31 December 2023 share options outstanding	$48.4	3.25
As of 31 December 2022 share options outstanding	-	-

(4) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred for the years ended 31 December 2023 and 2022.

The expense recognized for employee services received during the years ended 31 December 2023 and 2022 is shown in the following table:

	2023	2022
Total expense arising from equity-settled share-based payment transactions	$102,813	$31,826

23. Operating revenue

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

(1) Disaggregation of revenue

	2023	2022
Revenue from contracts with customers		
Commercial sales	$9,235,525	$5,689,865
CDMO – services and manufacturing	4,951,059	4,796,110
Others	13,484	8,495
Total	$14,200,068	$10,494,470

	2023	2022
Timing of revenue recognition:		
At a point in time	$13,598,099	$10,245,716
Over time	601,969	248,754
Total	$14,200,068	$10,494,470

(2) Contract assets – current

	31 December 2023	31 December 2022
CDMO – services and manufacturing	$15,111	$35,197

The significant changes in the Group's balances of contract assets for the year ended 31 December 2023 are mainly due to the stage of completion assessed in accordance with the terms of the contracts, and the major changes in the balances of contract assets for the year ended 31 December 2022 are mainly due to business combinations and the stage of completion assessed in accordance with the terms of the contracts.

(3) Contract liabilities

	31 December 2023	31 December 2022
Commercial sales	$44,189	$14,866
CDMO – services and manufacturing	180,408	69,290
Others	-	5,720
Total	$224,597	$89,876
Current	$224,597	$85,692
Non-current	-	$4,184
Total	$224,597	$89,876

The major changes in the Group's balances of contract liabilities for the year ended 31 December 2023 are mainly due to the increase in advance receipts, and the major changes in the balances of contract liabilities for the year ended 31 December 2022 are mainly due to business combinations and the increase in advance receipts.

(4) The changes in the refund liabilities are as follows:

	Sales allowance and discount
Balance as of 1 January 2023	$2,023,565
Addition/(reversal)	9,880,016
Payment	(10,039,200)
Exchange differences	2,520
Balance as of 31 December 2023	$1,866,901
Balance as of 1 January 2022	$65,372
Business combinations	1,794,855
Addition/(reversal)	3,972,208
Payment	(3,830,924)
Exchange differences	22,054
Balance as of 31 December 2022	$2,023,565

Refund liabilities represents the estimated sales discounts and allowance.

24. Expected credit losses/ (gains)

	2023	2022
Operating expenses – expected credit losses/(gains)		
Accounts receivable	$6,547	$5,919
Other receivables	(342)	-
Total	$6,205	$5,919

Please refer to Note XII for more details on credit risk.

Provisions for receivables, including notes receivable including related party and accounts receivable including related party are estimated at an amount equal to lifetime expected credit losses. The relevant explanation in the evaluation to the amount of provisions at 31 December 2023 and 2022 is as follows:

The information on measuring provisions for receivables, including notes receivable including related party and accounts receivable including related party, using a provision matrix by considering counterparties' credit ratings, regions, industries, and other factors, is as follows:

As of 31 December 2023

Group 1		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$3,207,333	$15,347	$687	$957	$66	$852	$3,225,242
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	$3,207,333	$15,347	$687	$957	$66	$852	$3,225,242

Group 2				Overdue			
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$720,338	$58,752	$7,924	$3,857	$1,340	$13,152	$805,363
Loss rate	0.03%~ 0.07%	0.03%~ 1.15%	0.03%~ 10.10%	0.03%~ 14.96%	0.03%~ 100%	0.03%~ 100%	
Lifetime expected credit losses	(468)	(987)	(1,429)	(163)	(1,209)	(13,152)	(17,408)
Net	$719,870	$57,765	$6,495	$3,694	$131	$-	$787,955
Receivables, net							$4,013,197

As of 31 December 2022

Group 1				Overdue			
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$4,747,357	$260,617	$166,241	$1,476	$1,182	$3,779	$5,180,652
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	$4,747,357	$260,617	$166,241	$1,476	$1,182	$3,779	$5,180,652

Group 2				Overdue			
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$802,115	$14,015	$23,365	$34,343,	$474	$40,300	$914,612
Loss rate	0.01%~ 1.85%	7.23%~ 100%	0.01%~ 100%	0.01%~ 100%	100%	16.79%~ 100%	
Lifetime expected credit losses	(591)	(1,013)	(1,326)	(143)	(474)	(6,767)	(10,314)
Net	$801,524	$13,002	$22,039	$34,200	$-	$33,533	$904,298
Receivables, net							$6,084,950

The movement of loss allowance for accounts receivable for the years ended 31 December 2023 and 2022 is as follows:

	Accounts receivable	Contract assets
Balance as of 1 January 2023	$10,314	$-
Provision/(reversal)	483	-
Others	6,547	-
Exchange differences	64	-
Balance as of 31 December 2023	$17,408	$-

	Accounts receivable	Contract assets
Balance as of 1 January 2022	$2,294	$-
Business combinations	2,104	-
Provision/(reversal)	5,919	-
Exchange differences	(3)	
Balance as of 31 December 2022	$10,314	$-

25. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 3 to 20 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the consolidated balance sheets

(a)Right-of-use assets

The carrying amount of right-of-use assets

	31 December 2023	31 December 2022
Land	$279,326	$294,523
Buildings	556,674	352,710
Transportation equipment	4,768	7,963
Decommissioning liabilities	1,818	-
Total	$842,586	$655,196

During the year ended 31 December 2023, the Group's additions to right-of-use assets from acquisitions amounting to NT$264 thousand and amounting to NT$264,786 thousand through business combinations, respectively.

During the year ended 31 December 2022, the Group's additions to right-of-use assets from acquisitions amounting to NT$169,970 thousand and amounting to NT$205,428 thousand through business combinations, respectively.

(b) Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	$869,372	$672,186
Current	$106,039	$75,307
Non-current	$763,333	$596,879

Please refer to Note VI.26 for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note XII.5 for more details on the liquidity risk management analysis for lease liabilities.

B. Amounts recognized in the consolidated statements of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$15,196	$1,799
Buildings	59,407	35,497
Transportation equipment	3,511	1,244
Decommissioning liabilities	303	-
Total	$78,417	$38,540

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
Expenses relating to short-term leases	$7,045	$3,378
Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets)	1,429	359

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounted to NT$95,878 thousand and NT$49,693 thousand, respectively.

(2) Group as a lessor

Please refer to Note VI.11 for disclosures of the Company owned investment properties. Leases under investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2023	2022
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$9,142	$8,990

Please refer to Note VI.1 for the disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years at 31 December 2023 and 2022 are as follow:

	31 December 2023	31 December 2022
Not later than one year	$8,991	$8,886
Later than one year but not later than two years	8,991	8,571
Later than two years but not later than three years	8,991	8,571
Later than three years but not later than four years	8,991	8,571
Later than four years but not later than five years	7,467	8,571
Later than five years	-	7,257
Total	$43,431	$50,427

26. Summary statement of employee benefits, depreciation and amortization expenses by function are as follows:

Function / Character	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:						
Wages and salaries	$1,327,545	$786,409	$2,113,954	$1,006,747	$467,600	$1,474,347
Labor and health insurance	90,227	46,469	136,696	86,588	16,111	102,699
Pension costs	72,199	21,418	93,617	54,723	16,098	70,821
Other employee benefits expense	64,251	35,655	99,906	74,813	24,078	98,891
Depreciation	363,936	56,152	420,088	217,551	41,223	258,774
Amortization	156,967	29,231	186,198	55,239	11,173	66,412

According to the Articles of Incorporation of the Company, no less than 2% of profit of the current year shall be distributable as employees' compensation and no higher than 5% of profit of the current year shall be distributable as remuneration to directors. However, the profit generated in current year shall be offset with Company's accumulated losses before the allocation of compensation to directors and employee. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of

directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto reported such distribution in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2023 to be NT$61,228 thousand and NT$30,644 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2022 to be NT$37,829 thousand and NT$15,131 thousand, respectively.

A resolution was approved at a Board of Directors meeting held on 7 March 2024 to distribute NT$61,288 thousand and NT$30,644 thousand in cash as employees' compensation and remuneration to directors for year 2023, respectively. There is no differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2023.

A resolution was approved at a Board of Directors meeting held on 16 March 2023 to distribute NT$30,300 thousand and NT$16,000 thousand in cash as employees' compensation and remuneration to directors for year 2022, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2022 amounted to NT$7,529 thousand and NT$(869) thousand, respectively, would be reversed and recognized in profit or loss in 2023.

27. Non-operating income and expenses

(1) Other revenue

	For the years ended 31 December	
	2023	2022
Interest income	$62,954	$11,364
Others	30,438	19,320
Total	$93,392	$30,684

(2) Other gains and losses

	For the years ended 31 December	
	2023	2022
(Losses) on disposal of property, plant and equipment	$(4,997)	$(2,357)
Foreign exchange (losses) gains	(67,505)	47,923
Gains (Losses) on financial assets at fair value through profit or loss (Note 1)	(1,044,183)	(47,787)
Others gains (losses)	9,539	(1,911)
Total	$(1,107,146)	$(4,132)

Note 1: Primarily resulted from the changes in fair value of contingent consideration after the acquisition date in accordance with the agreement entered with the sellers of Eden Biologics, Inc. and TWi Pharmaceuticals, Inc. and its subsidiaries (the "TWi Group"). The fair value of contingent considerations was determined using the discounted cash flow model and was recognized as financial liabilities at acquisition date. If the amount of contingent consideration changes subsequent to the acquisition date, gains and losses are recognized as (losses) or gain on financial assets at fair value through profit or loss. Please refer to Note VI.31 for more details.

(3) Financial costs

	For the years ended 31 December	
	2023	2022
Interest expenses from bank borrowings	$141,238	$95,580
Interest expenses from bonds payable	16,770	3,825
Interest expenses from lease liabilities	12,657	8,729
Others	574	593
Total	$171,239	$108,727

28. Components of other comprehensive income ("OCI")

As of 31 December 2023

	Arising	Reclassification	before tax	Tax benefit (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	$(8,681)	$-	$(8,681)	$2,489	$(6,192)
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	50,758	-	50,758	(10,287)	40,471
Total comprehensive income	$42,077	$-	$42,077	$(7,798)	$34,279

As of 31 December 2022

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	$5,399	$-	$5,399	$(1,430)	$3,969
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	73,805	-	73,805	(14,761)	59,044
Total comprehensive income	$79,204	$-	$79,204	$(16,191)	$63,013

29. Income tax

The major components of income tax expense (income) for the years ended 31 December 2023 and 2022 are as follows:

(1) Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense (income):		
Current income tax expense	$1,351,845	$316,375
Adjustments in respect of prior periods	(15,047)	(1,938)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(553,109)	89,974
Deferred tax expense (income) relating to origination and (reversal) of tax loss and tax credit	208,536	34,065
Total income tax expense	$992,225	$438,476

(2) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax expense (income):		
Translation differences of foreign operations	$10,287	$14,761
Remeasurement of the defined benefit plan	(2,489)	1,434
Income tax relating to other comprehensive income	$7,798	$16,195

(3) Reconciliation between income before income tax and income tax expense (gain) recognized in profit and loss is as follows:

	For the years ended 31 December	
	2023	2022
Net income before income tax	$4,064,146	$1,840,001
Income tax expense at the statutory rate	$1,910,349	$860,441
Unused tax losses	179,287	-
Revenues exempt from income tax	(760,323)	(258,099)
Expenses disallowed for tax purposes	6,588	8,245
Change in deferred income assets/liabilities	(614,677)	(185,867)
Tax on undistributed retained earnings	16,530	15,694
Prior year income tax (over)underestimation	(15,047)	(1,938)
Others	269,518	-
Total income tax expense recognized in profit or loss	$992,225	$438,476

(4) Movements of deferred tax assets (liabilities) are as follows:

For the year ended 31 December 2023

	1 January 2023	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in Equity	Exchange differences	31 December 2023
Temporary differences						
Unrealized loss on inventories	$24,846	$8,478	$-	$-	$(93)	$33,231
Unrealized sales returns and discounts	105,814	63,976	-	-	(944)	168,846
Equity element of convertible bond	(23,670)	-	-	$(74,334)	-	(98,004)
Unrealized expense	113,932	16,323	-	-	(252)	130,003
Land Value Increment Tax	(54,908)	-	-	-	-	(54,908)
Foreign investment income under equity method	(355,833)	127,840	-	-	-	(227,993)
Business combination – negative goodwill	(60,931)	-	-	-	-	(60,931)
Impairment loss of property, plant and equipment	247,902	(23,075)	-	-	-	224,827
Exchange differences on translation of foreign operations	(10,636)	-	(10,287)	-	-	(20,923)
Fair value adjustments arising in business combinations	121,143	(43,236)	3,066	-	2,769	83,742
Depreciation of property, plant and equipment	(345,165)	32,197	-	-	(7,920)	(320,888)
Unrealized intragroup profits and losses	54,984	335,830	-	-	-	390,814
Others	467	34,777	(577)	-	91	34,758
Unused tax losses	192,842	(132,537)	-	-	-	60,305
Unused tax credits	76,000	(76,000)	-	-	-	-
Deferred tax (expense)		$344,573	$(7,798)	$(74,334)	$(6,349)	
Net deferred tax assets/(liabilities)	$86,787					$342,879
Balance sheets:						
Deferred tax assets	$829,636					$1,044,615
Deferred tax liabilities	$742,849					$701,736

For the year ended 31 December 2023

	1 January 2022	Recognized in profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Recognized in Equity	Exchange differences	31 December 2022
Temporary differences							
Unrealized loss on inventories	$3,245	$197	$-	$21,351	$-	$53	$24,846
Unrealized sales returns and discounts	1,631	28,086	-	74,542	-	1,555	105,814
Equity element of convertiblebond	-	-	-	-	(23,670)	-	(23,670)
Unrealizedexpense	2,048	(956)	-	111,902	-	938	113,932
Land Value Increment Tax	-	-	-	(54,908)	-	-	(54,908)
Foreign investment income under equity method	(207,819)	(148,014)	-	-	-	-	(355,833)
Business combination – negative goodwill	(60,931)	-	-	-	-	-	(60,931)
Impairment loss of property, plant and equipment	213,631	22,264	-	12,007	-	-	247,902
Exchange differences on translation of foreign operations	5,889	-	(14,761)	(1,764)	-	-	(10,636)
Fair value adjustments arising in business combinations	140,930	(24,751)	(1,430)	-	-	6,394	121,143
Depreciation of property, plant and equipment	(482,741)	160,175	-	-	-	(22,599)	(345,165)
Unrealized intragroup profits and losses	208	(39,951)	-	94,727	-	-	54,984
Others	2,615	(45,997)	-	45,628	(4)	(1,775)	467
Unused tax losses	15,300	(75,092)	-	252,634	-	-	192,842
Unused tax credits	-	-	-	76,000	-	-	76,000
Deferred tax income/ (expense)		$(124,039)	$(16,191)	$632,119	(23,674)	$(15,434)	
Net deferred tax assets/(liabilities)	$(365,994)						$86,787
Balance sheets:							
Deferred tax assets	$243,775						$829,636
Deferred tax liabilities	$609,769						$742,849

The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period (Note)	Unused tax losses as of 31 December 2023	Unused tax losses as of 31 December 2022	Expiration year
2018	495,447	164,826	366,501	2028
2019	159,599	115,798	115,798	2029
2020	204,227	149,975	170,629	2030
2021	660,763	158,070	597,216	2031
2022	246,868	246,841	94,522	2032
2023	121,547	121,547	-	2033
		$957,057	$1,344,666	

Note: According to Article 38 of the Business Mergers and Acquisitions Act and Decree No. 0920454432 issued by the MOF on 13 August 2003 with regards to 5 years loss carryforwards, for the loss determined by the authority when a dissolved profit-seeking enterprise in a division made its current final report in accordance with Article 75 of the Income Tax Act, the surviving company or the newly incorporated company after the division may deduct the loss from its net profit of the current year upon the year the loss takes place. However, such deductible loss is limited to the amount calculated by the stock split ratio multiplies the shareholding ratio of the surviving company or the newly incorporated company held by each shareholder due to the division.

(5) Unrecognized deferred tax assets

As of 31 December 2023 and 2022, deferred tax assets have not been recognized amounted to NT$182,913 thousand and NT$144,650 thousand, respectively.

(6) The assessment of income tax returns

As of 31 December 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Union Chemical & Pharmaceutical Co., Ltd.	Assessed and approved up to 2021
Bora Health Inc.	Assessed and approved up to 2021
Bora Pharmaceutical Laboratories Inc.	Assessed and approved up to 2020
TWi Pharmaceuticals, Inc.	Assessed and approved up to 2021（Note 1)
Bora Pharmaceuticals Ophthalmic Inc.	Assessed and approved up to 2021
Bora Biologics Co., Ltd.	Assessed and approved up to 2021
Bora Pharmaceutical and Consumer Health Inc.	Note 2
Bora Management Consulting Co., Ltd.	Assessed and approved up to 2021
SunWay Biotech Co., LTD.	Assessed and approved up to 2021
Chen Run Marketing Co., Ltd.	Assessed and approved up to 2021

Note 1: 2020 income tax return has not approved.
Note 2: Bora Pharmaceutical and Consumer Health Inc. was set up in June 2022. 2022 initial year tax return has not assessed and approved at 31 December 2023.

30. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(1) Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$3,030,142	$1,391,916
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	100,341	97,600
Basic earnings per share (NT$)	$30.20	$14.26

	For the years ended 31 December	
	2023	2022
(2) Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$3,030,142	$1,391,916
Interest expense from convertible bonds (in thousand NT$)	13,416	3,060
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	3,043,558	1,394,976
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	100,341	97,600
Effect of dilution:		
Employee compensation－stock (in thousands)	107	113
Employee stock options (in thousands)	1,046	291
Convertible bonds (in thousands)	2,066	694
Weighted average number of ordinary shares outstanding after dilution (in thousands)	103,560	98,698
Diluted earnings per share (NT$)	$29.39	$14.13

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the consolidated financial statements were authorized for issue.

31. Business combinations

Acquisition of the CDMO Business and asset of Eden Biologics, Inc.

The Company's subsidiary, Bora Biologics Co., Ltd, (the "Bora Bio") acquired Eden Biologics, Inc.'s (the "Eden Bio") business assets and CDMO business in Hsinchu Science Park located at No. 18, Shengyi 2nd Rd., Zhubei City, Hsinchu County, Taiwan on 1 July 2022. The purpose for the acquisition is to expand into biologic macromolecular CDMO business and rapidly build a presence in the biological macromolecules and cell and gene therapy markets.

The fair values of the identifiable assets and liabilities acquired from Eden Biologics, Inc. at the acquisition date were:

	Fair value recognized on the acquisition date
Property, plant and equipment:	
Machinery and equipment	$175,042
Testing equipment	169,083
Leasehold improvements	169,307
Others	7,541
Subtotal	520,973
Intangible assets	31,835
Others assets	9,514
Identifiable net assets at fair value	$562,322
Goodwill is as follows:	
Purchase consideration	$1,491,203
Less: identifiable net assets at fair value	(562,322)
Goodwill	$928,881
Acquisition consideration	
Cash	$1,432,552
Other payables	58,619
Contingent consideration (shown as "Financial liabilities measured at fair value through profit or loss, current")	32
Total consideration	$1,491,203
Analysis of cash flows on acquisition:	
Net cash flow on acquisition	$(1,432,552)

Intangible assets include outstanding contracts and computer software amortized on a straight-line basis over the estimated economic lives.

The purchase considerations of this acquisition includes a holdback of US$2,000 thousand which was fully paid in July 2023.

Contingent considerations

As part of the asset purchase agreement, Bora Bio shall make an additional purchase price to Eden Bio within one month after the first anniversary of the acquisition date, in the event that the target revenue (the "Target Revenue") is achieved as follows:

(1) if the Target Revenue has reach US$12,000 thousand for the first year after the acquisition date, the additional purchase price shall be US$10,000 thousand; or
(2) if the Target Revenue has reach US$20,000 thousand for the first year after the acquisition date, the additional purchase price shall be US$15,000 thousand;

The calculation of Target Revenue shall exclude:

(1) the revenue attributable to the existing CDMO Business Contracts that have accrued and or been realized as of the acquisition date, provided that the foregoing shall be pro-rated and provided further that non-realized revenue shall not be excluded;
(2) the revenue attributable to the biosimilar work submitted by Eden Bio's Group's purchase orders in accordance with the Development, Manufacturing, Supply of Product and Associate Service Agreement (the "MSA") with Eden Bio;
(3) the revenue attributable to CDMO Business Contracts acquired as the sole result of the Bora Bio's or the Group's business development activities; and
(4) the values of materials and components incorporated in the products and being passed through (after deducting any and all applicable markups, if any) to customers of the CDMO Business in relation to any CDMO Business Contracts.

The contingent consideration was evaluated in terms of the achievement of operating performance in the target business for one year from 1 July 2022. There is no subsequent payment because Bora Bio did not achieve the Target Revenue threshold.

Acquisition of TWi Pharmaceuticals, Inc. and its subsidiaries (the "TWi Group")

On 1 September 2022, the Company acquired 100% of the voting shares of TWi Pharmaceuticals, Inc. located at No. 41, Ln. 221, Gangqian Rd., Neihu Dist., Taipei City, Taiwan. The purpose for the acquisition is to conduct strategic integration, enlarge the production capacity, enhance cost advantages, expand market share, and improve competitiveness.

The fair values of the identifiable assets and liabilities of TWi Group as at the acquisition date were as follows:

	Fair value recognized on the acquisition date
Asset:	
Cash and cash equivalents	$786,578
Financial assets at amortized cost - current	598,961
Accounts receivable	3,776,212
Other receivables	1,715
Inventories	1,132,578
Prepayments	103,899
Intangible assets	1,015,248
Property, plant and equipment	2,339,229
Right-of-use assets	205,428
Deferred tax assets	728,485
Refundable deposits	8,563
Other non-current assets	70,253
Subtotal	10,767,149
Liabilities	
Short-term loans	$720,000
Notes payable	455
Accounts payable	116,844
Other payables	1,481,255
Income tax payable	41,203
Deferred tax liabilities	97,835
Refund liabilities	1,794,855
Lease liabilities - current	39,513
Contract liabilities	8,174
Lease liabilities - non-current	174,191
Provisions	3,880
Other non-current liabilities	67,975
Non-controlling interests	1,004
Subtotal	4,547,184
Identifiable net assets	$6,219,965
Goodwill is as follows:	
Purchase considerations	$6,274,670
Less: identifiable net assets at fair value	(6,219,965)
Goodwill	$54,705

Acquisition considerations

Cash	$3,853,261
Other payables	862,473
Contingent consideration (shown as "Financial liabilities measured at fair value through profit or loss")	1,558,936
Total consideration	$6,274,670

Analysis of cash flows on acquisition:	
Cash	$(6,274,670)
Other payables	862,473
Contingent consideration (shown as "Financial liabilities measured at fair value through profit or loss")	1,558,936
Net cash acquired through acquisition	786,578
Net cash flow on acquisition	$(3,066,683)

The fair value of accounts receivable was NT$3,776,212 thousand in which no impairment loss was occurred as default risk is low.

Intangible assets include drug licenses, product distribution or use right, and software amortized on a straight-line basis over the estimated economic lives.

The unpaid purchase considerations, including a holdback of US$28,250 thousand. As of 31 December 2023, US$15,000 thousand was paid and outstanding balance of US$13,250 thousand (NT$406,841 thousand, approximately) was recognized as other payables and other non-current liabilities.

Contingent considerations

As part of the share purchase agreement, the Company agrees to pay a contingent earn-out consideration over the three years based on an agreed percentage of audited consolidated operating income after tax of TWi Group from 2022 to 2024.

The fair value of contingent considerations was determined using the discounted cash flow model. Please refer to Note XII. 9 for the Information on significant unobservable inputs to valuation.

Subsequent the acquisition date, the performance of TWi Group is better than the estimated performance at acquisition date. As of 31 December 2023, the Company paid earn-out consideration for year 2022 at the amount of US$25,201 thousand (NT$770,684 thousand approximately). The estimated fair value of the contingent considerations for year 2023 and 2024 was US$63,033 thousand (NT$1,935,436 thousand approximately) and was recognized as financial liabilities measured at fair value through profit or loss, current and financial liabilities measured at fair value through profit or loss, non-current. Please refer to Note XII. 10 for the reconciliation of contingent considerations.

Acquisition of SunWay Biotech Co., LTD. and its subsidiaries (the “Sunway Group”)

In order to enhance the efficiency of research and development and expand the portfolio of health care products, the Company's board of directors resolved on August 21, 2023, to acquire 21,257 thousand shares (35.79% of equity interests, approximately) of SunWay Biotech Co., LTD. in exchange for all the Company’s equity interest of Bora Health Inc. Upon the completion of share conversion effective on November 1, 2023, the Company became the single largest shareholder of SunWay Biotech Co., LTD. This transaction accounts for a reverse acquisition according to IFRS 3 "*Business Combination*". For the acquisition, SunWay Biotech Co., LTD. is a legal acquirer (accounting acquiree) while Bora Health Inc. is the legal acquiree (accounting acquirer).

The fair values of the identifiable assets and liabilities of Sunway Group at the acquisition date were as follows:

	Fair value recognized at the acquisition date (Provisional amount)
Asset:	
Cash and cash equivalents	$288,423
Financial assets at amortized cost - current	4,800
Accounts receivable and Accounts receivable- Related parties	48,014
Inventories	84,817
Prepayments	6,123
Other current assets - current	327
Financial assets measured at fair value through other comprehensive income, non-current	7,758
Property, plant and equipment	43,280
Right-of-use assets	264,788
Intangible assets	574,472
Prepayment for equipments	70,783
Other non-current assets	15,772
Subtotal	1,409,357
Liabilities	
Contract liabilities	$ 660
Notes payable and Accounts payable	14,734
Other payables	26,904
Income tax payable	15,845
Other current liabilities - current	6,762
Lease liabilities - non-current	270,890
Other non-current liabilities	4,885
Subtotal	340,680
Identifiable net assets	$1,068,677
Goodwill is as follows:	
Purchase considerations	$2,863,379
Non-controlling interests	3,101
Less: identifiable net assets at fair value	(1,068,677)
Goodwill	$1,797,803

Intangible assets include distribution rights, outstanding contracts, and software amortized on a

straight-line basis over the estimated economic lives.

The Group has engaged an independent 3rd party professional for the valuation of the identified net assets. As of 31 December 2023, the Group reports the fair value of the identified net assets at a provisional amounts as the 3rd party report is incomplete at the approval date for the Group's 2023 consolidated financial statements.

The operating revenue and net income before income tax included in the consolidated statement of comprehensive income for the period from acquisition date (1 November 2023) to 31 December 2023 contributed by Sunway Group was $43,382 thousand and $1,793 thousand, respectively. If the acquisition date was 1 January 2023, the operating revenue and net income before income tax of the Group would be $14,452,271 thousand and $4,095,479, respectively. The pro forma information is based on that the acquisition date is 1 January 2024 and apply the same assumption for the provisional amount of acquired net assets at acquisition date. The information is for supplemental reference purpose only which does not reflect the Group's actual operating revenue or financial performance after the acquisition and shall not be used for future projection of the Group.

VII. Related Party Transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related party

Name of the related parties	Nature of relationship of the related parties
Hoan Pharmaceuticals, Ltd.	Substantive related party (NOTE 1)
3T TECHNOLOGY CO., LTD.	Substantive related party (NOTE 2)

NOTE 1: Hoan Pharmaceuticals, Ltd. is not a substantial related party since November 2023. Therefore, the Group only disclose the transactions with Hoan Pharmaceuticals, Ltd. occurred before 1November 2023.

NOTE 2: The Group completed the acquisition of SunWay Biotech Co., LTD. on 1 November 2023. Since then, SunWay Biotech Co., LTD. and its subsidiaries have been included in the consolidated financial statements and 3T TECHNOLOGY CO., LTD. became the Group's substantive related party. Therefore, the Group only discloses the transactions with 3T TECHNOLOGY CO., LTD. after 1 November 2023.

Significant transactions with the related parties

1. Operating revenue

	For the years ended 31 December	
	2023	2022
Hoan Pharmaceuticals, Ltd.	$34,779	$35,419
3T TECHNOLOGY Co., Ltd.	40,740	-
Total	$75,519	$35,419

The sales prices to the above related party were not significantly different from those of sales to third parties. The collection period with is net 60 to 120 days, which is close to the term offered to third parties.

2. Purchases

	For the years ended 31 December	
	2023	2022
Hoan Pharmaceuticals, Ltd.	$71,876	$68,778

The purchase prices to the above related party was based on costs plus necessary expenses. The purchase price and payment terms to related party were not significantly different from those offered to third party suppliers and are net 120 days.

3. Accounts receivable-related parties

	31 December 2023	31 December 2022
Hoan Pharmaceuticals, Ltd.	$-	$19,707
3T TECHNOLOGY Co., Ltd.	68,290	-
Total	68,290	19,707
Less: loss allowance	-	-
Net	$68,290	$19,707

4. Accounts payable -related party

	31 December 2023	31 December 2022
Hoan Pharmaceuticals, Ltd.	$-	$25,031

5. Sales and marketing expenses

	For the years ended 31 December	
	2023	2022
Hoan Pharmaceuticals, Ltd.	$12,925	$10,409

6. Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$85,307	$37,190
Post-employment benefits	450	238
Total	$85,757	$37,428

VIII. Assets Pledged as Security

The following table lists assets of the Group pledged as security:

Items	Carrying amount 31 December 2023	Carrying amount 31 December 2022	Secured liabilities
Financial assets measured at amortized cost	$21,176	$232,869	Customs deposit; guarantee deposit for corporate credit card, short-term loans and long-term loans
Property, plant and equipment - land	2,204,356	2,423,373	Short-term loans and long-term loans
Property, plant and equipment - buildings	813,467	1,414,086	Short-term loans and long-term loans
Investment properties	17,018	17,626	long-term loans
Total	$3,056,017	$4,087,954	

Except for the pledged assets above, the Group also pledged all the shares of TWi Pharmaceuticals, Inc..

IX. Significant Contingencies and Unrecognized Contractual Commitments

Contingent items of civil action:

Pu Ying Interior Decoration Design Co., Ltd. filed a civil complaint in Taipei District Court of Taiwan on 13 October 2021 against the Company alleging that the Company shall pay certain outstanding fees according to the construction contract entered between the Company and Pu Ying Interior Decoration Design Co., Ltd. After negotiation, both parties entered into a settlement agreement and Pu Ying Interior Decoration Design Co., Ltd. withdrew its litigation from Taiwan Taipei District Court on September 28, 2023.

X. Losses due to Major Disasters

None.

XI. Significant Subsequent Events

In order to strengthen CDMO business, Bora Pharmaceutical Holding Inc., a 100% indirectly owned subsidiary of the Company, purchases from Sawai Group Holdings Co., Ltd. (the “Sawai Japan”), all of Sawai Japan’s right, title and interest in and to the shares of Sawai America Holding, Inc. (the “SAH”) where, SAH owns 80% of the outstanding limited liability company interest of, Sawai America LLC (the “SAL”) and purchase 20% of limited liability company interest of SAL from Sumitomo Corporation of Americas (the “Sumitomo”) with total purchase price of USD $210,000 thousand (approximately NT$6,610,000 thousand). As SAL is the beneficial owner of all the outstanding limited liability company interest in Upsher-Smith Laboratories, LLC (the “USL”), the Company will own 100% of USL upon the completion of the transactions.

XII. Others

1. Financial instruments

Financial assets	As of 31 December	
	2023	2022
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$-	$2,350
Financial assets measured at fair value through other comprehensive income	7,758	-
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	3,052,260	3,280,447
Financial assets measured at amortized cost	356,127	309,644
Notes receivable	54,323	36,900
Accounts receivable (include related parties)	3,958,874	6,048,050
Other receivables	82,614	286,376
Refundable deposits	44,111	38,298
Subtotal	7,548,309	9,999,715
Total	$7,556,067	$10,002,065

Financial liabilities	As of 31 December	
	2023	2022
Financial liabilities measured at amortized cost:		
Short-term loans	$767,508	$2,161,065
Accounts and other payables (including amount recognized in other non-current liabilities)	2,129,814	4,754,749
Bonds payable	1,538,361	642,363
Long-term loans (including current portion)	1,815,762	4,120,101
Lease liabilities	869,372	672,186
Subtotal	7,120,817	12,350,464
Financial liabilities at fair value through profit or loss:		
Held for trading	9,009	501
Contingent considerations from business combinations	1,935,436	1,623,181
Subtotal	1,944,445	1,623,682
Total	$9,065,262	$13,974,146

2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended 31 December 2023 and 2022 will be increased/decreased by NT$20,951 thousand and decreased/increased NT$13,821 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and floating interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, an increase of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to decrease by NT$1,344 thousand and NT$4,588 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the years ended 31 December 2023 and 2022 will be the same amount as above but at the opposite direction.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2023 and 2022, accounts receivable from top ten customers represent 90% and 74% of the total accounts receivable of the Group, respectively. The credit concentration risk of rest of customers is insignificant.

Credit risk from deposits with banks, fixed income securities and other financial instruments is managed by the Group's finance department in accordance with the Group's policy. The transactions with counterparties the Company entered with shall be in compliance with internal control procedures. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2023					
Borrowings	$1,446,804	$878,394	$112,747	$277,753	$2,715,698
Accounts and other payables	1,907,203	225,889	-	-	2,133,092
Convertible bonds	-	-	1,699,800	-	1,699,800
Lease liabilities (Note)	112,489	184,928	119,527	586,674	1,003,618

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2022					
Borrowings	$2,821,807	$2,176,352	$1,268,142	$321,735	$6,588,036
Accounts and other payables	4,347,841	406,908	-	-	4,754,749
Convertible bonds	-	-	708,000	-	708,000
Lease liabilities (Note)	82,168	162,196	130,251	400,248	774,863

Notes：Information about the maturities of lease liabilities is provided in the table below:

	Maturities					
	Less than 5 year	6 to 10 years	11 to 15 years	16 to 20 years	>21 years	Total
31 December 2023	$416,944	$206,582	$210,058	$84,071	$85,963	$1,003,618
31 December 2022	$374,615	$112,251	$112,251	$77,504	$98,242	$774,863

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loans	Leases liabilities	Bonds Payable	Total liabilities from financing activities
1 January 2023	$2,161,065	$4,120,101	$672,186	$642,363	$7,595,715
Cash flows	(1,397,782)	(2,320,136)	(74,747)	2,023,360	(1,769,305)
Non-cash changes					
Acquisitions	-	-	270,890	-	270,890
Conversion	-	-	-	(1,135,802)	(1,135,802)
Others	4,225	15,797	1,043	8,440	29,505
31 December 2023	$767,508	$1,815,762	$869,372	$1,538,361	$4,991,003

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans	Leases liabilities	Bonds Payable	Total liabilities from financing activities
1 January 2022	$645,475	$1,250,185	$323,509	$-	$2,219,169
Cash flows	772,327	2,830,800	(37,227)	844,998	4,410,898
Non-cash changes					
Acquisitions	720,000	-	213,704	-	933,704
Conversion	-	-	-	(201,820)	(201,820)
Others	23,263	39,116	172,200	(815)	233,764
31 December 2022	$2,161,065	$4,120,101	$672,186	$642,363	$7,595,715

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable, other payables, and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and

conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

D. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

Other than the table below, the carrying amount of the Group's financial assets and financial liabilities approximate their fair value.

	Carrying amount as of	
	31 December 2023	31 December 2022
Financial liabilities:		
Bonds payable	$1,538,361	$642,363

	Carrying amount as of	
	31 December 2023	31 December 2022
Financial liabilities:		
Bonds payable	$1,538,829	$657,166

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.10 for fair value measurement hierarchy for financial instruments of the Group.

8. Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled at 31 December 2023 and 2022 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts.

Items (by contract)	Notional Amount	Contract Period
As of 31 December 2023	None	
As of 31 December 2022		
Forward currency contract	Sell USD 2,000 thousand	28 December 2022 to 31 March 2023
	Sell USD 750 thousand	6 December 2022 to 30 January 2023
	Sell USD 650 thousand	29 December 2022 to 30 January 2023

The Group entered into forward currency contracts for the purpose of equivalent cash inflow or cash outflow when the contracts expired to avoid the exchange rate variability risk for net assets or liabilities. Besides, the Group has sufficient working capital to meet the operational needs. Therefore, the cash flow risk on forward currency contracts is low.

Embedded derivatives

The Group's embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note VI for further information on this transaction.

9. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

(2) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

31 December 2023:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income:				
Equity instruments	$-	$-	$7,758	$7,758

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Embedded derivatives	$-	$-	$9,009	$9,009
Contingent considerations from business combinations	-	-	1,935,436	1,935,436
Total	$-	$-	$1,944,445	$1,944,445

31 December 2022:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Forward foreign exchange contracts	$-	$14	$-	$14
Embedded derivatives	-	-	2,336	2,336
Total	$-	$14	$2,336	$2,350

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Forward foreign exchange contracts	$-	$501	$-	$501
Contingent considerations from business combinations	-	-	1,623,181	1,623,181
Total	$-	$501	$1,623,181	$1,623,682

Transfers between Level 1 and Level 2 during the period

During the nine months ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

For the period from 1 January 2023 to 31 December 2023:

	Financial assets (liabilities) Measured at fair value through profit or loss	
	Embedded derivatives	Contingent considerations
As of 1 January 2023	$2,336	$(1,623,181)
Disposal/settlements	-	770,684
Acquisition/issuance	(8,330)	-
Gains (losses) recognized in profit or loss:		
(presented in "Net loss on financial assets or liabilities measured at fair value through profit or loss")	(3,015)	(1,041,623)
Exchange differences	-	(41,316)
As of 31 December 2023	$(9,009)	$(1,935,436)

For the period from 1 January 2022 to 31 December 2022:

	Financial liabilities Measured at fair value through profit or loss	
	Embedded derivatives	Contingent considerations
As of 1 January 2023	$-	$-
Acquisition/issuance	(4,640)	(1,558,968)
Gains (losses) recognized in profit or loss:		
(presented in "other gains or losses")	6,976	(64,213)
As of 31 December 2023	$2,336	$(1,623,181)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

31 December 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$47 thousand
Stocks	Market approach	discount for lack of marketability	34.16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$776 thousand
Financial liabilities:					
At fair value through profit and loss:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	50.90%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in an increase by NT$170 thousand or an decrease by NT$510 in the Group's profit or loss
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in an decrease of NT$3,080 thousand or an increase of NT$3,135 thousand in the Group's profit or loss

31 December 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$51 thousand
At fair value through profit and loss:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	56.48%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in an increase by NT$212 thousand or an decrease by NT$142 thousand in the Group's profit or loss
Financial liabilities:					
At fair value through profit and loss:					
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in an decrease of NT$16,060 thousand or an increase of NT$16,438 thousand in the Group's profit or loss

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(3) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

31 December 2023:

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$53,094	$53,094

31 December 2022:

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$54,405	$54,405

10. Significant assets and liabilities denominated in foreign currencies

Unit: thousands

	31 December 2023		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$165,379	30.71	$5,078,789
Financial liabilities			
Monetary items:			
USD	$97,156	30.71	$2,983,661

	31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$43,430	30.71	$1,333,736
Financial liabilities			
Monetary items:			
USD	$88,420	30.71	$2,715,381

The Group mainly uses USD as transaction currency. The Group only disclosures monetary financial assets and financial liabilities of USD. For the years ended 31 December 2023 and 2022, the foreign exchange (loss) gain on monetary financial assets and financial liabilities amounted to NT$(67,505) thousand and NT$47,923 thousand, respectively.

11. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

12. Other

Some accounts reported in the previous financial statements have been reclassified for the comparison of the consolidated financial statements.

XIII. Other Disclosure

1. Information at significant transactions
   (a) Financing provided to others: Please refer to Table 2.
   (b) Endorsement/Guarantee provided to others: Please refer to Table 3.
   (c) Marketable securities held at the end of the reporting period: Please refer to Table 4.
   (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: Please refer to Table 5.
   (e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.
   (f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of paid-in capital: None.
   (g) Total purchases from or sales to related parties which exceeding the lower of NT$100 million or 20 percent of paid-in capital: Please refer to Table 6.
   (h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of paid-in capital: Please refer to Table 7.
   (i) Financial instruments and derivative transactions: Please refer to Note VI.2 and Note VI.15.
   (j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Table 1.

2. Information on investees: Please refer to Table 8.

3. Investment in Mainland China: Please refer to Table 9.

4. Information on major shareholders: Please refer to Table 10.

XIV. Segment information

For management purposes, the Group is organized into various business segments based on the Group's products and services and has three reportable operating segments as follows:

Commercial Sales segment: Selling pharmaceuticals, generic, and healthcare products.
CDMO segment: Contract Development & Manufacturing Organization of pharmaceuticals.
Other segment: Others.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

1. Segment information.

Year ended 31 December 2023

	Commercial Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$9,235,525	$4,951,059	$13,484	$-	$14,200,068
Inter-segment (Note)	15,608	485,689	259,891	(761,188)	-
Total revenue	$9,251,133	$5,436,748	$273,375	$(761,188)	$14,200,068
Segment profit	$4,282,227	$1,186,054	$(1,307,859)	$(96,276)	$4,064,146

Year ended 31 December 2022

	Commercial Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$5,689,865	$4,796,110	$8,495	$-	$10,494,470
Inter-segment (Note)	70,676	38,968	194,353	(303,997)	-
Total revenue	$5,760,541	$4,835,078	$202,848	$(303,997)	$10,494,470
Segment profit	$1,033,788	$1,102,137	$(263,834)	$(32,090)	$1,840,001

Note: Inter-segment revenue are eliminated under consolidation and recorded under the "adjustment and elimination" column.

2. Product information:

	For the years ended 31 December	
Product	2023	2022
Sale for pharmaceuticals, generic and healthcare products	$9,251,133	$5,760,541
CDMO	5,436,748	4,835,078
Others	273,375	202,847
Adjustment and elimination	(761,188)	(303,996)
Total	$14,200,068	$10,494,470

3. Geographic information:

Revenue from external clients:

Country	For the years ended 31 December 2023	2022
Europe	$2,080,540	$3,129,288
U.S.A	10,955,390	6,514,496
Taiwan	1,053,207	850,686
Others	110,931	-
Total	$14,200,068	$10,494,470

Non-current assets:

Country	31 December 2023	31 December 2022
Canada	$2,327,667	$2,332,129
U.S.A	323,218	247,549
Taiwan	11,797,792	7,940,731
Others	300	-
Total	$14,448,977	$10,520,409

4. Important client information:

	For the years ended 31 December 2023	2022
Client A	$2,778,896	$1,256,515
Client B	2,442,094	1,423,393
Client C	1,934,120	3,033,299
Client D	1,590,407	486,458
Client E	504,331	506,421
Client F	467,927	500,599
Total	$9,717,775	$7,206,685

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 1

Significant inter-company transactions during the period

For the year ended 31 December 2023

No. (Note 1)	Company Name	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Financial statement account	Amount	Terms	Percentage of consolidated operating revenue or consolidated total assets (Note 3)
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	1	Accounts receivable	64,309	60 days from the date of invoice	0.26%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	1	Operating revenue	259,891	60 days from the date of invoice	1.83%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	1	Other receivables	25,952	60 days from the date of invoice	0.10%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	1	Other revenue	44,394	60 days from the date of invoice	0.31%
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	1	Other receivables	94,907	60 days from the date of invoice	0.38%
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	1	Other revenue	106,740	60 days from the date of invoice	0.75%
1	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	3	Accounts receivable	60,072	60 days from the date of invoice	0.24%
1	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	3	Operating revenue	365,087	60 days from the date of invoice	2.57%
1	Bora Pharmaceutical Laboratories Inc.	Bora Health Inc.	3	Operating revenue	28,912	60 days from the date of invoice	0.20%
1	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	60,502	60 days from the date of invoice	0.43%
2	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Services Inc.	3	Other receivables	28,740	Net 30 days	0.11%
2	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Services Inc.	3	Other revenue	110,105	Net 30 days	0.78%
2	Bora Pharmaceuticals USA Inc.	TWi Pharmaceuticals USA, Inc.	3	Other revenue	14,402	60 days from the date of invoice	0.10%
3	TWi Pharmaceuticals, Inc.	Bora Pharmaceutical Laboratories Inc.	3	Operating revenue	14,881	60 days from the date of invoice	0.10%
3	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Accounts receivable	3,603,451	120 days from the date of invoice	14.38%
3	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	7,476,832	120 days from the date of invoice	52.65%
4	Bora Pharmaceuticals Ophthalmic Inc.	TWi Pharmaceuticals, Inc.	3	Operating revenue	14,899	60 days from the date of invoice	0.10%

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

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

Note 2: Transactions are categorized as follows:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated total asset or operating revenues: it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: All transactions listed above are eliminated in the consolidated financial statements.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 2

Loans to others

No. (Note 1)	Lender	Borrower	Financial statement account	Is a related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Transaction amounts (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loan granted (Note 3)
													Item	Value		
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Co., Ltd.	Other receivables-related parties	Yes	$400,000	$-	$-	-%	2	$-	Need for operation	$-	None	$-	$927,959	$1,159,948
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Other receivables-related parties	Yes	$200,000	$-	$-	-%	2	$-	Need for operation	$-	None	$-	$927,959	$1,159,948

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

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

Note 2: Limit loans granted to a single party:

(1) Business transaction: limit on loans granted to a single party shall not exceed 10% of the lender's net assets value as of the period and the accumulated business transaction amounts of the past 12 months. Transaction amounts is defined as amount the higher of sales to or purchases from.

(2) Short-term financing: limit on loans granted to a single party shall not exceed 40% of the lender's net assets value as of the period.

Note 3: Ceiling on total loan granted:

(1) The ceiling on total loans granted by the Company to all parties shall not exceed 50% of the Company's net asset value.

(2) The ceiling on total loans granted by the subsidiaries to all parties shall not exceed 50% of the subsidiaries' net asset value.

Note 4: Circumstances for the financing provided to others:

(1) Business transaction is "1".

(2) Short-term financing is "2".

Note 5: Where the purpose of the loan is for business transaction (Type "1") the transaction amount represent the accumulated business transactions between the lender and the counter party during the past 12 months.

Note 6: Where the purpose for the loan is short-term financing (Type "2"): Shall specify the reasons for the borrowing and the usage of the funds, such as repayment of loans, acquisition of equipment, working capital, etc.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 3

Endorsement/Guarantee provided to others

No. (Note 1)	Endorser/ Guarantor	Guaranteed party		Limits on endorsement/ guarantee to each guaranteed party (Note3)	Maximum balance for the period	Ending balance	Actual amount drawn down	Amount of endorsement / guarantee secured by collateral	Ratio of accumulated endorsement/ guarantee amount to net equity of the endorser/ guarantor company	Ceiling on total endorsement/ guarantee provided (Note 4)	Guarantee provided by Parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship (Note 2)										
0	Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	2	$45,423,935	$25,000	$-	$-	$-	-	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	2	$45,423,935	$717,500	$-	$-	$-	-	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	2	$45,423,935	$360,000	$240,000	$-	$-	2.64	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	2	$45,423,935	$1,050,000	$-	$-	$-	-	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	2	$45,423,935	$2,868,000	$2,784,000	$2,784,000	$-	30.64	$45,423,935	Y	N	N
1	TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Ophthalmic Inc.	4	$1,049,453	$200,000	$-	$-	$-	-	$2,623,632	N	N	N
2	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	4	$23,298,720	$200,000	$200,000	$200,000	$-	8.62	$23,198,970	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

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

Note 2: The nature of relationship between endorser/guarantor and guaranteed party is as follows:

(1) Having business relationship.

(2) A company in which the Company holds directly or its subsidiaries hold indirectly, 50% or more of the voting shares.

(3) A company which holds directly or its subsidiaries hold indirectly, 50% or more of the voting shares of the Company.

(4) A company in which the Company holds directly or its subsidiaries hold indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a

construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) A company in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other,

Note 3: Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Limit of guarantee/endorsement amount for each receiving party of TWi Pharmaceuticals, Inc. is 20% of its net worth.

Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Laboratories Inc. is 10 times of its net worth.

Note 4: Ceiling on total guarantee/ endorsement amount of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Ceiling on total guarantee/ endorsement amount of TWi Pharmaceuticals, Inc is 50% of its net worth.

Ceiling on total guarantee/ endorsement amount of Bora Pharmaceuticals Laboratories Inc. is 10 times of its net worth.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 4

Securities held as at the end of the reporting period. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	As of 31 December 2023				Note
				Shares/Units (thousand)	Carrying amount	Percentage of ownership	Fair value	
Bora Pharmaceuticals Co., Ltd.	Non-listed stock－Taifong Venture Capital Co.	None	Financial assets measured at fair value through other comprehensive income, non-current	490,000	$- (Note 2)	19.69%	$-	No pledged or collateral
SunWay Biotech Co., LTD.	Preferred stock－CMC PharmaSolutions Group, Inc.	None	Financial assets measured at fair value through other comprehensive income, non-current	1,200	$7,758	7%	$7,758	No pledged or collateral

Note 1：Securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities specified in IFRS 9 "*Financial Instrument*"

Note 2：The carrying amount is NT$0 since accumulated unrealized valuation loss of financial assets measured at fair value through other comprehensive income is NT$4,900 thousand.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 5

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock of the Company as at the end of the reporting period.

Type of securities	Name of the securities	Financial statement account	Counter-party	Nature of Relationship	Beginning balance		Addition		Disposal				Ending balance		Note
					Shares (thousand)	Amount	Shares (thousand)	Amount	Shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Shares (thousand)	Amount	
Stock	SunWay Biotech Co., LTD.	Investments accounted for using equity method	SunWay Biotech Co., Ltd.	Investee company	-	$-	21,257,169	$1,138,633	-	$-	$-	$-	21,257,169	$1,143,895	-
Stock	Bora Health Inc.	Investments accounted for using equity method	SunWay Biotech Co., Ltd.	Investee company	18,918,880	$218,754	-	$-	18,918,880	$1,138,633	$266,017	$-	-	$-	Note 1

Note1: SunWay Biotech Co., LTD. exchanged shares with Bora Health Inc. by issuing new shares on November 1, 2023, and acquired 100% of the equity interest of Bora Health Inc. The difference between the purchase consideration and the carrying amount was recorded as capital surplus due to the difference between the consideration received and the carrying amount of the subsidiaries' net assets.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 6

Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock as at the end of the reporting period.

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Parent/ subsidiary	Sales	$259,891	55.70%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $64,309	57.55%	-
Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	Other related party	Sales	$365,087	34.47%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $60,072	42.67%	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Parent/ subsidiary	Sales	$7,476,832	99.58%	120 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $3,603,451	99.83%	-

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 7

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as at the end of the reporting period.

Company Name	Counter-party	Relationship	Ending balance of receivables from related party (Note 1)	Turnover Rate	Overdue		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Action Taken			
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Parent/ subsidiary	$3,603,451	2.85	$1,645,640	Collected in subsequent reporting period	$1,375,775	$-	Note 1

Note 1: All transactions listed above are eliminated in the consolidated financial statements.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 8

Information on investees

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of 31 December 2023			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$-	$165,874	-	-%	$-	$155	$311	(Note 3)
The Company	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$-	$190,466	-	-%	$-	$41,810	$24,037	(Note 1) (Note 4)
The Company	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical contract development and manufacturing	$1,156,810	$1,156,810	165,000,000	100%	$2,270,850	$540,128	$540,128	-
The Company	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	$59,969	$59,969	500,000	100%	$70,098	$5,889	$5,889	-
The Company	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	$219,279	$219,279	100,000,000	50%	$1,418,525	$630,101	$315,051	-
The Company	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management and consulting	$1,000	$1,000	100,000	100%	$4,389	$2,458	$2,458	-
The Company	Bora Biologics Co., Ltd.	Hsinchu City, Taiwan	Biotechnical services, research and development services and pharmaceutical manufacturing	$1,103,720	$1,103,720	39,425,000	65.70%	$1,194,554	$85,611	$56,246	-
The Company	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Biotechnical research and management and consulting	$100	$100	10,000	100%	$(41)	$(72)	$(72)	-
The Company	TWi Pharmaceuticals, Inc.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$5,676,416	$5,676,416	60,000,000	100%	$7,364,161	$3,343,391	$3,246,787	(Note 2)

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of 31 December 2023			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
The Company	SunWay Biotech Co., LTD.	Taipei City, Taiwan	Healthcare product wholesale and retail	$1,138,633	$-	21,257,168	35.79%	$1,143,896	$73,107	$5,981	(Note 4)
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	$213,100	$213,100	100,000,000	50%	$1,418,525	$630,101	$315,050	-
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Taipei City, Taiwan	Pharmaceutical contract development and manufacturing	$160,126	$-	64,252,492	98.85%	$101,364	$(123,608)	$(57,618)	(Note 1) (Note 3)
TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Taipei City, Taiwan	Pharmaceutical contract development and manufacturing	$-	$580,866	-	-%	$-	$(123,608)	$(64,117)	(Note 3)
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	State of New Jersey, USA	Pharmaceutical wholesale	$231,982	$231,982	38	100%	$(999,107)	$256,797	$256,797	-
SunWay Biotech Co., LTD.	Sunway Group Holding Limited	Republic of Seychelles	Investment holding	$18,947	$18,947	1,000,000	100%	$4,788	$(2,076)	$(672)	(Note 4)
SunWay Biotech Co., LTD.	Chen Run Marketing Co., Ltd.	Taipei City, Taiwan	Healthcare product wholesale and retail	$2,550	$2,550	255,000	51%	$2,988	$586	$39	(Note 4)
SunWay Biotech Co., LTD.	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$2,141,932	$-	22,618,880	100%	$332,497	$41,810	$14,447	(Note 4)
Sunway Group Holding Limited	Sunway Investment(H.K.) Limited	Hong Kong	Investment holding	$18,776	$18,776	3,500,000	100%	$4,789	$(2,044)	$(640)	(Note 4)
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$31,558	$-	1,500,000	100%	$31,401	$311	$(156)	(Note 3)

Note 1: Investment income (loss) includes the effect of unrealized or realized gross profit on intercompany transactions.

Note 2: The investment income recognized had deducted the depreciation and amortization expenses arose from the difference between the identifiable assets at fair value and carrying amount of interests in subsidiary as at the acquisition date.

Note 3: Due to the restructuring of the Group, Bora Pharmaceutical Laboratories Inc. has acquired all the shares of Bora Pharmaceuticals Ophthalmic Inc. owned by TWi Pharmaceuticals, Inc. (98.64%) since July, 2023. The Company sold all the shares of Union Chemical & Pharmaceutical Co., Ltd. to Bora Health Inc. Please refer to Note VI for the details.

Note 4: The Company's board of directors passed a resolution on August 21, 2023, to exchange the entire equity interest of Bora Health Inc. with SunWay Biotech Co., LTD. and acquire 35.79% of ownership of SunWay Biotech Co., LTD. and its subsidiaries. Since November 1, 2023, the Company obtained the control over SunWay Biotech Co., LTD. and its subsidiaries. and consolidate the profit of SunWay Biotech Co., LTD. and its subsidiaries.

Table 9

Investment in Mainland China at the end of the reporting period.

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment *(Note 1)*	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	% Ownership of direct or indirect Investment	Investment income (loss) recognized *(Note 2)*	Carrying amount as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Sunway (Dongguan) Biotech Co., LTD.	Healthcare product wholesale and retail	$17,654	(ii)	$17,654	$-	$-	$17,654	$(1,995)	100%	$(1,995)	$4,178	$7,725

Accumulated outward remittance for investments in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on the amount of investments stipulated by the Investment Commission, MOEA *(Note 3)*
$17,654	$19,547	1,918,477

Note 1 : The methods for engaging in investment in Mainland China include the following:

(i) Direct investment in Mainland China

(ii) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region)

(iii) Other methods.

Note 2：The basis of investment income (loss) recognition is from the financial statements audited by the R.O.C. parent company's CPA.

Note 3：The consent to invest in SunWay Biotech Co., LTD.'s investment has been approved by the Investment Commission, MOEA with the Limit of amount of 60% of its net worth.

Table 10

Information on major shareholders

Shares / Name of major shareholders	Shares	Percentage of Ownership
Baolei Co., Ltd.	18,704,939	18.43%
Reibaoshin Co., Ltd.	11,436,676	11.26%
Sheng Pao-Shi	5,356,672	5.27%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

V. Individual financial statements for the most recent year audited by a certified public accountant

Independent Auditors' Report

To BORA PHARMACEUTICALS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") as of 31 December 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022 and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2023 and 2022, and parent company only financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Operating revenue for the year ended 31 December 2023 was NT$466,605 thousand, mainly coming from contract development and manufacturing (CDMO). As timing of revenue recognition varies among contract terms with customers, which involved management's significant judgment, we have determined this as a key audit matter.

Our audit procedures included, but were not limited to, the following: evaluating the appropriateness of the management's accounting policies for revenue recognition; understanding the transaction processes for revenue recognition when fulfilling identified performance obligations; evaluating and testing the effectiveness of the design and implementation of internal controls over the timing of revenue recognition when fulfilling performance obligations; performing analytical procedures for the top ten clients; selecting samples to perform test of details to confirm the appropriateness of the timing of revenue recognition when fulfilling performance obligations; performing revenue cut-off testing for a period before and after the balance sheet date by tracing to relevant supporting documents to verify that revenue has been recognized in correct periods; investigating and understanding the cause and nature of significant sales returns for a period after the balance sheet date; and conducting journal entries testing.

We also evaluated the disclosures of revenue recognition. Please refer to Notes IV and VI to the parent company only financial statements.

Business Combination

On November 1, 2023 (the "acquisition date"), in accordance with the Enterprise Mergers and Acquisitions Law and other relevant laws, the Group acquired the shares of Sunway Biotech Co., Ltd. and obtained the control over Sunway Biotech Co., Ltd. by exchange the shares of Bora Health Inc. This transaction accounts for a reverse merger according to the International Finance Reporting standards. We have determined the transaction as a key audit matter as this transaction accounts for a reverse merger and the transaction amount of business combinations is significant, which involved the identification of merger and acquisition transaction.

Our audit procedures included, but were not limited to, the following: obtaining agreements for share exchagnes, evaluating the reasonableness of acquisition consideration under business combination and the fair value of identifiable net assets through business combination, confirming the acquisition date and related accounting treatments. We also evaluated the appropriateness of the disclosures of business combination. Please refer to Notes IV and VI to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hong, Guo Sen

Chen, Ming Hung

Ernst & Young, Taiwan

7 March 2024

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of 31 December, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	31 December 2023		31 December 2022	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	IV&VI.1	$342,222	2	$152,369	1
Notes receivable,net	IV&VI.4.21	664	-	658	-
Notes receivable-related party,net	IV&VI.4.21&VII	-	-	5	-
Accounts receivable,net	IV&VI.5.21	45,428	-	42,270	-
Accounts receivable-related parties,net	IV&VI.5.21&VII	65,652	1	66,513	1
Other receivables		469	-	203	-
Other receivables-related parties	VII	162,183	1	51,015	1
Current tax assets	IV	21,338	-	36,927	-
Inventories,net	IV&VI.6	36,171	-	20,165	-
Prepayments	VI.7	6,534	-	9,526	-
Other current assets	VI.8	46,833	1	39,485	-
Total current assets		727,494	5	419,136	3
Non-current assets					
Financial assets measured at fair value through profit or loss, non-current	IV&VI.2.15	-	-	2,336	-
Financial assets measured at amortized cost, non-current	IV&VI.3&VIII	-	-	38,522	-
Investments accounted for using equity method	IV&VI.9	13,466,432	87	11,165,669	88
Property, plant and equipment	IV&VI.10&VIII	1,115,400	7	1,113,309	9
Right-of-use assets	IV&VI.22&VIII	4,229	-	6,900	-
Investment property,net	IV&VI.11	23,339	-	24,172	-
Intangible assets	IV	1,476	-	1,757	-
Deferred tax assets	IV&VI.26	80,489	1	37,054	-
Prepayment for equipments		4,239	-	3,653	-
Refundable deposits		3,419	-	3,399	-
Other non-current assets		300	-	-	-
Total non-current assets		14,699,323	95	12,396,771	97
Total assets		$15,426,817	100	$12,815,907	100

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

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of 31 December, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	31 December 2023		31 December 2022	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	IV&VI.12	$500,000	3	$1,349,614	11
Financial liabilities measured at fair value through profit or loss, current	IV&VI.13	1,584,841	10	694,943	5
Contract liabilities,current	VI.20	8	-	8	-
Notes payable		-	-	-	-
Accounts payable		50,909	1	33,229	-
Accounts payable-related parties	IV&VII	19	-	356	-
Other payables	IV&VI.14	349,530	2	584,717	5
Other payables-related parties	IV&VI.14&VII	354	-	3,303	-
Income tax liability	IV&VI.26	43,515	-	15,631	-
Lease liabilities,current	IV&VI.22	2,686	-	2,649	-
Current portion of long-term loans	IV&VI.16	335,896	2	416,311	3
Other current liabilities		2,121	-	1,809	-
Total current liabilities		2,869,879	18	3,102,570	24
Non-current liabilities					
Financial liabilities measured at fair value through profit or loss, non-current	IV&VI.13.15	359,604	2	928,206	7
Bonds payable	IV&VI.15	1,538,361	10	642,363	5
Long-term loans	IV&VI.16	1,066,130	7	2,935,332	23
Deferred tax liabilities	IV&VI.26	281,752	2	265,827	2
Lease liabilities, non-current	IV&VI.22	1,585	-	4,271	-
Other non-current liabilities		224,719	2	409,016	3
Total non-current liabilities		3,472,151	23	5,185,015	40
Total liabilities		6,342,030	41	8,287,585	64
Equity attributable to the parent company					
Capital	VI.18				
Common stock		1,014,128	7	753,815	6
Advance receipts for capital stock		853	-	3,107	-
Capital surplus	VI.15.18.19	3,318,350	22	1,236,380	10
Retained earnings	VI.18				
Legal reserve		355,501	2	216,436	2
Special reserve		-	-	23,919	-
Unappropriated earnings		4,373,116	28	2,308,664	18
Subtotal		4,728,617	30	2,549,019	20
Other equity	VI.18	73,807	-	39,093	-
Treasury stock	VI.18	(50,968)	-	(53,092)	-
Total equity		9,084,787	59	4,528,322	36
Total liabilities and equity		$15,426,817	100	$12,815,907	100

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

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Items	Notes	For the year ended 31 December 2023		For the year ended 31 December 2022	
		Amount	%	Amount	%
Operating revenue	IV&VI.20&VII	$466,605	100	$470,677	100
Operating costs	IV&VI.6.23&VII	(362,624)	(78)	(374,869)	(80)
Gross profit		103,981	22	95,808	20
Unrealized gross profit on sales		(119,452)	(26)	(12,805)	(3)
Realized gross profit on sales		77,030	17	8,445	2
Gross profit,net		61,559	13	91,448	19
Operating expenses	IV&VI.19.21.22.23&VII				
Sales and marketing expenses		(1,693)	-	(12,523)	(3)
General and administrative expenses		(288,773)	(62)	(199,511)	(42)
Research and development expenses		(2,730)	(1)	(18,010)	(4)
Total operating expenses		(293,196)	(63)	(230,044)	(49)
Operating loss		(231,637)	(50)	(138,596)	(30)
Non-operating income and expenses					
Other revenue	VI.24&VII	203,132	44	60,278	13
Other (losses)	VI.24&VII	(1,084,999)	(233)	(58,871)	(13)
Financial costs	VI.24&VII	(110,797)	(24)	(55,930)	(12)
Share of profit of associates and joint ventures accounted for using the equity method	VI.9	4,196,815	899	1,653,363	351
Total non-operating income		3,204,151	686	1,598,840	339
Net income before income tax		2,972,514	636	1,460,244	309
Income tax benefits and (expense)	VI.26	57,628	12	(68,328)	(15)
Net income		3,030,142	648	1,391,916	294
Other comprehensive income					
Not to be reclassified to profit or loss in subsequent periods					
Remeasurements of defined plans for subsidiaries, affiliates and joint ventures	VI.25	(6,192)	1	3,969	1
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translating the financial statements of foreign operations	VI.25	27,554	6	35,084	7
Share of profit (loss) of associates and joint ventures accounted for using equity method	VI.25	18,863	4	30,977	7
Income tax related to items to be reclassified subsequently to profit or loss	VI.25	(5,511)	(1)	(7,017)	(1)
Total other comprehensive income, net of tax		34,714	10	63,013	14
Total comprehensive income		$3,064,856	658	$1,454,929	308
Earnings per share (NTD)	IV&VI.27				
Earnings per share-basic		$30.20		$14.26	
Earnings per share-diluted		$29.39		$14.13	

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

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Items	Capital		Capital surplus	Retained earnings			Other equity			Treasury stock	Total
	Common stock	Advance receipts for capital stock		Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	Remeasurements of the net defined benefit plan		
Balance as of 1 January 2022	$684,123	$660	$1,025,985	$141,462	$4,900	$1,319,331	$(23,555)	$(4,900)	$4,535	$-	$3,152,541
Appropriation and distribution of 2021 retained earning											
Legal Reserve	-	-	-	74,974	-	(74,974)	-	-	-	-	-
Special Reserve	-	-	-	-	19,019	(19,019)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(238,802)	-	-	-	-	(238,802)
Stock dividends	68,522	-	-	-	-	(68,522)	-	-	-	-	-
Recognition of equity component of convertible bonds issued	-	-	94,679	-	-	-	-	-	-	-	94,679
Changes in subsidiaries, affiliates and joint ventures recognized using the equity method	-	-	11,864	-	-	-	-	-	-	-	11,864
Net income for the year ended 31 December 2022	-	-	-	-	-	1,391,916	-	-	-	-	1,391,916
Other comprehensive income for the year ended 31 December 2022	-	-	-	-	-	15	59,044	-	3,969	-	63,028
Total comprehensive income	-	-	-	-	-	1,391,931	59,044	-	3,969	-	1,454,944
Conversion of convertible bonds	-	3,067	80,403	-	-	-	-	-	-	-	83,470
Treasury stock acquired	-	-	-	-	-	-	-	-	-	(53,092)	(53,092)
Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	2,177	-	-	-	-	-	-	-	2,177
Adjustment to share of changes in equities of subsidiaries	-		-	-	-	(1,281)	-	-	-	-	(1,281)
Share-based payment transactions-exercise of stock option	510	40	3,346	-	-	-	-	-	-	-	3,896
Share-based payment transactions-stock based compensation	-	-	17,926	-	-	-	-	-	-	-	17,926
Share-based payment transactions-conversion of stock option	660	(660)	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2022	$753,815	$3,107	$1,236,380	$216,436	$23,919	$2,308,664	$35,489	($4,900)	$8,504	($53,092)	$4,528,322
Balance as of 1 January 2023	$753,815	$3,107	$1,236,380	$216,436	$23,919	$2,308,664	$35,489	($4,900)	$8,504	($53,092)	$4,528,322
Appropriation and distribution of 2022 retained earning											
Legal Reserve	-	-	-	139,065	-	(139,065)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(619,134)	-	-	-	-	(619,134)
Stock dividends	231,410	-	-	-	-	(231,410)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(23,919)	23,919	-	-	-	-	-
Recognition of equity component of convertible bonds issued	-	-	392,062	-	-	-	-	-	-	-	392,062
Changes in subsidiaries, affiliates and joint ventures recognized using the equity method	-	-	48,779	-	-	-	-	-	-	-	48,779
Net income for the year ended 31 December 2023	-	-	-	-	-	3,030,142	-	-	-	-	3,030,142
Other comprehensive income for the year ended 31 December 2023	-	-	-	-	-	-	40,906	-	(6,192)	-	34,714
Total comprehensive income	-	-	-	-	-	3,030,142	40,906	-	(6,192)	-	3,064,856
Conversion of convertible bonds	27,863	(3,064)	644,607	-	-	-	-	-	-	-	669,406
Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	872,616	-	-	-	-	-	-	-	872,616
Adjustment to share of changes in equities of subsidiaries	-	-	47,125	-	-	-	-	-	-	-	47,125
Share-based payment transactions-exercise of stock option	1,000	850	24,594	-	-	-	-	-	-	-	26,444
Share-based payment transactions-stock based compensation	-	-	46,819	-	-	-	-	-	-	-	46,819
Share-based payment transactions-conversion of stock option	40	(40)	-	-	-	-	-	-	-	-	-
Other-treasury shares sold to employees	-	-	5,368	-	-	-	-	-	-	2,124	7,492
Balance as of 31 December 2023	$1,014,128	$853	$3,318,350	$355,501	$-	$4,373,116	$76,395	$(4,900)	$2,312	$(50,968)	$9,084,787

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

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Items	For the year ended 31 December 2023	For the year ended 31 December 2022	Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$2,972,514	$1,460,244	Acquisition of financial assets measured at amortized cost	-	(38,522)
Adjustments for:			Proceeds from disposal of financial assets measured at amortized cost	38,522	-
Income and expense adjustments:			Acquisition of investments accounted for using equity method	-	(5,412,382)
Depreciation	24,796	23,780	Proceeds from disposal of investments accounted for using equity method	31,557	24,000
Amortization	1,497	1,500	Acquisition of subsidiary (net of cash acquired)	(1,226,774)	-
Net loss on financial assets or liabilities measured at fair value through profit or loss	1,044,671	47,724	Proceeds from return of capital of investments accounted for using equity method	-	618,254
Interest expense	110,797	55,930	Acquisition of property, plant and equipment	(23,876)	(22,685)
Interest revenue	(4,596)	(731)	Proceeds from disposal of property, plant and equipment	463	8
Share-based payment expenses	27,287	17,926	Increase in refundable deposits	(20)	(3,106)
Share of profit of associates and joint ventures accounted for using the equity method	(4,196,815)	(1,653,363)	Increase in other receivables-related parties	(119,617)	(36,714)
Loss on disposal of property, plant and equipment	30	198	Decrease in other receivables-related parties	41,720	372,358
Unealized losses from inter-affiliate accounts	119,452	12,805	Acquisition of intangible assets	(1,216)	(478)
Realized (gain) from inter-affiliate accounts	(77,030)	(8,445)	Increase in other non-current assets	(300)	-
Other	7,202	1,810	Increase in prepayment for equipments	(586)	(181)
Total income and expense adjustments:	(2,942,709)	(1,500,866)	Dividends received	2,830,818	24,804
			Net cash provided by (used in) investing activities	1,570,691	(4,474,644)
Changes in operating assets and liabilities:					
Notes receivable,net	(6)	23,658			
Notes receivable-related parties,net	5	(10,869)	Cash flows from financing activities:		
Accounts receivables,net	(3,158)	24,257	Increase in short-term loans	-	1,254,614
Accounts receivables-related party,net	861	(2,191)	Decrease in short-term loans	(849,614)	-
Other receivables	(266)	(280)	Issuance of convertible bonds	2,023,360	844,998
Other receivables-related parties	(13,739)	7,045	Proceeds from long-term loans	-	4,172,400
Inventories,net	(16,006)	11,736	Repayment of long-term loans	(1,956,819)	(1,456,567)
Prepayments	2,992	1,437	Repayment of the principal of lease liabilities	(2,649)	(1,093)
Other current assets	(7,348)	(11,633)	Increase in other current liabilities	-	572
Contract liabilities	-	(381)	Cash dividends	(619,134)	(238,802)
Notes payable-related party	-	(5,141)	Employee stock options exercised	26,444	3,896
Accounts payable	17,680	18,409	Treasury stock purchases	-	(53,092)
Accounts payable-related parties	(337)	(25,262)	Treasury stock sold to employees	7,492	-
Other payables	62,117	34,707	Interest paid	(94,911)	(50,463)
Other payables-related parties	(2,949)	(16,652)	Net cash (used in) provided by financing activities	(1,465,831)	4,476,463
Other current liabilities	312	814			
Cash generated from operations	69,963	9,032	Effect of exchange rate changes on cash and cash equivalents	16,687	-
Interest received	4,596	731	Net increase (decrease) in cash and cash equivalents	189,853	(30,926)
Income tax paid	(6,253)	(42,508)	Cash and cash equivalents at beginning of period	152,369	183,295
Net cash provided by (used in) operating activities	68,306	(32,745)	Cash and cash equivalents at end of period	$342,222	$152,369

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

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended 31 December 2023 and 2022

(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

I. History and Organization

(1) BORA PHARMACEUTICALS CO., LTD. ("the Company") was incorporated in Republic of China ("R.O.C.") on 12 June 2007, for which the Company's initial name 'Bora International Co., LTD.' was used until it was renamed in June 2013. The Company's initial registered office and principal place of business was of Sing'ai Rd., Neihu Dist., Taipei City, Republic of China (R.O.C.), and then relocated to 6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu District, Taipei City, Republic of China (R.O.C.) on 2 February 2021. The main activities of the Company focus on manufacturing and selling generic, brand, and over-the-counter (OTC) drugs, contract development and manufacturing (CDMO). The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on 19 December 2023.

II. The Authorization of Parent Company Only Financial Statements

The parent company only financial statements of the Company ("the Company") for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 7 March 2024.

III. Application of New and Revised International Financial Reporting Standards

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

The amendments was to califry definition of accounting estimates and amend to IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors"* to help companies distinguish bewteen changes in accounting estimates and changes in accounting policies.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The above standards and interpretations have no significant impact on the Company's financial condition and financial performance based on the Company assessment.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "*Consolidated Financial Statements*" and IAS 28 "*Investments in Associates and Joint Ventures*" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "*Insurance Contracts*"	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10"*Consolidated Financial Statements*" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 "*Consolidated Financial Statements*" *and IAS 28* "*Investments in Associates and Joint Ventures*", in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "*Insurance Contracts*"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no significant impact on the Company.

IV. Summary of material accounting policies

1. Statement of compliance

The parent company only financial statements of the Company for the years ended 31 December 2023 and 2022 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

2. Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the parent company only financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the parent company only financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:
(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or partial disposal of an interest in an associate that includes a foreign operation is financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other

comprehensive income is reclassified to profit or loss.

5. Current and non-current distinction

An asset is classified as current when:
(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *"Financial Instruments"* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: recognition and measurement

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

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Company's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivables, accounts receivables and other receivables etc., on balance sheet as of the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (a) Purchased or originated credit-impaired financial assets. For those financial assets,

the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note XII for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired
B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss. A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

8. Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories, net

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted average basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are calculated on a weighted average basis.

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

11. Investments accounted for using the equity method

The Company presented the investment of subsidiaries as *" investments accounted for using the equity method"* in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the parent company only financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the parent company only financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments mainly consider the treatment of the investments in subsidiaries in accordance with IFRS 10 *"Consolidated Financial Statements"* and the difference of adopting International Financial Reporting Standards by different entities. The adjustments may debit or credit accounts such as: "investments accounted for using the equity method", "share of profit of associates and joint ventures accounted for using the equity method", or "share of other comprehensive income of associates and joint ventures accounted for using the equity method."

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorata basis.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment"*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～50 years
Machinery and equipment	2～15 years
Transportation equipment	5～ 6 years
Office equipment	3～10 years
Other equipment	2～16 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

13. Investment property, net

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Company transfers properties to or from investment properties according to the actual use of the properties.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

14. Leases

The Company assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

The Company applies IAS 36 *"Impairment of Assets*" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

15. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
(b) Its intention to complete and its ability to use or sell the asset
(c) How the asset will generate future economic benefits
(d) The availability of resources to complete the asset
(e) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies information applied to the Company's intangible assets is as follows:

Category	Software	Exclusive technology
Useful lives	1 to 5 years	5 years
Amortization methods	Straight line method	Straight line method

16. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

17. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for employee benefits

Provisions for employee benefits are recognized for employees' cumulative and unused benefits obligations at the reporting days.

18. Treasury stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

19. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and CDMO services. The accounting policies are explained as follow:

Sales of goods (Commercial Sales)

Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is prescription drugs, generic drugs, and consumer healthcare products. Revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, the Company makes estimates of the net sales price, including estimates of variable consideration to be incurred on the respective product sales which includes volume discounts and sales discount (known as "Gross to Net" adjustments). Estimating gross to net adjustments and applying the constraint on variable consideration requires the use of significant management judgment, historical trends and other market data. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Pursuant to terms of the contract, calculations related to Gross to Net adjustments are estimated based on historical or contract stated information and was recorded as refund liabilities.

The terms of accounts receivable are generally 30 ~180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contracts. However, for some contracts, part of the consideration was received from customers upon signing the contracts, and the Company has the obligation to provide the products subsequently; accordingly, these amounts are recognized as contract liabilities.

Contract liabilities usually are recognized as revenue within one year, thus, no significant financing component arose.

CDMO – Manufacturing Revenue

The Group provides pharmaceutical drugs manufacturing services, in which the production is based on the terms of the agreements. Sales are recognized at contractual price when control of the goods are transferred to the customers (which is when the customers obtain the ability to prevent others from directing the use of and obtaining the benefits from the goods) and the goods are physically received by the customers in accordance with contract term.

20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

21. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's parent company only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

22. Shared-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

23. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The amendment in "*International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)*" has applied the exception. an exception to the requirements in IAS 12 that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the pillar two income taxes.

24. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

V. Critical accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

(a) Revenue recognition

For certain CDMO contracts with customers, the Company determines if it is acting as a principal or an agent in a contract by considering the indicators of whether it primarily responsible for fulfilling the promise to provide the goods or service, it bears inventory risk before or after transfer of control to the customers, it has the discretion to establish prices. The assessment of principal/agent arrangement would affect the Company's recognition of revenue.

(b) Operating lease commitment－company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) Reverse acquisition

The Company acquired 21,257,000 shares of SunWay Biotech Co., LTD. (share interest of 35.79%, approximately) in exchange of all the Company's equity interest of Bora Health Inc. and has obtained control over SunWay Biotech Co., LTD. and its subsidiaries. Because SunWay Biotech Co., LTD. and Bora Health Inc. were not under common control before the share exchange, when SunWay Biotech Co., LTD. and Bora Health Inc. determine the accounting acquirer, they should make a consistent judgment

as the parent company of SunWay Biotech Co., LTD. Therefore, the share exchange transaction was account for a reverse acquisition, under which Bora Health Inc. is identified as the accounting acquirer, and accordingly, SunWay Biotech Co., LTD. is identified as legal acquiree in accordance with IFRS 3.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(b) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note VI.

(c) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note VI.

(d) Fair value measurement of contingent consideration

Contingent consideration, resulting from business combinations, is valued at the acquisition-date fair value as part of the business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

VI. Details of significant accounts

1. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	$196	$246
Checking accounts and demand deposits	342,026	152,123
Total	$342,222	$152,369

2. Financial assets measured at fair value through profit or loss

	31 December 2023	31 December 2022
Mandatorily measured at fair value through profit or loss:		
Embedded derivative－Right of redemption of convertible bonds	$-	$2,336
Current	$-	$-
Non-current	$-	$2,336

3. Financial assets measured at amortized cost, non-current

	31 December 2023	31 December 2022
Restricted deposits	$-	$38,522
Current	$-	$-
Non-current	$-	$38,522

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI.21 for more details on loss allowance, Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk management.

4.Notes receivable, net and notes receivable – related parties, net

	31 December 2023	31 December 2022
Notes receivable, gross	$664	$658
Less: loss allowance	-	-
Subtotal	664	658
Notes receivable - related parties, gross	-	5
Less: loss allowance	-	-
Subtotal	-	5
Total	$664	$663

Notes receivable were not overdue and not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.21 for more details on loss allowance and Note XII for details on credit risk management.

5. Accounts receivable, net and accounts receivable-related parties, net

	31 December 2023	31 December 2022
Accounts receivable, gross	$45,677	$42,270
Less: loss allowance	(249)	-
Subtotal	45,428	42,270
Accounts receivable-related parties, gross	65,652	66,513
Less: loss allowance	-	-
Subtotal	65,652	66,513
Total	$111,080	$108,783

(1) Accounts receivables were not pledged.

(2) The terms of accounts receivable are generally on net 30 to 120 days. The total carrying amount as of 31 December 2023 and 2022 are NT$111,329 thousand and NT$108,783 thousand, respectively. Please refer to Note Ⅵ.21 for more details on loss allowance of accounts receivable at 31 December 2023 and 2022. Please refer to Note XII for more details on credit risk management.

6. Inventories, net

(1) Details on net inventories are as follows:

	31 December 2023	31 December 2022
Raw materials	$7,759	$10,559
Supplies and spares parts	1,058	1,041
Work in progress	6,071	6,192
Semi-finished goods	638	875
Finished goods	3,142	1,498
Merchandise	17,503	-
Total	$36,171	$20,165

(2) Details on operating costs recognized as expense are as follows:

	For the year ended 31 December	
	2023	2022
Cost of goods sold	$361,111	$375,231
Inventories shortage (overage)	167	(142)
Write-down of inventories loss (gains)	1,346	(220)
Total	$362,624	$374,869

(3) The cost of inventories recognized in expenses amounted to NT$362,624 thousand and NT$374,869 thousand for the years ended 31 December 2023 and 2022, respectively, including the write-down of inventories loss to the net realizable value of NT$1,346 thousand and gains from the reversal of write-down of obsolete inventorie of NT$(220) thousand for the years ended 31 December 2023 and 2022, respectively.

(4) No inventories were pledged.

7. Prepayments

	31 December 2023	31 December 2022
Advances to vendors	$2,506	$344
Prepaid insurance	1,757	1,512
Others	2,271	7,670
Total	$6,534	$9,526

8. Other current assets

	31 December 2023	31 December 2022
Temporary receipts	$238	$58
Payment on behalf of others (Note)	46,595	39,427
Total	$46,833	$39,485

Note: Payment on behalf of others is mainly the payments for the purchases of materials on behalf of the Company's CDMO clients.

9. Investments accounted for using the equity method

	31 December 2023		31 December 2022	
Investees	Carrying amount	Ownership (%)	Carrying amount	Ownership (%)
Investments in associates:				
Union Chemical & Pharmaceutical Co., Ltd.(NOTE1)	$-	-%	$45,689	100%
Bora Health Inc. (NOTE2) (NOTE3)	-	-%	218,754	90.44%
Bora Pharmaceutical Laboratories Inc.	2,270,850	100%	2,221,250	100%
Bora Pharmaceuticals USA Inc.	70,098	100%	62,047	100%
Bora Pharmaceutical Services Inc.	1,418,525	50%	1,132,798	50%
Bora Management Consulting Co., Ltd.	4,389	100%	1,931	100%
Bora Biologics Co., Ltd.	1,194,554	65.70%	1,124,489	65.70%
Bora Pharmaceutical and Consumer Health Inc.	(41)	100%	31	100%
TWi Pharmaceuticals, Inc.	7,364,161	100%	6,358,680	100%
SunWay Biotech Co., LTD. (NOTE3)	1,143,896	35.79%	-	-
Total	$13,466,432		$11,165,669	

(1) For the Group's future strategic integrations and the full utilization of Group resources, the Company sold all the shares of Union Chemical & Pharmaceutical Co., Ltd. to Bora Health Inc. in July 2023.

(2) On 11 April, 2022, in order to realize the synergy from merger and acquisition, consolidate group resources, and achieve operating efficiency for the execution of the Company's due-engine strategy, Global CDMO and Global Commercial Sales business, the Company's Board of Directors resolved the spin-off of the Company's pharmaceutical commercial sales department to a wholly owned subsidiary, Bora Health Inc. by exchange new shares issued by Bora Health Inc. as the consideration. The spin-off date was at 31 May, 2022.

(3) In order to enhance the efficiency of research and development as well as expand the portfolio of health care products, the Company's board of directors resolved on August 21, 2023, to acquire 35.79% of equity interests of SunWay Biotech Co., LTD. in exchange for all the Company's equity interest of Bora Health Inc. Upon the completion of conversation, the Company became the single largest shareholder of SunWay Biotech Co., LTD. with effective share exchange date at 1 November, 2023. This transaction accounts for a reverse merger according to IFRS 3 "*Business Combination*" which caused an increase of capital reserve by 872,616 thousand. For details about the merger transaction, refer to Note VI of the Company's consolidated financial statements for the

year ended December 31, 2023.

(4) Share of profit of associates and joint ventures accounted for using the equity methods amounted to NT$4,196,815 thousand and NT$1,653,363 thousand for the years ended 31 December 2023 and 2022, respectively.

(5) The investment in subsidiaries is presented as "investments accounted for using equity method" with necessary adjustments.

(6) The Company's Board of Directors resolved the spin off its pharmaceutical commercial sales department to the 100% ownership subsidiary, Bora Health Inc. The fair values of the identifiable assets and liabilities at the spin-off date were as follow:

Assets:	
Accounts receivable	$48,247
Inventories	16,036
Other receivables	14,322
Other current assets	544
Subtotal	79,149
Liabilities	
Accounts payable	16,222
Other payables	3,665
Other non-current liabilities	72
Subtotal	19,959
Identifiable net assets	$59,190

10. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
1 January 2023	$889,813	$210,829	$113,596	$1,200	$12,419	$36,543	$1,264,400
Additions	-	21,458	2,056	-	-	362	23,876
Disposals	-	(23)	(808)	-	(111)	(212)	(1,154)
Reclassification	-	-	-	-	-	-	-
31 December 2023	$889,813	$232,264	$114,844	$1,200	$12,308	$36,693	$1,287,122
1 January 2022	$889,813	$195,247	$110,952	$570	$8,258	$37,501	$1,242,341
Additions	-	13,695	2,827	630	4,161	1,372	22,685
Disposals	-	(85)	(183)	-	-	(358)	(626)
Reclassification	-	1,972	-	-	-	(1,972)	-
31 December 2022	$889,813	$210,829	$113,596	$1,200	$12,419	$36,543	$1,264,400
1 January 2023	$-	$57,015	$68,920	$514	$4,724	$19,918	$151,091
Depreciation	-	10,362	6,706	105	1,762	2,357	21,292
Disposals	-	(19)	(357)	-	(111)	(174)	(661)
31 December 2023	$-	$67,358	$75,269	$619	$6,375	$22,101	$171,722
1 January 2022	$-	$46,717	$61,699	$479	$3,229	$17,554	$129,678
Depreciation	-	10,356	7,320	35	1,495	2,627	21,833
Disposals	-	(58)	(99)	-	-	(263)	(420)
31 December 2022	$-	$57,015	$68,920	$514	$4,724	$19,918	$151,091
Net carrying amount as of:							
31 December 2023	$889,813	$164,906	$39,575	$581	$5,933	$14,592	$1,115,400
31 December 2022	$889,813	$153,814	$44,676	$686	$7,695	$16,625	$1,113,309

(1) Buildings primarily include building structure, relevant constructions (such as: air conditioning units and electrical machinery), which are depreciated over 20 to 50 years and 8 to 10 years, respectively.
(2) Interests were not capitalized for the years ended 31 December 2023 and 2022.
(3) Please refer to Note Ⅷ for more details on pledges of property, plants, and equipment
(4) Please refer to Note Ⅵ. 11 for the investment properties disclosure for the building acquired by the Company in 2019 for business operation which partial is for lease while the remaining is owner-occupied. Leasing portion were recognized as investment properties.

11. Investment property, net

The Company owned investment properties. The Company has entered into commercial property leases on its owned investment properties with terms between 2 to 10 years which include a clause for annual rate adjustment to reflect the change in market conditions.

	Buildings
Cost:	
1 January 2023	$26,673
Additions	-
31 December 2023	$26,673
1 January 2022	$26,673
Additions	-
31 December 2022	$26,673
Depreciation and impairment:	
1 January 2023	$2,501
Depreciation	833
31 December 2023	$3,334
1 January 2022	$1,667
Depreciation	834
31 December 2022	$2,501
Net carrying amount as of:	
31 December 2023	$23,339
31 December 2022	$24,172

	For the year ended 31 December	
	2023	2022
Net income from investment property	$8,995	$7,862

Please refer to Note Ⅷ for more details on investment property under pledge.

Investment property held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment property is categorized within Level 3. The fair value of investment properties is NT$72,815 thousand and NT$74,613 thousand as of 31 December 2023 and 2022, respectively. The fair value has been determined based on valuations performed by an independent appraiser. The valuation methods used are the income approach and comparison approach, and the inputs used are as follows:

Income approach:

	31 December 2023	31 December 2022
Net income margin	$110,741	$110,269
Capitalization rate	2.11%	2.07%

Comparison approach:

	31 December 2023	31 December 2022
Regional factors	98%-100%	100%
Individual factors	89%-91%	90%-94%

12. Short-term loans

	Interest rates (%)	31 December 2023	31 December 2022
Unsecured bank loans	1.90%	$500,000	$658,803
Secured bank loans	-%	-	290,000
Unsecured loans – related party	-%	-	400,811
Total		$500,000	$1,349,614

The unused available line from short-term loans as of 31 December 2023 and 2022 are NT$2,900,000 thousand and NT$1,270,000 thousand.

13. Financial liabilities measured at fair value through profit or loss

	31 December 2023	31 December 2022
Held for trading purpose:		
Contingent consideration from business combination	$1,935,436	$1,623,149
Embedded derivatives -		
Put Option on convertible bonds	9,009	-
Total	$1,944,445	$1,623,149
Current	$1,584,841	$694,943
Non-current	$359,604	$928,206

14. Other payables and other payables-related parties

	31 December 2023	31 December 2022
Investments payable	$184,230	$460,650
Professional service fees payable	5,417	6,202
Employees' and directors' remuneration payable	94,377	52,961
Bonus payable	29,817	39,705
Salaries payable	10,404	7,894
Other payable	25,639	20,608
Total	$349,884	$588,020

15.Domestic convertible bonds payable

	31 December 2023	31 December 2022
Liability component:		
Principal amount	$1,699,800	$708,000
(Discounts) on convertible bonds payable	(161,439)	(65,637)
Subtotal	1,538,361	642,363
Less: current portion	-	-
Net	$1,538,361	$642,363
Embedded derivative (shown as "Financial (liabilities) assets measured at fair value through profit or loss)	($9,009)	$2,336
Equity component (shown as "Capital Surplus, net of tax)	$392,017	$83,791

Please refer to Note VI.24 for the details on the evaluation of gain and loss of embedded derivatives and the interest expenses of the domestic convertible bonds payable.

On 28 September 2022, the Company issued 2nd zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$800,000 thousand

Period: 28 September 2022 ~ 28 September 2027

Important redemption clauses:

a. If the closing price of the Company's common shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days is above than the conversion price by 30%, the Company may redeem the bonds at the price of the bond's part value within 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date.
b. The Company may redeem the bonds at the price of the bond's part value within 30 days during the period from the date after three months of the bonds issue to 40 days before the maturity date if the outstanding balance of the bonds is less than 10% of total initial issued principal amount.
c. Bondholders have the right to require the Company to redeem all or any portion of the bonds at the principal amount of the bonds with an interest (totaled at 100.7519% of principal amount) after 28 September 2025.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after 29 December 2022 and prior to 28 September 2027 into common shares of the Company.
c. Exchange Price and Adjustment: The exchange price was originally NT$300 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

All of the convertible bonds were converted into 2,787 thousands of common shares as of 31 December 2023.

On 4 August 2023, the Company issued 3rd zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$1,700,000 thousand

Period: 4 August 2023 ~ 4 August 2028

Important redemption clauses:

a. If the closing price of the Company's common shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days is above than the conversion price by 30%, the Company may redeem the bonds at the price of the bond's part value within 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date.
b. The Company may redeem the bonds at the price of the bond's part value within 30 days during the period from the date after three months of the bonds issue to 40 days before the maturity date if the outstanding balance of the bonds is less than 10% of total initial issued principal amount.
c. Bondholders have the right to require the Company to redeem all or any portion of the bonds at the principal amount of the bonds with an interest (totaled at 100.7519% of principal amount) after 4 August 2026.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after 5 November 2023 and prior to 4 August 2028 into common shares of the Company.
c. Exchange Price and Adjustment: The exchange price was originally NT$808 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

As of 31 December 2023, the bonds of NT$200 thousand were converted to 320 thousands of common shares and were recognized as advance receipts for capital stock.

16. Long-term loans

Details of long-term loans as of 31 December 2023 and 31 December 2022 are as follows:

Lenders	31 December 2023	Interest rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan(Note 1)	$459,196	1.90%	From 23 December 2019 to 23 December 2034. 156 monthly instalment (principal and interests) starting from 23 January 2022.
KGI Bank unsecured bank loan	200,000	2.29%	From 4 December 2023 to 4 December 2025; 5 quarterly instalments (principal and interests), starting from 4 December 2024.
CTBC unsecured bank loan	164,000	2.34%	From 17 June 2022 to 17 June 2027; 17 quarterly instalments (principal), starting from 17 June 2023.
CTBC secured bank loan (Note 2)	600,000	2.49%	From 27 June 2023 to 27 June 2026；5 semi-annual instalments (principal), starting from 30 June 2024.
Subtotal	1,423,196		
Less: unamortized issuance cost	(21,170)		
Subtotal	1,402,026		
Less: current portion	(335,896)		
Total	$1,066,130		

Lenders	31 December 2022	Interest rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan(Note 1)	$496,434	1.78%	From 23 December 2019 to 23 December 2034. 156 monthly instalment (principal and interests) starting from 23 January, 2022.
O-bank unsecured bank loan	100,000	1.70%	From 29 November 2021 to 1 November 2024. 7 quarterly instalments (principal), starting from 1 May 2023.
CTBC unsecured bank loan	200,000	2.08%	From 17 June 2022 to 17 June 2027; 17 quarterly instalments (principal), starting from 17 June 2023.
CTBC syndicated bank loan (Note 2)	2,581,000	2.56%	From 30 September 2022 to 30 September 2027. 9 semi-annually instalments (principal), starting from 30 September 2023.
Subtotal	3,377,434		
Less: unamortized issuance cost	(25,791)		
Subtotal	3,351,643		
Less: current portion	(416,311)		
Total	$2,935,332		

(1) The Company pledged a portion of lands, buildings and investment properties to set first mortgage to the secured loan led by Chang Hwa Bank. Please refer to Note VIII for more details on pledges for the loan.

(2) The Company entered into a Facility Agreement at the amount of NT$2,581,000 thousand with CTBC Bank to replaces the original syndicated facility with 7 banks. The syndicated loan was pledged by all the shares of TWi Pharmaceuticals, Inc. and was terminated in June 2023. Please refer to Note VIII for the details on pledges for the loan. During the term of the contract, the Company shall be in compliance with following financial covenants. The financial covenants will be tested based on audited or reviewed consolidated financial statements on a semi-annual basis starting from 31 December, 2023:

①Current ratio shall not be less than 120%

②Financial liability ratio (financial liabilities over EBITDA) shall not be higher than 3.

③Interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

④In the event that the borrower violates the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Terminate the Borrower to utilize the loan in whole.

b. All the outstanding loans, together with accrued interest, and other amounts due to CTBC Bank (collectively, "Liabilities") to become immediately due and payable.

c. The deposits the Borrowers maintain at CTBC Bank and all of the Borrower's claims from CTBC Bank shall offset with all the Liabilities under the agreement.

d. Claim for the security.

e. Request the maker of the promissory note under the agreement to repay the outstanding Liabilities.

f. Has the power to enter into, perform, or exercise all rights under applicable law, the loan agreement, and other relevant documents, without sending out a reminder, protest or any other notification in accordance with applicable law.

There is no violation of the financial covenant at 31 December 2023.

17. Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 are NT$5,523 thousand and NT$5,421 thousand, respectively.

18. Equity

(1) Common stock

① As of 31 December 2023 and 2022, the Company’s authorized capital was NT$2,000,000 and NT$1,200,000 thousand, consisting of 200,000 thousand shares and 120,000 thousand shares of ordinary stock with par value at NT$10 per share, respectively. The outstanding shares amounted to NT$1,014,128 thousand and NT$753,815 thousand consisting of 101,413 thousand shares and 75,382 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

② In 2022, the company's employee stock option holders have converted 510 thousand shares at the subscription price of NT $65.4 per share and 4 thousand shares at NT$140.3 per share. All the converted shares have completed the registration process.

③ Stock dividends of NT$68,522 thousand with par value at NT$10 per share was approved and 6,852 thousand common shares were authorized for issue by the Board of shareholders on 24 May 2022. The capital injection was approved by the Financial Supervisory Commission on 16 September 2022 and the amendment registration was completed.

④ In 2022, the company's 2nd convertible bond amounted to NT$92,000 thousand had been converted to 307 thousand of ordinary shares with an amount of NT$3,067 thousand recognized in equity by bondholders. All the converted shares have completed the registration process on 10 April 2023.

⑤ For the year ended 31 December 2023, the company's 2nd convertible bond amounted to NT$708,000 thousand had been converted to 2,480 thousand of ordinary shares with an amount of NT$24,796 thousand recognized in equity by bondholders. All the converted shares have completed the registration process.

⑥ For the year ended 31 December 2023, the company's 3th convertible bond amounted to NT$200 thousand had been converted to 320 of ordinary shares with an amount of NT$3 thousand recognized in equity by bondholders. The converted shares that have not completed the registration process were recognized as share capital - advance receipts for ordinary share at 31 December 2023.

⑦ For the year ended 31 December 2023, the company's employee stock option holders have converted 185 thousand shares at the exercise price range from NT$106.8 to NT$150.4 per share, of which 85 thousand shares amounted to NT$850 thousand have not completed the registration process. The converted shares that have not completed the registration process were recognized as share capital - advance receipts for ordinary share at 31 December 2023.

⑧ Stock dividends of NT$231,410 thousand with par value at NT$10 per share was approved and 23,141 thousand common shares were authorized for issue by shareholders on 6 June 2023. The capital injection was approved by the Financial Supervisory Commission on 30 August 2023 and the amendment registration was completed.

⑨ As of 31 December 2023, there are 85 thousand shares amounted to NT$853 thousand recognized as share capital - advance receipts for ordinary share.

(2) Capital surplus

	31 December 2023	31 December 2022
Additional paid-in capital	$936,839	$896,503
Conversion premium from convertible bonds	908,017	179,574
Employee stock option	118,876	39,020
Treasury stock	40,683	35,315
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	874,793	2,177
Increase (decrease) through changes in ownership interests in subsidiaries	47,125	-
Due to recognition of equity component of convertible bonds issued	392,017	83,791
Total	$3,318,350	$1,236,380

According to the R.O.C. Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

a. Changes in treasury stock are as follows:

For the year ended 31 December 2023: (Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	300	-	(12)	288

For the year ended 31 December 2022: (Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	-	300	-	300

b. As of 31 December 2023 and 2022, the treasury stock held by the Company were NT$50,968 and NT$53,092 thousand, respectively, and the number of treasury stock held by the Company was 288 thousand and 300 thousand shares, respectively.

c. The treasury stock transferred by the Company to employees on 31 December 2023 was 12 thousand shares and amounted to NT$2,124 thousand.

(4) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order and the earnings distributions may be made on a semiannually basis:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting for approval. Generally, at least 10% of the dividends must be paid in the form of cash.

According to the R.O.C. Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance. When a public company adopts for the first-time the IFRS, any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting on 7 March 2024 and shareholders' meeting on 6 June 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$303,014	$139,065	$-	$-
Special reserve (Reversal)	-	(23,919)	-	-
Common stock－cash dividend *(Note)*	1,214,798	619,134	12	8
Common stock－stock dividend *(Note)*	-	231,410	-	3

Note: Cash dividend and payout ratio of appropriation of earnings had been adjusted as a result of the conversion of employee stock option and 2nd convertible bonds into ordinary shares.

Please refer to Note Ⅵ.23 for details on employees' compensation and remuneration to directors.

19. Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) Share-based payment plan for employees

On 4 November 2020, 10 January 2022, and 17 May 2023, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 1,000, 1,000,000 and 1,000,000 units, respectively. Each unit entitles an optionee to subscribe for 1,000, 1, and 1 shares of the Company's common shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. Only the employees of the Company and the Company's domestic and overseas subsidiaries, for which the company holds over 50% of shares with voting right on them, are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The contractual terms of each option granted are three and five years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in thousand)	Exercise price per sahres (NT$) (Note)
29 December 2020	275	$106.8
13 August 2021	598	$150.4
11 May 2022	477	$109.3
31 August 2022	160	$258.1
8 December 2022	345	$295.0
19 September 2023	535	$646.0
14 November 2023	10	$608.0

Note: Except for various securities issued by the parent company with conversion rights or options to exchange for common stock or issuing new shares for employees' bonus, when there is a change in the common stock of the parent company (including private placement, issuance of common stock for cash, stock dividends, capital surplus reserve to capital increase, combination, company split, transfer of shares of other companies, stock split and issuance of common stock for cash to participate in the issuance of overseas depositary receipts, etc.), the execution price shall be adjusted in accordance with the parent company's plan.

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2021	2020
Dividend yield (%)	-	-
Expected volatility (%)	48.05%	44.36%
Risk-free interest rate (%)	0.292% ~ 0.310%	0.176% ~ 0.201%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5
Weighted average share price ($)	$277	$197
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

	2022		
Dividend yield (%)	-	-	-
Expected volatility (%)	50.80%~51.80%	48.02%~48.84%	45.29%~46.42%
Risk-free interest rate (%)	1.112% ~ 1.122%	0.992% ~ 1.027%	0.995% ~ 1.038%
Expected option life (Years)	3.0 ~ 3.5	3.0 ~ 3.5	3.0 ~ 3.5
Weighted average share price ($)	$388	$339	$161
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

	2023	
Dividend yield (%)	-	-
Expected volatility (%)	48.72% ~ 49.56%	48.72% ~ 49.56%
Risk-free interest rate (%)	1.081% ~ 1.123%	1.081% ~ 1.123%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5
Weighted average share price ($)	$646	$608
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)
Outstanding, beginning	1,725	$225.2	935	188.6
Granted	545	645.3	982	261.1
Forfeited	(50)	225.6	(102)	197.5
Exercised	(185)	134.6	(55)	70.8
Expired	-	-	(35)	65.4
Outstanding, ending	2,035	$300.4	1,725	$225.2
Exercisable, ending	90	-	78	-

The information on the outstanding stock options as of 31 December 2023 and 2022, is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of 31 December 2023 share options outstanding	$106.8~$646	1.19~3.92
As of 31 December 2022 share options outstanding	$140.3~$387.5	2.04~3.19

(2) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred in the years ended 31 December 2023 and 2022.

(3) The expense recognized for employee services received during the years ended 31 December 2023 and 2022, is shown in the following table:

	2023	2022
Total expense arising from equity-settled share-based payment transactions	$27,287	$17,926

20. Operating revenue

	2023	2022
Commercial sales	$-	$93,902
CDMO – services and manufacturing	205,859	183,467
Others	260,746	194,372
Subtotal	466,605	471,741
Less: sales returns and discounts	-	(1,064)
Total	$466,605	$470,677

For the years ending 31 December 2023 and 2022, the timing of recognizing revenue from contracts with clients is recognized at a point in time.

Contract liabilities－current

	Opening balance	Ending balance	Net Change
Commercial sales	$8	$8	$-

21. Expected credit losses (gains)

	2023	2022
Operating expenses – Expected credit (gains) Accounts receivable	$249	$(20)

Please refer to Note XII for more details on credit risk management.

The credit risk for the Company's financial assets at measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. Due to the counterparty the Company entered contact with are the financial institutions with high credit rating, the provision for financial assets at measured at amortized cost as of 31 December 2023 were zero.

Provisions for receivables, including notes receivable, notes receivables-related parties, accounts receivable, and accounts receivable-related parties are estimated at an amount equal to lifetime expected credit losses. Notes receivable, note receivables-related party, accounts receivable, and accounts receivable-related parties as of 31 December 2023 and 2022 are NT$66,316 thousand and NT$67,176 thousand, respectively. Both are not yet due and not recognize any provision as of 31 December 2023 and 2022, respectively. The relevant explanation in the evaluation to the amount of provisions for the year ended 31 December 2023 and 2022 is as follows:

The information on measuring provisions for receivables using a provision matrix by considering counterparties' credit ratings, regions, industries, and other factors, is as follows:

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		Overdue					
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$45,428	$-	$-	$-	$-	$249	$45,677
Loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	100%%	
Lifetime expected credit losses	-	-	-	-	-	(249)	(249)
Total	$45,428	$-	$-	$-	$-	$-	$45,428

111.12.31

		Overdue					
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$42,270	$-	$-	$-	$-	$-	$42,270
Loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Total	$42,270	$-	$-	$-	$-	$-	$42,270

The movement of the provision for accounts receivable for the years ended 31 December 2023 and 2022 is as follows:

	Accounts receivable
Balance as of 1 January 2023	$-
Addition/(reversal) for the current period	249
Write off	-
Balance as of 31 December 2023	$249
Balance as of 1 January 2022	$20
Addition/(reversal) for the current period	(20)
Write off	-
Balance as of 31 December 2022	$-

22. Leases

(1) Company as a lessee

The Company leases various properties, including real estate such as land and buildings, office equipment, and transportation equipment. The lease terms range from 3 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

The carrying amount of right-of-use assets

	31 December 2023	31 December 2022
Transportation equipment	$4,229	$6,900

There was no addition to right-of-use assets for the year ended 31 December 2023. For the year ended 31 December 2022, the additions to right-of-use assets were NT$8,013 thousand.

(b) Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	$4,271	$6,920
Current	$2,686	$2,649
Non-current	$1,585	$4,271

Please refer to Note VI.24 for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note XII.5 liquidity risk management analysis for lease liabilities.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Transportation equipment	$2,671	$1,113

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
Expenses relating to short-term leases	$-	$111
Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets)	169	112

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounted to NT$2,895 thousand and NT$1,359 thousand, respectively.

(2) Company as a lessor

Please refer to Note Ⅵ.11 for the disclosures of the Company's owned investment properties. Leases under investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2023	2022
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$17,141	$11,146

Please refer to Note Ⅵ.11 for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of 31 December 2023 and 2022 are as follow:

	31 December 2023	31 December 2022
Not later than one year	$16,940	$14,300
Later than one year but not later than two years	14,300	14,300
Later than two years but not later than three years	11,840	14,300
Later than three years but not later than four years	11,840	11,840
Later than four years but not later than five years	10,526	11,840
Later than five years	11,440	21,966
Total	$76,886	$88,546

23. Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2023 and 2022:

Function / Character	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:						
Salaries	$57,097	$170,658	$227,755	$52,246	$136,349	$188,595
Labor and health insurance	6,488	5,926	12,414	5,670	5,461	11,131
Pension	3,000	2,523	5,523	2,717	2,704	5,421
Directors' remuneration	-	30,644	30,644	-	13,155	13,155
Other employee benefits expense	3,696	1,709	5,405	3,195	1,773	4,968
Depreciation	10,539	14,257	24,796	11,473	12,307	23,780
Amortization	-	1,497	1,497	-	1,500	1,500

Note：The number of the Company's employees were 159 and 142, including 6 directors and 5 directors who are not concurrently employees, as of December 31, 2023 and 2022, respectively.

(1) The Company's average employee benefit expenses for the years ended December 31, 2023 and 2022 were NT$1,641 thousand and NT$1,534 thousand, respectively.
(2) The Company's average salary expenses for the years ended December 31, 2023 and 2022 were NT$1,489 thousand and NT$1,377 thousand, respectively.
(3) The Company's average annual increment for the year ended December 31, 2023 was 8.13%.
(4) The Company has established the Audit Committee in place of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2023 and 2022 were both nil.
(5) The Company's remuneration policies are as follows:
   A. The Company's policy for remuneration of directors and independent directors was formulated according to the Company's Articles of Incorporation and the Remuneration Committee's Articles of Incorporation; the policy for remuneration of managers was formulated according to the Rules for Managers' Remuneration. The Remuneration Committee determines remuneration based on the evaluations on the industry's future risks, remuneration level of the peer companies, the Company's operating performance, individual contribution, etc. The remuneration will be executed when the proposal is approved by the Board of Directors.
   B. The Company took part in the international remuneration survey to establish a remuneration policy with both external competitiveness and internal fairness. The talents can compete with the world in terms of career progression, ranking, fixed salary, variable salary, allowances and benefits, etc. The Company promotes and adjusts the salary based on individual performance, career planning and potential for development. The Company hopes to maintain and promote the Company's overall operating performance and competitiveness via both long-term and short-term incentives and feedback programs.

According to the Articles of Incorporation, no less than 2% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the profit generated in current year shall be offset with Company's accumulated losses before the allocation of compensation to directors and employee. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2023 to be NT$61,228 thousand and NT$30,644 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2022 to be NT$37,829 thousand and NT$15,131 thousand, respectively.

A resolution was approved at a Board of Directors meeting held on 7 March 2024 to distribute NT$61,288 thousand and NT$30,644 thousand in cash as employees' compensation and remuneration to directors for year 2023, respectively. There is no differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2023.

A resolution was approved at a Board of Directors meeting held on 16 March 2023 to distribute NT$30,300 thousand and NT$16,000 thousand in cash as employees' compensation and remuneration to directors for year 2022, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2022 amounted to NT$7,529 thousand and NT$(869) thousand, respectively, would be reversed and recognized in profit or loss in 2023.

24. Non-operating income and expenses

(1) Other revenue

	For the years ended 31 December	
	2023	2022
Interest income	$4,596	$731
Guarantee fee income	29,304	36,236
Remuneration of directors income	85,015	-
Share Service revenue	66,131	9,349
Others	18,086	13,962
Total	$203,132	$60,278

(2) Other gains and (losses)

	For the years ended 31 December	
	2023	2022
(Losses) on disposal of property, plant and equipment	$(30)	$(198)
Foreign exchange (losses)	(40,276)	(10,920)
(Losses) from financial assets or liabilities measured at fair value through profit or loss *(Note 1)*	(1,044,671)	(47,724)
Others	(22)	(29)
Total	$(1,084,999)	$(58,871)

Note 1: Primarily resulted from the changes in fair value of contingent consideration after the acquisition date in accordance with the agreement entered with the sellers of TWi Pharmaceuticals, Inc. and its subsidiaries (the "TWi Group"). The fair value of contingent considerations was determined using the discounted cash flow model and was recognized as financial liabilities at acquisition date. If the amount of contingent consideration changes subsequent to the acquisition date, gains and losses are recognized as (losses) or gain on financial assets at fair value through profit or loss. For more details, refer to Note VI to the Company's consolidated financial statements for the year ended December 31, 2023.

(3) Financial costs

	For the years ended 31 December	
	2023	2022
Interest expenses from bank borrowings	$(91,530)	$(51,238)
Interest expenses from bonds payable	(16,770)	(3,825)
Interest expenses from lease liabilities	(77)	(43)
Others	(2,420)	(824)
Total	$(110,797)	$(55,930)

25. Components of other comprehensive income

Year ended 31 December 2023

	Arising	Reclassification	before tax	Tax Benefit (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined plans for subsidiaries, affiliates and joint ventures	$ (6,192)	$-	$(6,192)	$-	$ (6,192)
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	27,554	-	27,554	(5,511)	22,043
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	18,863	-	18,863	-	18,863
Total	$40,225	$-	$40,225	$(5,511)	$34,714

Year ended 31 December 2022

	Arising	Reclassification	before tax	Tax Benefit (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined plans for subsidiaries, affiliates and joint ventures	$3,969	$-	$3,969	$-	$3,969
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	35,084	-	35,084	(7,017)	28,067
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	30,977	-	30,977	-	30,977
Total	$70,030	$-	$70,030	$(7,017)	$63,013

26. Income tax

The major components of income tax expense (income) for the years ended 31 December 2023 and 2022 are as follows:

(1) Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense (income):		
Current income tax recognized in current year	$49,708	$15,650
Income tax adjustments on prior periods	19	(605)
Deferred tax (benefit) expense:		
Deferred tax (benefit) expense relating to reversal or origination of temporary differences	(79,777)	70,515
Reversal of allowance of deferred tax asset	(27,578)	(17,232)
Total income tax expense	$(57,628)	$68,328

(2) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax expense:		
Translation differences of foreign operations	$5,511	$7,017

(3) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Net income before income tax	$2,972,514	$1,460,244
Income tax expense at the statutory rate	$594,502	$292,049
Revenues exempt from income tax	(776,353)	(258,099)
Expenses disallowed for tax purposes	3,293	1,246
Tax on undistributed retained earnings	16,530	15,650
Tax effect of deferred tax assets/liabilities	(142,928)	18,087
Prior year income tax over-estimation	19	(605)
Others	247,309	-
Total income tax (benefit) expense recognized in profit or loss	$(57,628)	$68,328

(4) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023

	1 January 2023	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	31 December 2023
Temporary differences					
Provision for inventory valuation	$324	$35	$-	$-	$359
Exchange differences on translation of foreign operations	(3,310)	-	(5,511)	-	(8,821)
Compensated absences provisions	116	-	-	-	116
Unused tax losses	32,531	27,578	-	-	60,109
Unrealized gains from affiliate transaction	1,533	8,371	-	-	9,904
Unrealized foreign exchange gain	2,551	7,451	-	-	10,002
Equity element of convertible bond	(23,670)	-	-	(74,334)	(98,004)
Unrealized investment gains and losses	(177,917)	63,920	-	-	(113,997)
Business combination – negative goodwill	(60,931)	-	-	-	(60,931)
Deferred tax (expense)		$107,355	$(5,511)	$(74,334)	
Net deferred tax assets/(liabilities)	$(228,773)				$(201,263)
Reflected in balance sheets as follows					
Deferred tax assets	$37,054				$80,489
Deferred tax liabilities	$265,827				$281,752

For the year ended 31 December 2022

	1 January 2022	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	31 December 2022
Temporary differences					
Provision for inventory valuation	$707	$(383)	$-	$-	$324
Exchange differences on translation of foreign operations	3,707	-	(7,017)	-	(3,310)
Compensated absences provisions	116	-	-	-	116
Unused tax losses	15,299	17,232	-	-	32,531
Unrealized gains from affiliate transaction	208	1,325	-	-	1,533
Unrealized foreign exchange gain	-	2,551	-	-	2,551
Equity element of convertible bond	-	-	-	(23,670)	(23,670)
Unrealized investment gains and losses	(103,909)	(74,008)	-	-	(177,917)
Business combination – negative goodwill	(60,931)	-	-	-	(60,931)
Deferred tax (expense)		$(53,283)	$(7,017)	$(23,670)	
Net deferred tax assets/(liabilities)	$(144,803)				$(228,773)
Reflected in balance sheets as follows					
Deferred tax assets	$20,037				$37,054
Deferred tax liabilities	$164,840				$265,827

(5)Unrecognized deferred tax assets

As of 31 December 2023 and 2022, deferred tax assets have not been recognized amounted to NT$44,145 thousand and NT$32,531 thousand, respectively.

(6)The assessment of income tax returns

As of 31 December 2023, the assessment and approval of the income tax returns was up to 2021.

27. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(1) Basic earnings per share		
Net income (in thousand NT$)	$3,030,142	$1,391,916
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	100,341	97,600
Basic earnings per share (NT$)	$30.20	$14.26

	For the year ended 31 December	
	2023	2022
(2) Diluted earnings per share		
Net income (in thousand NT$)	$3,030,142	1,391,916
Interest expense from convertible bonds (in thousand NT$)	13,416	3,060
Net income after dilution (in thousand NT$)	3,043,558	1,394,976
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	100,342	97,600
Effect of dilution:		
Employee compensation－stock (shares in thousands)	107	113
Employee stock options (shares in thousands)	1,046	291
Convertible bonds (shares in thousands)	2,066	694
Weighted average number of ordinary shares outstanding after dilution (shares in thousands)	103,560	98,698
Diluted earnings per share (NT$)	$29.39	$14.13

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

VII. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting periods are as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Union Chemical & Pharmaceutical Co., Ltd.	Sub-subsidiaries
Bora Health Inc.	Sub-subsidiaries
Bora Pharmaceutical Laboratories Inc.	Subsidiary
Bora Pharmaceuticals USA Inc.	Subsidiary
Bora Pharmaceutical Services Inc.	Subsidiary
Bora Biologics Co., Ltd.	Subsidiary
Bora Management Consulting Co., Ltd.	Subsidiary
TWi Pharmaceuticals, Inc.	Subsidiary
Bora Pharmaceuticals Ophthalmic Inc.	Subsidiary
TWi Pharmaceuticals USA, Inc.	Subsidiary
Hoan Pharmaceuticals Ltd.	Substantive related party (Note)

Note：As Hoan Pharmaceuticals Ltd. is not a substantive related party after November 2023, the Company only discloses the transactions with the Company before November 2023.

Significant transactions with the related parties

1. Sales

	For the years ended 31 December	
	2023	2022
Hoan Pharmaceuticals Ltd.	$-	$13,416
Bora Health Inc.	10,125	19,845
Union Chemical & Pharmaceutical Co., Ltd.	11	5,854
Bora Pharmaceutical Laboratories Inc.	259,891	194,353
Total	$270,027	$233,468

The sales prices to the above related parties were not significantly different from those of sales to third party. The payment term is from 60 days from the date of invoice or net 120 days, which is very close to the term offered to third parties.

2. Purchases

	For the years ended 31 December	
	2023	2022
Hoan Pharmaceuticals Ltd.	$-	$18,003
Bora Health Inc.	-	526
Union Chemical & Pharmaceutical Co., Ltd.	-	9,673
TWi Pharmaceuticals, Inc.	18	-
Bora Pharmaceutical Laboratories Inc.	13	500
Total	$31	$28,702

The purchase prices to the above related parties was based by costs plus expenses that are necessary. The purchase price and payment terms to the related parties were not significantly different from those offered to third party suppliers and are 60 days from the date of invoice or net 120 days.

3. Notes Receivables - related party

	31 December 2023	31 December 2022
Bora Health Inc.	$-	$5

4. Accounts receivable-related parties

	31 December 2023	31 December 2022
Bora Pharmaceutical Laboratories Inc.	$64,309	60,666
Bora Health Inc.	1,343	5,847
Net	$65,652	$66,513

5. Other receivables-related parties

	31 December 2023	31 December 2022
TWi Pharmaceuticals, Inc. *(Note)*	$95,756	$-
Bora Pharmaceutical Services Inc.	25,952	37,243
Bora Pharmaceutical Laboratories Inc.	17,430	8,270
The subsidiaries of the Company	23,045	5,502
Total	$162,183	$51,015

Note: Includes remuneration of directors income 85,047 thousand.

6. Accounts payable -related parties

	31 December 2023	31 December 2022
TWi Pharmaceuticals, Inc.	$19	$-
The subsidiaries of the Company	-	356
Total	$19	$356

7. Other payables-related parties

	31 December 2023	31 December 2022
Bora Pharmaceutical Laboratories Inc.	$204	$3,165
Bora Health Inc.	150	-
The subsidiaries of the Company	-	138
Total	$354	$3,303

8. Sales and marketing expenses

	31 December 2023	31 December 2022
Hoan Pharmaceuticals Ltd.	$-	$2,100

9.Others

a. The Company entered into Service Agreements with the subsidiaries to provide shared service during the contract term. For the years ended December 31, 2023, and 2022, the shared services charged to the subsidiaries were recorded as other revenue as follows:

	31 December 2023	31 December 2022
Bora Pharmaceutical Services Inc.	$16,749	$8,149
Bora Pharmaceutical Laboratories Inc.	11,500	-
TWi Pharmaceuticals, Inc.	20,500	-
The subsidiaries of the Company	1,400	-
The sub-subsidiaries of the Company	15,982	1,200
Total	$66,131	$9,349

b. Refer to Attachment 1~2 for details of the loan, endorsements, and guarantees by the Company for subsidiaries. The Company collected guarantee fee income from its subsidiaries as follows:

	31 December 2023	31 December 2022
Bora Pharmaceutical Services Inc.	$27,645	$33,913
The subsidiaries of the Company	1,589	2,101
The sub-subsidiaries of the Company	70	222
Total	$29,304	$36,236

10. Key management personnel compensation

	Years Ended December 31	
	2023	2022
Short-term employee benefits	$85,307	$37,190
Post-employment benefits	450	238
Total	$85,757	$37,428

VIII. Assets pledged as security

The following table lists assets of the Company pledged as security:

	Carrying amount		
Items	31 December 2023	31 December 2022	Secured liabilities
Financial assets measured at amortized cost	$-	$38,522	Long-term loans
Property, plant and equipment - land	889,813	889,813	Long-term loans
Property, plant and equipment - buildings	164,906	153,814	Long-term loans
Investments accounted for using the equity method –Twi shares	5,247,264	4,145,179	Long-term loans
Investment property	23,339	24,172	Long-term loans
Total	$6,325,322	$5,251,500	

IX. Significant contingencies and unrecognized contractual commitments

Contingent items of civil action:

Pu Ying Interior Decoration Design Co., Ltd. filed a civil complaint in Taipei District Court of Taiwan on 13 October 2021 against the Company alleging that the Company shall pay certain outstanding fees according to the construction contract entered between the Company and Pu Ying Interior Decoration Design Co., Ltd. After negotiation, both parties entered into a settlement agreement and Pu Ying Interior Decoration Design Co., Ltd. withdrew its litigation from Taiwan Taipei District Court on September 28, 2023.

X. Losses due to major disasters

None.

XI. Significant subsequent events

In order to strengthen CDMO business, Bora Pharmaceutical Holding Inc., a 100% indirectly owned subsidiary of the Company, purchases from Sawai Group Holdings Co., Ltd. (the "Sawai Japan"), all of Sawai Japan's right, title and interest in and to the shares of Sawai America Holding, Inc. (the "SAH") where, SAH owns 80% of the outstanding limited liability company interest of, Sawai America LLC (the "SAL") and purchase 20% of limited liability company interest of SAL from Sumitomo Corporation of Americas (the "Sumitomo") with total purchase price of USD $210,000 thousand (approximately NT$6,610,000 thousand). As SAL is the beneficial owner of all the outstanding limited liability company interest in Upsher-Smith Laboratories, LLC (the "USL"), the Company will own 100% of USL upon the completion of the transactions.

XII. Financial instruments

1. Categories of financial instruments

Financial assets	As of 31 December	
	2023	2022
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$-	$2,336
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	342,026	152,123
Financial assets measured at amortized cost	-	38,522
Notes receivable (including related party)	664	663
Accounts receivable (including related parties)	111,080	108,783
Other receivables (including related parties)	162,652	51,218
Refundable deposits	3,419	3,399
Subtotal	619,841	354,708
Total	$619,841	$357,044

Financial liabilities	As of 31 December	
	2023	2022
Financial liabilities at amortized cost		
Short-term loans	$500,000	$1,349,614
Accounts and other payables (including amount recognized in other non-current liabilities)	623,423	1,028,513
Bonds payable	1,538,361	642,363
Long-term loans (including current portion)	1,402,026	3,351,643
Lease liabilities	4,271	6,920
Subtotal	4,068,181	6,379,053
Financial liabilities at fair value through profit or loss:		
Held for trading	9,009	-
Contingent considerations from business combinations	1,935,436	1,623,149
Subtotal	1,944,445	1,623,149
Total	$6,012,626	$8,002,202

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the year ended 31 December 2023 and 2022 will be decreased/increased by NT$23,159 thousand and NT$24,327 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to decrease/increase by NT$3,121 thousand and NT$4,779 thousand, respectively.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2023 and 31 December 2022, accounts receivable from top ten customers represent 100% and 99% of the total receivables of the Company, respectively. The credit concentration risk of rest of customers is insignificant.

Credit risk from deposits with banks, fixed income securities and other financial instruments is managed by the Company's finance department in accordance with the Company's policy. The Company only transacts with counterparties the Company entered with shall be in compliance with internal control procedures. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank loans and convertible bond. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<=1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2023					
Borrowings	$871,528	$755,017	$112,747	$277,753	$2,017,045
Accounts and other payables	400,812	222,611	-	-	623,423
Convertible bonds	-	-	1,699,800	-	1,699,800
Lease liabilities	2,726	1,590	-	-	4,316

	<=1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2022					
Borrowings	$1,844,243	$1,537,644	$1,268,142	$321,735	$4,971,764
Accounts and other payables	621,605	406,908	-	-	1,028,513
Convertible bonds	-	-	708,000	-	708,000
Lease liabilities	2,726	4,316	-	-	7,042

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loans	Leases liabilities	Bonds Payable	Total liabilities from financing activities
1 January 2023	$1,349,614	$3,351,643	$6,920	$642,363	$5,350,540
Cash flows	(849,614)	(1,956,819)	(2,649)	2,023,360	(785,722)
Non-Cash flows					
Conversion	-	-	-	(1,135,802)	(1,135,802)
Others	-	7,202	-	8,440	15,642
31 December 2023	$500,000	$1,402,026	$4,271	$1,538,361	$3,444,658

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans	Leases liabilities	Bonds Payable	Total liabilities from financing activities
1 January 2022	$95,000	$634,000	$-	$-	$729,000
Cash flows	1,254,614	2,715,833	(1,093)	844,998	4,814,352
Non-Cash flows					
Conversion	-	-	-	(201,820)	(201,820)
Others	-	1,810	8,013	(815)	9,008
31 December 2022	$1,349,614	$3,351,643	$6,920	$642,363	$5,350,540

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, receivables, accounts payable and other payables, and other current liabilities approximate their fair value due to their short maturities.
B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
C. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
D. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

Other than the table below, the carrying amount of the Company's financial assets and financial liabilities approximate their fair value.

	Carrying amount as of	
	31 December 2023	31 December 2022
Financial liabilities:		
Bonds payable	$1,538,361	$642,363

	Fair value as of	
	31 December 2023	31 December 2022
Financial liabilities:		
Bonds payable	$1,538,829	$657,166

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.8 for fair value measurement hierarchy for financial instruments of the Company.

8. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

31 December 2023:

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Embedded derivatives	$-	$-	$9,009	$9,009
Contingent considerations from business combinations	-	-	1,935,436	1,935,436
Total	$-	$-	$1,944,445	$1,944,445

31 December 2022:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Embedded derivatives	-	-	$2,336	$2,336
Total	$-	$-	$2,336	$2,336

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Contingent considerations from business combinations	-	-	$1,623,149	$1,623,149
Total	$-	$-	$1,623,149	$1,623,149

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

31 December 2023:

	Financial assets (liabilities)	
	Measured at fair value through profit or loss	
	Embedded derivatives	Contingent considerations
As of 1 January 2023	$2,336	$(1,623,149)
Disposal/settlements	-	770,684
Acquisition/issuance	(8,330)	-
Gains (losses) recognized in profit or loss:		
(presented in "Net loss on financial assets or liabilities measured at fair value through profit or loss")	(3,015)	(1,041,656)
Exchange differences	-	(41,315)
As of 31 December 2023	$(9,009)	$(1,935,436)

31 December 2022:

	Financial assets (liabilities)	
	Measured at fair value through profit or loss	
	Embedded derivatives	Contingent considerations
As of 1 January 2022	$-	$-
Acquisition/issuance	(4,640)	(1,558,937)
Gains (losses) recognized in profit or loss:		
(presented in "Net loss on financial assets or liabilities measured at fair value through profit or loss")	6,976	(64,212)
As of 31 December 2022	$2,336	$(1,623,149)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

31 December 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT$47 thousand
Financial liabilities:					
At fair value through profit and loss:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	50.90%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in an increase by NT$170 thousand or an decrease by NT$510 in the Company's profit or loss
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in an decrease of NT$3,080 thousand or an increase of NT$3,135 thousand in the Company's profit or loss

31 December 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT$51 thousand
At fair value through profit and loss:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	56.48%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in an increase by NT$212 thousand or an decrease by NT$142 thousand in the Company 's profit or loss
Financial liabilities:					
At fair value through profit and loss:					
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in an decrease of NT$16,060 thousand or an increase of NT$16,438 thousand in the Company's profit or loss

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$72,815	$72,815

31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$74,613	$74,613

9. Significant assets and liabilities denominated in foreign currencies

At 31 December 2023 Unit: thousands

	31 December 2023		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,432	30.71	$74,687
Financial liabilities			
Monetary items:			
USD	77,844	30.71	2,390,589

At 31 December 2022 Unit: thousands

	31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$1,978	30.71	$60,757
Financial liabilities			
Monetary items:			
USD	81,192	30.71	2,493,409

The Company mainly uses USD as transaction currency. The Company only disclosures monetary financial assets and financial liabilities of USD. For the years ended 31 December 2023 and 2022, the foreign exchange losses on monetary financial assets and financial liabilities amounted to NT$40,276 thousand and NT$10,920 thousand, respectively.

10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

11. Capital management

Some accounts reported in the previous financial statements have been reclassified for the comparison of the financial statements.

XIII. Other disclosure

1. Information at significant transactions
   (a) Financing provided to others: Please refer to Table 1.

   (b) Endorsement/Guarantee provided to others: Please refer to Table 2.

   (c) Marketable securities held the end of the reporting period (excluding investments in subsidiaries, associates, and joint ventures): Please refer to Table 3.

   (d) Marketable securities acquired or disposed of at accumulated amount for the period exceeding NT$300 million or 20 percent of paid-in capital: Please refer to Table 4.

   (e) Acquisition of individual real estate with amount exceeding NT$300 million or 20 percent of paid-in capital: None.

   (f) Disposal of individual real estate with amount exceeding NT$300 million or 20 percent of paid-in capital: None.

   (g) Total purchases from or sales to related parties which exceeding NT$100 million or 20 percent of paid-in capital: Please refer to Table 5.

   (h) Receivables from related parties with amounts exceeding NT$100 million or 20 percent of paid-in capital: Please refer to Table 6.

   (i) Financial instruments and derivative transactions: None.

2. Information on investees: Please refer to Table 7.

3. Investments in Mainland China: Please refer to Table 8.

4. Information on major shareholders: Please refer to Table 9.

BORA PHARMACEUTICALS CO., LTD.

(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 1

Financing provided to others

No. (Note 1)	Lender	Borrower	Financial statement account	Is a related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Transaction amounts (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loan granted (Note 3)
													Item	Value		
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Co., Ltd.	Other receivables-related parties	Yes	$400,000	$-	$-	-%	2	$-	Need for operation	$-	None	$-	$927,959	$1,159,948
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Other receivables-related parties	Yes	$200,000	$-	$-	-%	2	$-	Need for operation	$-	None	$-	$927,959	$1,159,948

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

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

Note 2: Limit loans granted to a single party:

(1) Business transaction: limit on loans granted to a single party shall not exceed 10% of the lender's net assets value as of the period and the accumulated business transaction amounts of the past 12 months. Transaction amounts is defined as amount the higher of sales to or purchases from.

(2) Short-term financing: limit on loans granted to a single party shall not exceed 40% of the lender's net assets value as of the period.

Note 3: Ceiling on total loan granted:

(1) The ceiling on total loans granted by the Company to all parties shall not exceed 50% of the Company's net asset value.

(2) The ceiling on total loans granted by the subsidiaries to all parties shall not exceed 50% of the subsidiaries' net asset value.

Note 4: Circumstances for the financing provided to others:

(1) Business transaction is "1".

(2) Short-term financing is "2".

Note 5: Where the purpose of the loan is for business transaction (Type "1") the transaction amount represent the accumulated business transactions between the lender and the counter party during the past 12 months.

Note 6: Where the purpose for the loan is short-term financing (Type "2"): Shall specify the reasons for the borrowing and the usage of the funds, such as repayment of loans, acquisition of equipment, working capital, etc.

BORA PHARMACEUTICALS CO., LTD.

(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 2

Endorsement/Guarantee provided to others

No. (Note 1)	Endorser/ Guarantor	Guaranteed party		Limits on endorsement/ guarantee to each guaranteed party (Note3)	Maximum balance for the period	Ending balance	Actual amount drawn down	Amount of endorsement / guarantee secured by collateral	Ratio of accumulated endorsement/ guarantee amount to net equity of the endorser/ guarantor company	Ceiling on total endorsement/ guarantee provided (Note 4)	Guarantee provided by Parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship (Note 2)										
0	Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	2	$45,423,935	$25,000	$-	$-	$-	-	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	2	$45,423,935	$717,500	$-	$-	$-	-	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	2	$45,423,935	$360,000	$240,000	$-	$-	2.64	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	2	$45,423,935	$1,050,000	$-	$-	$-	-	$45,423,935	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	2	$45,423,935	$2,868,000	$2,784,000	$2,784,000	$-	30.64	$45,423,935	Y	N	N
1	TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Ophthalmic Inc.	4	$1,049,453	$200,000	$-	$-	$-	-	$2,623,632	N	N	N
2	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	4	$23,298,720	$200,000	$200,000	$200,000	$-	8.62	$23,198,970	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

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

Note 2: The nature of relationship between endorser/guarantor and guaranteed party is as follows:

(1) Having business relationship.

(2) A company in which the Company holds directly or its subsidiaries hold indirectly, 50% or more of the voting shares.

(3) A company which holds directly or its subsidiaries hold indirectly, 50% or more of the voting shares of the Company.

(4) A company in which the Company holds directly or its subsidiaries hold indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a

construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) A company in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other,

Note 3: Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Limit of guarantee/endorsement amount for each receiving party of TWi Pharmaceuticals, Inc. is 20% of its net worth.

Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Laboratories Inc. is 10 times of its net worth.

Note 4: Ceiling on total guarantee/ endorsement amount of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Ceiling on total guarantee/ endorsement amount of TWi Pharmaceuticals, Inc is 50% of its net worth.

Ceiling on total guarantee/ endorsement amount of Bora Pharmaceuticals Laboratories Inc. is 10 times of its net worth.

BORA PHARMACEUTICALS CO., LTD.
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 3

Marketable securities held the end of the reporting period (excluding investments in subsidiaries, associates, and joint ventures)

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	As of 31 December 2023				Note
				Shares/Units (thousand)	Carrying amount	Percentage of ownership	Fair value	
Bora Pharmaceuticals Co., Ltd.	Non-listed stock－Taifong Venture Capital Co.	None	Financial assets measured at fair value through other comprehensive income, non-current	490,000	$- (Note 2)	19.69%	$-	No pledged or collateral

Note 1：Securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities specified in IFRS9 "*Financial Instrument*"

Note 2：The carrying amount is NT$0 since accumulated unrealized valuation loss of financial assets measured at fair value through other comprehensive income is NT$4,900 thousand.

BORA PHARMACEUTICALS CO., LTD.
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 4

Marketable securities acquired or disposed of at accumulated amount for the period exceeding NT$300 million or 20 percent of paid-in capital:

Type of securities	Name of the securities	Financial statement account	Counter-party	Nature of Relationship	Beginning balance		Addition		Disposal				Ending balance		Note
					Shares (thousand)	Amount	Shares (thousand)	Amount	Shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Shares (thousand)	Amount	
Stock	SunWay Biotech Co., LTD.	Investments accounted for using equity method	SunWay Biotech Co., Ltd.	Investee company	-	$-	21,257,169	$1,138,633	-	$-	$-	$-	21,257,169	$1,143,895	-
Stock	Bora Health Inc.	Investments accounted for using equity method	SunWay Biotech Co., Ltd.	Investee company	18,918,880	$218,754	-	$-	18,918,880	$1,138,633	$266,017	$-	-	$-	Note 1

Note1: SunWay Biotech Co., LTD. exchanged shares with Bora Health Inc. by issuing new shares on November 1, 2023, and acquired 100% of the equity interest of Bora Health Inc. The difference between the purchase consideration and the carrying amount was recorded as capital surplus due to the difference between the consideration received and the carrying amount of the subsidiaries' net assets.

BORA PHARMACEUTICALS CO., LTD.
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 5

Total purchases from or sales to related parties which exceeding NT$100 million or 20 percent of paid-in capital:

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Sales	$259,891	55.70%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $64,309	57.55%	-
Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	Other related party	Sales	$365,087	34.47%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $60,072	42.67%	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Subsidiary	Sales	$7,476,832	99.58%	120 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $3,603,451	99.83%	-

BORA PHARMACEUTICALS CO., LTD.
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 6

Receivables from related parties with amounts exceeding NT$100 million or 20 percent of paid-in capital:

Company Name	Counter-party	Relationship	Ending balance of receivables from related party (Note 1)	Turnover Rate	Overdue		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Action Taken			
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Subsidiary	$3,603,451	2.85	$1,645,640	Collected in subsequent reporting period	$1,375,775	$-	-

BORA PHARMACEUTICALS CO., LTD.
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Table 7

Information on investees

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of 31 December 2023			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$-	$165,874	-	-%	$-	$155	$311	(Note 3)
The Company	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$-	$190,466	-	-%	$-	$41,810	$24,037	(Note 1) (Note 4)
The Company	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical contract development and manufacturing	$1,156,810	$1,156,810	165,000,000	100%	$2,270,850	$540,128	$540,128	-
The Company	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	$59,969	$59,969	500,000	100%	$70,098	$5,889	$5,889	-
The Company	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	$219,279	$219,279	100,000,000	50%	$1,418,525	$630,101	$315,051	-
The Company	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management and consulting	$1,000	$1,000	100,000	100%	$4,389	$2,458	$2,458	-
The Company	Bora Biologics Co., Ltd.	Hsinchu City, Taiwan	Biotechnical services, research and development services and pharmaceutical manufacturing	$1,103,720	$1,103,720	39,425,000	65.70%	$1,194,554	$85,611	$56,246	-
The Company	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Biotechnical research and management and consulting	$100	$100	10,000	100%	$(41)	$(72)	$(72)	-
The Company	TWi Pharmaceuticals, Inc.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$5,676,416	$5,676,416	60,000,000	100%	$7,364,161	$3,343,391	$3,246,787	(Note 2)

BORA PHARMACEUTICALS CO., LTD.

(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of 31 December 2023			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
The Company	SunWay Biotech Co., LTD.	Taipei City, Taiwan	Healthcare product wholesale and retail	$1,138,633	$-	21,257,168	35.79%	$1,143,896	$73,107	$5,981	(Note 4)
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	$213,100	$213,100	100,000,000	50%	$1,418,525	$630,101	$315,050	-
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Taipei City, Taiwan	Pharmaceutical contract development and manufacturing	$160,126	$-	64,252,492	98.85%	$101,364	$(123,608)	$(57,618)	(Note 1) (Note 3)
TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Taipei City, Taiwan	Pharmaceutical contract development and manufacturing	$-	$580,866	-	-%	$-	$(123,608)	$(64,117)	(Note 3)
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	State of New Jersey, USA	Pharmaceutical wholesale	$231,982	$231,982	38	100%	$(999,107)	$256,797	$256,797	-
SunWay Biotech Co., LTD.	Sunway Group Holding Limited	Republic of Seychelles	Investment holding	$18,947	$18,947	1,000,000	100%	$4,788	$(2,076)	$(672)	(Note 4)
SunWay Biotech Co., LTD.	Chen Run Marketing Co., Ltd.	Taipei City, Taiwan	Healthcare product wholesale and retail	$2,550	$2,550	255,000	51%	$2,988	$586	$39	(Note 4)
SunWay Biotech Co., LTD.	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$2,141,932	$-	22,618,880	100%	$332,497	$41,810	$14,447	(Note 4)
Sunway Group Holding Limited	Sunway Investment(H.K.) Limited	Hong Kong	Investment holding	$18,776	$18,776	3,500,000	100%	$4,789	$(2,044)	$(640)	(Note 4)
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$31,558	$-	1,500,000	100%	$31,401	$311	$(156)	(Note 3)

Note 1: Investment income (loss) includes the effect of unrealized or realized gross profit on intercompany transactions.

Note 2: The investment income recognized had deducted the depreciation and amortization expenses arose from the difference between the identifiable assets at fair value and carrying amount of interests in subsidiary as at the acquisition date.

Note 3: Due to the restructuring of the Group, Bora Pharmaceutical Laboratories Inc. has acquired all the shares of Bora Pharmaceuticals Ophthalmic Inc. owned by TWi Pharmaceuticals, Inc. (98.64%) since July, 2023. The Company sold all the shares of Union Chemical & Pharmaceutical Co., Ltd. to Bora Health Inc. Please refer to Note VI for the details.

Note 4: The Company's board of directors passed a resolution on August 21, 2023, to exchange the entire equity interest of Bora Health Inc. with SunWay Biotech Co., LTD. and acquire 35.79% of ownership of SunWay Biotech Co., LTD. and its subsidiaries. Since November 1, 2023, the Company obtained the control over SunWay Biotech Co., LTD. and its subsidiaries. and consolidate the profit of SunWay Biotech Co., LTD. and its subsidiaries.

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BORA PHARMACEUTICALS CO., LTD.
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 8

Investment in Mainland China at the end of the reporting period.

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment *(Note 1)*	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	% Ownership of direct or indirect Investment	Investment income (loss) recognized *(Note 2)*	Carrying amount as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Chentai Biotechnology (Dongguan) Co., Ltd.	Healthcare product wholesale and retail	$17,654	(ii)	$17,654	$-	$-	$17,654	$(1,995)	100%	$(1,995)	$4,178	$7,725

Accumulated outward remittance for investments in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on the amount of investments stipulated by the Investment Commission, MOEA *(Note 3)*
$17,654	$19,547	1,918,477

Note 1 : The methods for engaging in investment in Mainland China include the following:

(i) Direct investment in Mainland China

(ii) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region)

(iii) Other methods.

Note 2：The basis of investment income (loss) recognition is from the financial statements audited by the R.O.C. parent company's CPA.

Note 3：The consent to invest in SunWay Biotech Co., LTD.'s investment has been approved by the Investment Commission, MOEA with the Limit of amount of 60% of its net worth.

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Table 9

Information on major shareholders

Shares / Name of major shareholders	Shares	Percentage of Ownership
Baolei Co., Ltd.	18,704,939	18.43%
Reibaoshin Co., Ltd.	11,436,676	11.26%
Sheng Pao-Shi	5,356,672	5.27%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

BORA PHARMACEUTICALS CO., LTD
The content of statements of major accoutning items
For the year ended 31 December 2023

BORA PHARMACEUTICALS CO., LTD

1.Statement of cash and cash equivalents

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Description (in dollar)	Amount	Note
Cash on hand		$196	
Bank deposits - NTD		225,614	
Bank deposits - Foreign currency	USD 1,688,724.62	51,861	Exchange Rate: 30.71
Bank deposits - Foreign currency	CAD 2,782,350.05	64,551	Exchange Rate: 23.20
Total		$342,222	

BORA PHARMACEUTICALS CO., LTD

2.Statement of accounts receivable, net and accounts receivable-related parties, net

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Client	Description	Amount	Note
Client A	CDMO	$45,428	1.The amount of individual client
Client B	Centralized Procurement	64,309	included in others does not exceed
Others		1,592	5% of the account balance.
Subtotal		111,329	
Less: Loss allowance		(249)	2.The allowance for loss is
Total		$111,080	estimated based on the collectability.

BORA PHARMACEUTICALS CO., LTD

3.Statement of inventories,net

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Amount		Note
	Cost	Net Realized Value	
Raw materials	$5,007	$4,969	Net realizable value
Supplies and spares parts	1,404	1,389	represents the market price.
Work in process	6,071	6,071	
Semi-finished goods	1,700	1,700	
Finished goods	3,142	3,142	
Merchandise in transit	17,503	17,503	
Raw materials in transit	3,137	3,137	
Subtotal	37,964	$37,911	
Less: Allowance for inventory valuation losses	(1,793)		
Total	$36,171		

BORA PHARMACEUTICALS CO., LTD

4.Statement of changes in investments accounted for using the equity method

From 1 January 2023 to 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Investees	Balance, 1 January 2022		Increase			Decrease			Balance, 31 December 2022			Fair Value or Net Asset Value		Collateral	Note
	Shares (thousand)	Amount	Shares (thousand)	Amount		Shares (thousand)	Amount		Number of shares (thousand)	Ownership %	Amount	Unit Price (NTD)	Total Price		
1.Union Chemical & Pharmaceutical Co., Ltd.	1,500	$45,689		311	(NOTE1)	1,500	31,557	(NOTE10)	-	-	$-	-	-	-	
				388	(NOTE3)		14,831	(NOTE2)							
2.Bora Health Inc.	18,919	218,754		24,037	(NOTE1)		265,462	(NOTE10)	-	-	-	-	-	-	
				48,270	(NOTE11)		25,163	(NOTE2)							
							436	(NOTE3)							
3.Bora Pharmaceutical Laboratories Inc.	165,000	2,221,250		540,128	(NOTE1)		42,453	(NOTE3)	165,000	100.00%	2,270,850	14.06	2,319,897	None	(NOTE6)
				22,156	(NOTE5)		469,966	(NOTE2)							
				5,132	(NOTE9)		4,252	(NOTE8)							
							1,145	(NOTE11)							
4.Bora Pharmaceuticals USA Inc.	500	62,047		5,889	(NOTE1)		141	(NOTE5)	500	100.00%	70,098	140.20	70,098	None	
				2,303	(NOTE9)										
5.Bora Pharmaceutical Services Inc.	100,000	1,132,798		315,050	(NOTE1)		4,252	(NOTE8)	100,000	50.00%	1,418,525	14.19	2,837,051	None	(NOTE7)
				27,695	(NOTE5)		57,898	(NOTE2)							
				5,132	(NOTE9)										
6.Bora Management Consulting Co., Ltd	100	1,931		2,458	(NOTE1)				100	100.00%	4,389	43.89	4,389	None	
7.Bora Biologics Co., Ltd.	39,425	1,124,489		56,246	(NOTE1)				39,425	65.70%	1,194,554	30.30	1,818,418	None	(NOTE12)
				13,819	(NOTE9)										
8.Bora Pharmaceutical and Consumer Health Inc.	10	31					72	(NOTE1)	10	100.00%	(41)	(4.10)	(41)	None	
9.TWi Pharmaceuticals, Inc.	54,000	6,358,680	6,000		(NOTE13)		3,051	(NOTE5)	60,000	100.00%	7,364,161	87.45	5,247,264	VIII	
				2,312	(NOTE8)		2,262,960	(NOTE2)							
				3,246,787	(NOTE1)										
				22,393	(NOTE9)										
10.SunWay Biotech Co., LTD.	-	-	21,257	1,138,078	(NOTE4)		242	(NOTE5)	21,257	35.79%	1,143,896	131.17	7,790,064	None	(NOTE14)
				5,981	(NOTE1)										
				79	(NOTE3)										
Total		$11,165,669		$5,484,644			$3,183,881				$13,466,432				

NOTE1: Share of profit and loss of associates accounted for using equity method (including the elimination of unrealized gains and losses on the transactions between the Company and its investee).

NOTE2: Cash dividend.

NOTE3: Intercompany Transaction - downstream: Elimination.

NOTE4: Increase in investment.

NOTE5: Exchange differences resulting from translating the financial statements of foreign operations.

NOTE6: Including the elimination of unrealized gains and losses on the upstream transactions between the Company and its investee.

NOTE7: The difference between balance at 31 December 2023 and net asset value is due to the Company held 50% of shares.

NOTE8: Remeasurement of defined benefit plan of subsidiary according to the shareholding ratio.

NOTE9: Intercompany share-based payment transactions.

NOTE10: Capital reduction or sell partial of shares.

NOTE11: Acquisition of new shares in a subsidiary not in proportionate to ownership interest.

NOTE12: The difference between balance at 31 December 2023 and net asset value is due to the company only held 65.7% of shares.

NOTE13: Stock dividend.

NOTE 14: The market price is calculated based on the average transaction price on December 29, 2023.

BORA PHARMACEUTICALS CO., LTD

5. Statement of short-term loans

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Type	Bank	Ending balance	Contract Term	Interest Rate	Collateral	Note
Unsecured loan	O-Bank	$500,000	112.7.25-113.7.25	1.90%	None	-

BORA PHARMACEUTICALS CO., LTD

6.Statement of accounts payable (including related parties)

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Vendor	Description	Amount	Note
Vendor A		$6,316	The amount of individual
Vendor B		7,304	supplier included in others
Others		37,308	does not exceed 5% of the
Total		$50,928	account balance.

BORA PHARMACEUTICALS CO., LTD

7.Statement of long-term loans

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Bank	Type	Ending balance	Current Portion	Non-current Portion	Contract Term	Interest Rate	Collateral	Repayment
Chang Hwa Commercial Bank	Secured loan	$459,196	$37,896	421,300	108.12.23-123.12.23	1.90%	Land and Buildings	156 monthly instalment (principal and interests) starting from 23 January , 2022.
KGI Bank	Unsecured loan	200,000	10,000	190,000	112.12.4-114.12.4	2.29%	None	5 quarterly instalments (principal), starting from 4 December 2024.
CTBC Bank	Unsecured loan	164,000	48,000	116,000	111.6.17-116.6.17	2.34%	None	17 quarterly instalments (principal), starting from 17 June 2023.
CTBC Bank	Secured loan	578,830	240,000	338,830	112.6.27-115.6.27	2.49%	Stock	5 semi-annually instalments (principal), starting from 30 June 2024.
	Total	$1,402,026	$335,896	$1,066,130				

BORA PHARMACEUTICALS CO., LTD
8.Statement of operating costs
As of 31 December 2023
(Expressed in Thousands of New Taiwan Dollars)

Items	Ending balance	Note
Cost of self-made product		
Direct material		
Balance, beginning of year	$10,794	
Add: Raw material purchased	3,157	
Gain on physical count	129	
Less: Raw material, end of year	(8,144)	
raw materials sold	(409)	
Raw materials scraped	(55)	
Other	(43)	
Direct material used	5,429	
Indirect material		
Indirect material, beginning of year	1,206	
Add: Indirect material purchased	980	
gain on physical count	37	
Less: Indirect material, end of year	(1,404)	
Indirect material sold	(621)	
Indirect material scraped	(12)	
Other	(6)	
Indirect material used	180	
Direct labor	28,866	
Manufacturing Expenses	84,684	
Manufacturing costs	119,159	
Add: Work in process, beginning of year	8,170	
Less: Work in process, end of year	(7,771)	
Work in process scrap	(1,103)	
Transferred to other operating costs	(888)	
Other	(187)	
Cost of Finished goods	117,380	
Add: Finished goods, beginning of year	1,612	
Other	-	
Less: Finished goods, end of year	(3,142)	
Finished goods scrap	-	
Transferred to labor cost	(1,011)	
Other	(168)	
Subtotal of self-made product	114,671	
Cost of merchandise		
Merchandise, Beginning of year	1	
Add: Merchandise purchased	17,503	
Other	-	
Less: Merchandise, end of year	(17,503)	
Merchandise scraped	(1)	
Subtotal of merchandise	-	
Other operating cost		
reversal of write-down of inventories	1,346	
Materials sold	1,030	
Centralized procurement	243,736	
Gain on physical count	(167)	
Labor cost	1,011	
Idle capability	888	
Other	109	
Total Operating Costs	$362,624	

BORA PHARMACEUTICALS CO., LTD

9.Statement of operating expenses

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Sales and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll and related expense	$1,356	$202,466	$1	$203,823
Insurance	161	7,873	-	8,034
Depreciation	-	13,268	989	14,257
Research and development expense	-	-	946	946
Miscellaneous expenses	68	22,110	15	22,193
Professional fee	-	19,422	21	19,443
Expected credit loss	-	249	-	249
Others (Note)	108	23,385	758	24,251
Total	$1,693	$288,773	$2,730	$293,196

Note: The item included others does not exceed 5% of the account balance.

VI. In the event that the Company and its affiliates have experienced financial difficulties in the most recent year and as of the date of the annual report, the impact on the Company's financial position should be stated:

None.

G. Review, Analysis, and Risks of Financial Conditions and Performance

I. Review and Analysis Table of Financial status

Unit: NTD thousands

Year / Accounting items	2023	2022	Difference	
			Amount	%
Current assets	10,603,028	12,240,806	(1,637,778)	(13.38)
Property, plant and equipment	6,649,994	6,645,112	4,882	0.07
Intangible assets	5,595,670	2,147,431	3,448,239	160.58
Other assets	2,203,313	1,727,866	475,447	27.52
Total assets	25,052,005	22,761,215	2,290,790	10.06
Current liabilities	8,229,061	10,495,523	(2,266,462)	(21.59)
Non-current liabilities	5,057,133	7,125,236	(2,068,103)	(29.03)
Total liabilities	13,286,194	17,620,759	(4,334,565)	(24.60)
Capital stock	1,014,981	756,922	258,059	34.09
Capital surplus	3,318,350	1,236,380	2,081,970	168.39
Retained earnings	4,728,617	2,549,019	2,179,598	85.51
Other equity	73,807	39,093	34,714	88.80
Treasury stock	(50,968)	(53,092)	2,124	(4.00)
Non-controlling equity	2,681,024	612,134	2,068,890	337.98
Total shareholder equity	11,765,811	5,140,456	6,625,355	128.89

Year / Accounting items	2023	2022	Difference	
			Amount	%

1. The main reasons for significant changes in assets, liabilities, and equity over the past two years, where the changes exceeded 20% and amounted to more than NT$10 million, are as follows:
   (1) Increase in Intangible Assets and Other Assets:
   This is primarily due to the significant increase in the merger amount as a result of the SunWay stock swap.
   (2) Decrease in Current Liabilities, Non-current Liabilities, and Total Liabilities:
   This is mainly due to the repayment of bank loans and the payment of retained earnings and profit distribution related to the acquisition of TWi.
   (3) Increase in Share Capital:
   This is primarily due to the issuance of stock dividends in 2023, the exercise of employee stock options, and the conversion of part of the convertible bonds.
   (4) Increase in Capital Surplus:
   This is mainly due to the issuance of convertible bonds, the conversion of part of the convertible bonds, the issuance of employee stock options, and the difference between the acquisition price and the book value recognized as capital surplus based on the shareholding ratio in the SunWay stock swap.
   (5) Increase in Retained Earnings:
   This is mainly due to the completion of the acquisition of TWi in September 2022. While only four months of operating income were contributed in that year, the full 12 months of operating income in 2023 contributed to the increase in retained earnings.
   (6) Increase in Other Equity:
   This is mainly due to fluctuations in exchange differences from the translation of financial statements of foreign operations.
   (7) Increase in Non-controlling Interests:
   This is primarily due to the acquisition price and the difference between the book value recognized as minority interests in the SunWay stock swap.
   (8) Increase in Total Shareholders' Equity:
   This is primarily due to the increase in operating income from the subsidiary TWi and the SunWay stock swap.
2. Future Plans: The above changes have no significant adverse impact on the Company and its subsidiaries.

II. Review and Analysis Table of Financial Performance

(I) Comparative financial performance analysis table

Unit: NTD thousands

Year / Accounting items	2023	2022	Difference	
			Amount	%
Operating revenue	14,200,068	10,494,470	3,705,598	35.31
Operating costs	7,208,830	7,581,695	(372,865)	(4.92)
Gross profit	6,991,238	2,912,775	4,078,463	140.02
Operating expenses	1,742,099	990,599	751,500	75.86
Net operating profit	5,249,139	1,922,176	3,326,963	173.08

Non-operating income and expenses	(1,184,993)	(82,175)	(1,102,818)	1,342.04
Income from continuing operations before income tax	4,064,146	1,840,001	2,224,145	120.88
Income tax benefits (expenses)	(992,225)	(438,476)	(553,749)	126.29
Income from continuing operations after income tax	3,071,921	1,401,525	1,670,396	119.18

1. The main reasons for significant changes in income statement items over the past two years, where the changes exceeded 20% and amounted to more than NT$10 million, are as follows:
   (1) Increase in Operating Revenue, Gross Profit, Operating Expenses, and Operating Net Profit:
   This is primarily due to the full 12-month contribution of profits from the subsidiary TWi in 2023.
   (2) Increase in Non-operating Expenses:
   This is mainly due to contingent consideration related to the TWi acquisition. The recognition of fair value changes in financial liabilities through profit or loss increased significantly because the key performance indicators of TWi exceeded the estimated amounts at the time of acquisition in terms of revenue and profit.
   (3) Increase in Profit Before Tax, Income Tax Expense, and Net Profit After Tax:
   This is primarily due to the full 12-month contribution of profits from the subsidiary TWi in 2023.
2. Future Plans: The above changes have no significant adverse impact on the Company and its subsidiaries.

(II) Expected sales volume and basis, possible impact on the Company's future financial operations and response plans:

Based on the Company's major customers and forecasts for their downstream customers, as well as the Company's many years of experience in the industry, we have established a plan to ensure that our procurement, outsourcing and production can be coordinated based on circumstances. The Company continues to develop new markets and customers and expects to continue to grow sales and improve profitability in the future.

III. Cash flow ratio analysis

(I) Analysis of annual cash flow changes in the most recent year

Unit: NTD thousands

Item \ Year	2023	2022	Increase (decrease) ratio %
Operating activities	4,613,657	2,010,074	129.53
Investment activities	(2,457,585)	(4,281,191)	(42.60)
Financing activities	(2,440,223)	4,594,800	(153.11)

Changes in Proportions Analysis: 1. Operating Activities: The significant increase in operating profit following the TWi acquisition led to a substantial rise in operating net profit from NT$1,922,176 thousand in 2022 to NT$5,249,139 thousand in 2023, representing an increase of approximately 173%. This resulted in a substantial increase in cash inflows. 2. Investing Activities: In 2022, significant cash outflows were incurred due to investments in Bora Biologics and the acquisition of the entire equity of TWi Pharmaceuticals, resulting in a decrease in cash outflows in the current period compared to the previous year. 3. Financing Activities: The significant increase in cash outflows from financing activities in 2023 was mainly due to the gradual repayment of bank borrowings.

(II) Improvement plan for lack of liquidity: There is no liquidity shortfall in 2023

(III) Cash Flow Analysis for the Following Year (2024)

Unit: NTD thousands

Cash balance at beginning of the period A	Net cash flow from operating activities for the year B	Cash flows from investments and financing for the year C	Cash surplus (Shortfall) Amount A+B+C	Cash Shortfall Remedial measures	
				Investment plan	Financing plan
3,053,294	4,809,112	(5,522,079)	2,340,327	—	—
Cash Flow Analysis: 1. Operating Activities: The consolidated net cash inflow from operating activities for the Company increased by 129.53% in 2023 compared to the previous year. This significant increase can be attributed to the full-year inclusion of TWi Pharmaceuticals into the group, which substantially boosted the Company's operating cash inflow in 2023. It is anticipated that the Company's business will continue to grow steadily in 2024, maintaining overall positive cash flows from operating activities. 2. Investing Activities: Cash outflows were primarily due to capital expenditures for the maintenance and repair of plant and equipment, as well as payments for investment consideration, resulting in cash outflows. 3. Financing Activities: Cash outflows primarily occurred due to the distribution of cash dividends, repayment of bank borrowings, and payment of interest. 4. Remedial Measures for Expected Cash Shortfall and Liquidity Analysis: Not applicable.					

IV. Effect of Major Capital Spending on Financial Position and Business Operation in the Most Recent Year:

The Company and its subsidiaries made significant capital expenditures in the past year. On August 17, 2023, a decision was made by the board of directors to acquire six branded drugs (including FORFIVO XL, ZESTRIL, TENORMIN, NAPRELAN, TENORETIC, and

FLUOXETINE HCL) and their related rights in the US market from Almatica Pharma/Alvogen Group for USD 38.5 million (approximately TWD 1.23 billion) using the subsidiary TWi Pharmaceuticals' own funds. This acquisition aims to diversify the market risk by expanding into the branded drug market, particularly in cardiovascular and central nervous system medications. It also aims to leverage the existing economies of scale in generic drugs to establish a competitive advantage in the branded/patented drug market, thereby achieving sustainable sales growth.

Additionally, on January 16, 2024, the board of directors approved the acquisition of Upsher-Smith Laboratories, Inc. located in Minnesota, USA, acquiring all its equity. This acquisition aims to rapidly obtain Upsher-Smith's commercial drug approvals and two manufacturing facilities, utilizing the existing business development platform and sales network of the group to integrate global CDMO (Contract Development and Manufacturing Organization) capabilities. The focus will be on manufacturing high-threshold products to provide more comprehensive outsourcing services to global CDMO customers.

Apart from these significant capital expenditure projects, the company and its subsidiaries will continue to evaluate the purchase or replacement of machinery and equipment or the expansion of facilities based on order conditions. However, as of the printing date of the annual report, there are no specific plans for expanding facilities.

V. Reinvestment policy in the Most Recent Year, profit/loss and main reasons, improvement plan, and investment plan for the coming year:

(I) The Company's Reinvestment Policy

Based on factors such as operational needs or future growth considerations, the Company has completed the integration of the industry value chain from marketing, channel, R&D to production within a few years to ensure that each business area has access to comprehensive resources and mutual support from each other, forming the core strength of the Company. The Company also keeps track of the operating status and analyzes the effectiveness of its invested businesses for post-investment tracking and evaluation by management decision-making.

(II) Profit or loss on reinvestment and improvement plan for fiscal 2023:

December 31, 2023; Unit: NTD thousands

Reinvestment company	Recognized (loss) gain	Main reasons for gain or loss	Improvement Plan
Bora Health Inc.	38,484	Steady growth in operations	Our subsidiary,Bora Health, continues to generate steady profits as its operations grow steadily.
Bora Biologics Co., Ltd	56,246	Set up in December 2021	Bora Biologics serves as our primary biopharmaceutical CDMO facility, maintaining stable growth in operations and continuous profitability.
Bora Pharmaceutical Laboratories Inc.	540,128	Steady growth in operations	Bora Pharmaceutical is one of our main generic drug CDMO manufacturing facilities, operating steadily and consistently profitable.

Bora Pharmaceuticals USA Inc.	5,889	No economies of scale at the initial stage of establishment	With the increase in investment in the United States, future revenue is expected to continue growing and profitability to improve.
Bora Pharmaceuticals Services Inc.	630,100	Steady growth in operations	In the future, with stable growth in revenue from formal operations, sustainable profitability can be achieved.
TWi Pharmaceuticals Inc.	3,246,787	Steady growth in operations	Steady revenue growth and sustained profitability.
Synpac-Kingdom Pharmaceutical Co.,Ltd.	(121,735)	Pass USFDA audit at the end of 2022. Steady growth in operations	As one of the few domestic manufacturers specializing in eye drop formulations, we received approval from the US FDA following an inspection at the end of 2022. This enables us to contract manufacture and sell ophthalmic products in the US market. We anticipate steady growth and sustained profitability in our operations.
TWi Pharmaceuticals Usa, Inc.	256,797	Steady growth in operations	Steady revenue growth and sustained profitability.
SunWay Biotech Co., Ltd.	5,981	Steady growth in operations	Since November 2023, it has been consolidated into our financial statements, demonstrating stable growth in operations and continued profitability.

Note 1: The above list shows cases where the original investment amount exceeded five percent of the paid-in capital as of 2023.

As of the present, the operating status of the affiliated investment ventures remains stable. These investment companies are all related to our core business, and we will continue to focus on our core operations in the future, aiming to create maximum benefits for the company and all shareholders.

(III) Investment plan for the coming year:

Apart from the acquisition of Upsher-Smith Laboratories, Inc. in Minnesota, USA, approved by the board of directors on January 16, 2024, as of the date of printing of the annual report, there are no specific plans for acquiring other companies. If there are any future merger plans, we will follow relevant regulations and proceed with a cautious approach, conducting assessments of various benefits and risk management to achieve the maximization of overall operational profit and the minimization of risks for the company.

VI. Risks for the latest year and up to the date of printing of the annual report

(I) Impacts of interest rates, exchange rate fluctuation and inflation situation on the company's profit and loss, and the future countermeasures

(1) Interest Rate Changes

The interest expenses of the Company and its subsidiaries amounted to NTD 95,580 thousand and NTD 141,238 thousand in 2022 and 2023, respectively, which

accounted for 5.19% and 3.48% of the net income before income tax respectively, with an increasing proportion by year mainly due to the interest rate globally. The Company continue to make profit steadily. Therefore, the impact of interest rate changes on the Company's profit or loss has gradually decreased.

The Company and its subsidiaries are conservative and prudent in the use of capital. Most of the idle funds are placed in demand deposits and time deposits with banks, which have relatively stable market interest rates. The Company and its subsidiaries regularly evaluate bank borrowing rates and closely liaise with banks to obtain more favorable borrowing rates in order to reduce the impact of changes in interest rates on the Company's profit or loss.

(2) Exchange Rate Changes

The exchange gain(losses) of the Company and its subsidiaries amounted to NTD 47,923 thousand and NTD (67,505) thousand in 2022 and 2023, respectively. The ratio of exchange losses to net income before income tax was 2.60% and (1.66)%, respectively, mainly due to foreign currency-denominated exports and some purchases of materials. Therefore, changes in exchange rates should not have a significant impact on the Company.

The Company and its subsidiaries adopt the principle of prudent management of foreign currency capital and collect international financial information related to exchange rates, in order to fully grasp the trend of exchange rates and adjust its foreign exchange holdings in a timely manner, corresponding to the changes in exchange rates in order to reduce the impact caused by exchange rate changes.

(3) Inflationary scenarios

At present, the Company and its subsidiaries do not import large quantities of raw materials or ship large quantities of finished products. Therefore, inflation has no significant impact on the Company's profit or loss due to the inflation.

In the future, the Company and its subsidiaries will continue to closely monitor changes in the price index, maintain good interaction with suppliers and customers, and adjust their purchasing and sales strategies in a timely manner. Therefore, the Company and its subsidiaries should be able to respond to potential inflation and other changes in the economic situation without significant impact on their operations.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, derivatives transactions, profit/loss analysis, and future response measures:

(1) The policy of engaging in high-risk, highly leveraged investments, the main reasons for profits or losses, and future measures to address them

A. The main reason for engaging in high-risk, highly leveraged investments

For the most recent year and as of the date of the annual report, the Company and its subsidiaries have maintained their focus on their businesses and have not engaged in high-risk, highly leveraged investments.

B. Response Measures

The Company and its subsidiaries focus on the operation of their businesses and operate on a conservative and prudent financial basis, with no funds used for high-risk, high-leverage investments.

(2) Loan of funds to other parties and endorsement guarantee

A. Reasons for loaning funds to others and endorsement guarantee

(A) Fund loans to others

Our subsidiary, Bora Pharmaceutical Laboratories, wholly owned by the Company, has maintained stable operations and abundant funds. In order to optimize internal fund utilization efficiency, following the "Procedure for Lending Funds to Others," as approved by the subsidiary's board of directors, Bora Pharmaceutical Laboratories provided a loan of NTD 400,000 million to the Company at the prevailing market borrowing rate. This loan was fully repaid by the Company in April 2023.

In alignment with the professional division of labor within the group, and to facilitate organizational restructuring, both the board of directors of TWi Pharmaceuticals Co., Ltd. and Bora Pharmaceutical Laboratories Pharmaceuticals Co., Ltd. resolved in June 2023 to transfer all shares of Bora Pharmaceuticals Ophthalmic Co., Ltd., previously wholly owned by TWi Pharmaceuticals, to Bora Pharmaceutical Laboratories Pharmaceuticals. To facilitate the share transfer registration and adjust related bank credit guarantees, Bora Pharmaceutical Laboratories provided a loan of NTD 200,000 million to Bora Pharmaceuticals Ophthalmic at the prevailing market borrowing rate. This loan was fully repaid by Bora Pharmaceuticals Ophthalmic upon the completion of its bank credit contract in September 2023.

Furthermore, in January 2023, Bora Pharmaceutical Laboratories provided a loan of NTD 150,000 million to Bora Pharmaceuticals Ophthalmic, approved by the board of directors to strengthen operational funds and maintain stable production operations as part of Bora Pharmaceuticals Ophthalmic's execution of counter-guarantee procedures.

Additionally, following the board of directors' resolution on January 16, 2024, the Company acquired 100% ownership of companies including Upsher-Smith Laboratories, LLC in Minnesota, USA. Subsequently, the

Company and our wholly-owned subsidiaries, Bora Pharmaceuticals USA Inc. and Bora Pharmaceutical Holdings, Inc., resolved in March 2024 to provide loans of USD 52,000 million, USD 50,000 million, and USD 70,000 million, respectively, at prevailing local market borrowing rates, to support the acquisition and provide necessary operational funds for Upsher-Smith Laboratories, LLC.As of the date of printing of the annual report, apart from the aforementioned loans for operational maintenance or transaction fulfillment, the Company and its subsidiaries have not provided loans to others.

(B) Endorsements and guarantees

The Company and its subsidiaries provide endorsement guarantees primarily for shipment guarantees or bank financing to ensure smooth operations and adequate working capital for the subsidiaries. The endorsement guarantees provided by the Company for subsidiaries are as follows: Bora Pharmaceuticals Inc. has a limit of NTD 240,000 million, Bora Pharmaceutical Services Inc. in Canada has a limit of CAD 120,000 million (approximately NTD 2,834,400 million), and Bora Pharmaceutical Holdings, Inc. has a limit of USD 1,200,000 million (approximately NTD 38,400,000 million).

Additionally, our subsidiary Bora Pharmaceutical Laboratories provides endorsement guarantees for its subsidiary Bora Pharmaceuticals Ophthalmic Co., Ltd., specializing in eye drug formulations, with a limit of NTD 200,000 million. All these transactions are conducted in accordance with the "Endorsement Guarantee Operation Procedure" of the Company and its subsidiaries and are approved by the board of directors. The purpose is to effectively maintain the acquisition funds or operational development needs of each subsidiary. Therefore, the provision of endorsement guarantees by the Company or subsidiaries is deemed reasonable and necessary. As of the date of printing of the annual report, the actual disbursement amounts for endorsement guarantees provided by the Company for subsidiaries are as follows: Bora Pharmaceutical Services Inc. in Canada has an actual disbursement amount of CAD 120,000 million (approximately NTD 2,834,400 million), and Bora Pharmaceutical Holdings, Inc. has an actual disbursement amount of USD 1,200,000 million (approximately NTD 38,400,000 million). Bora Pharmaceutical Laboratories's actual disbursement amount for endorsement guarantees provided to its subsidiary Bora Pharmaceuticals Ophthalmic Co., Ltd. is NTD 200,000 million.

B. Response Measures

The Company and its subsidiaries engage in lending of funds to others and endorsement guarantees based on operational risk considerations. The Company will set single and total limits for overall risk control according to different targets and specify them in the procedures. The Company and its subsidiaries comply with the "Procedures for Lending of Funds to Others" and "Procedures for Endorsement and Guarantee".

(3) The Company's policy on derivative transactions, the main reasons for profit or loss, and future measures

A. The main reasons for the policy, profit or loss of engaging in derivatives trading

For the most recent year and as of the date of the annual report, Bora Pharmaceuticals, a subsidiary of the Company, has engaged in derivative commodity hedging transactions for export sales, which are necessary for operational purposes. The resulting gain or loss is attributable to the above hedging operations.

B. Response Measures

Based on operational risk considerations, the Company and its subsidiaries have established "Procedures for Handling Derivative Transactions" and strictly follow its regulations to manage the risks that may arise from such transactions. The Company will immediately coordinate its various departments to formulate relevant countermeasures if there is a possibility of significant impact on the Company's operations.

(III) Future R&D Programs and Expected R&D expenditure

(1) Future R&D Programs

In order to increase capacity utilization and enrich the existing product line, the Company and its subsidiaries will invest in future research and development plans to enhance process technology capabilities, including the expansion of production dosage forms and process scale-up technology, as well as the research and development of its own pharmaceutical products, including special generic drugs and new and improved small molecule dosage forms to increase the ease of use of pharmaceutical products through improved dosage forms. In addition, the Company chooses products that satisfy market needs and meet high quality requirements in order to enhance our products' competitiveness.

Main project development’s production technologies and new products are as follows:

(A) New dosage forms

(B) Special generic drug products development

(C) Innovative drug delivery platforms development

Promotion of important research projects:

The Company and its subsidiaries have set up its own research and development centers, while continuing to bring in advanced equipment and strengthen the research and development team. Short-term projects focus on “specialty generic drugs”, and we will concurrently develop own-brand drugs and accept external contracts, accumulating research and development capabilities and building a comprehensive development chain from self-assessment to mass production. Mid-term projects focus on “new dosage forms” which have high development threshold and duration but high market value. Long-term projects focus on developing time-consuming, high-risk, technology and hardware specific technology platforms that satisfy "unmet medical needs" and cater to the “innovative drug delivery platform” with long-term economic benefits and market differentiation.

(2) Estimated Research Costs

The estimated research and development expenses of the Company and its subsidiaries for 2022 are approximately NTD50,795 thousand which will be used mainly for materials and equipment required for drug research and development. For future product development, the Company and its subsidiaries will select special generic drugs and new dosage forms with market demand; In addition, in order to effectively develop each product, the Company and its subsidiaries intend to file patent applications for technological novelties or key core technologies that arise during development to avoid the risk of imitation or duplication of the developed products.

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company and its subsidiaries operate in compliance with relevant domestic and foreign laws and regulations and keep track of domestic and foreign policy developments and regulatory changes. We closely monitor and update the latest information on tax incentives and subsidies related to biotechnology industry. For the most recent year and as of the date of the annual report, the Company and its subsidiaries had no significant domestic or foreign policy or legal changes that would have affected the Company's financial operations.

(V) Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales

The Company and its subsidiaries keep abreast of changes in technology and technological development in the biotechnology industry. The market outlook for the pharmaceutical industry is growing steadily due to the aging population and the expansion

of medical care for citizens by the governments of various countries. The Company and its subsidiaries keep abreast of industry trends and sales dynamics so as to make proper planning and response measures, and continuously invest in technology R&D and technology enhancement to consolidate their competitive advantages. In addition, the Company complies with laws and regulations on information risk, and has set up a dedicated department to control and mitigate possible risks. For the most recent year and as of the printing date of the annual report, there were no technological changes or industrial changes that had a significant impact on the financial operations of the Company and its subsidiaries.

(VI) Impact of Changes in Corporate Image on the Corporate Risk Management, and the Company's Response Measures

Since its establishment, the Company and its subsidiaries have been committed to maintaining the image of the Company and have not engaged in any conduct that would lead to a poor corporate image or create a corporate crisis. In addition, as the Company continues to grow, we will continue to pursue the best interests of our shareholders, while at the same time providing care to all employees, their families and disadvantaged groups in society, fulfilling our corporate social responsibility. For the most recent year and up to the printing date of the annual report, there has not been any impact on the Company's crisis management due to the change in corporate image.

(VII) Expected Benefits and Possible Risks in Mergers and Acquisitions (M&A) and Countermeasures

Our subsidiary, Bora Health, resolved by the board of directors on August 21, 2023, to engage in a share conversion with SunWay Biotech Co., Ltd. (referred to as SunWay) in accordance with the Business Mergers and Acquisitions Act. The share conversion was completed on November 1, 2023, as the conversion reference date. Following the completion of the conversion, the Company directly holds a 35.79% equity stake in SunWay, while SunWay holds 100% of Bora Health (including Federal Chemical). In accordance with the reverse acquisition provisions of financial accounting standards, SunWay has been included in the Company's consolidated financial statements since November 1, 2023. Through this combination, the Company aims to enhance its capabilities in health product research and rapidly expand its portfolio of health products and contract manufacturing capabilities.

Additionally, the Company resolved by the board of directors on January 16, 2024, to acquire all the shares of Upsher-Smith Laboratories, Inc. located in Minnesota, USA. Following approval from the relevant regulatory authorities, the Company successfully completed the acquisition on April 1, 2024. In the future, leveraging Upsher-Smith's commercialized drug licenses and two manufacturing bases, we aim to enhance our existing business development platform, integrate global CDMO advantageous capacities, and

focus on manufacturing high-threshold products to provide more comprehensive contract manufacturing services to global CDMO customers.

As of the date of printing of the annual report, the Company has no other acquisition plans. In the future, the Company will continue to adhere to relevant regulations, adopt a prudent attitude in evaluating various benefits and risk management measures, with the aim of maximizing profitability and minimizing risks in the overall operation of the company.

(VIII) Expected Benefits and Potential Risks of Capacity Expansion and Response Measures

In consideration of the Group's long-term development plan and to enhance its competitive advantages, the Company is actively planning to expand the production lines of different dosage forms of pharmaceutical products. At present, the existing product lines of the Tainan Guantian Plant include tablets, capsules, granules, liquids, semi-solid dosage forms, etc., and has obtained PIC/S GMP certification from the Food and Drug Administration of the Ministry of Health and Welfare. In addition, the Company acquired 100% of equity, plant and equipment of Bora Pharmaceuticals (hereinafter known as Bora), owned by Impax Laboratories Inc., a U.S. listed company, for USD18.5 million in 2018 and obtained an CDMO contract with Impax for the brand-name drug RYTARY, used for the treatment of Parkinson's disease. The plant is located in the Zhunan Science Park and occupies an area of 36,133 square meters. The plant is equipped with pilot processes, standard production areas, laboratories, offices, cafeterias, mechanical rooms and warehouses. The Company’s main focus is on the production of oral solid dosage forms. At present, all of our pharmaceutical products are supplied to the US pharmaceutical market, and we are the only pharmaceutical production plant in Taiwan that supplies the US market. In addition to the production of generic drugs, the Company also produces brand name drugs, which are orally administered special controlled release drugs. Pilot production and scale-up production technology development are all performed in the Company's plant, which is the production center of global supply at present. In addition, on December 01, 2020, the Company acquired the pharmaceutical manufacturing facility from GlaxoSmithKline in Mississauga, Canada. The new Bora facility, located in Ontario, Canada, has 183,000 square feet of space and is approved by USFDA, Health Canada, EMA of the EU, Japan’s PMDA and satisfies the PIC/S world class standards. The facility specializes in the manufacture of tablets, capsules, semi-solids and liquids, and is equipped with chemical analysis and microbiology laboratories. In addition, this facility has a complete packaging line for tablets, capsules, liquids, nasal sprays, aluminum foil bags, blisters, high-speed tube filling, and has the ability to serialize products in bottles and tubes. The products are exported to many countries, including North America, South America, Asia, Russia, Middle East, Europe and Africa. Mississauga produces and packages a wide range of semi-finished and finished pharmaceutical and healthcare products in a variety of dosage forms, with the ability to manufacture a variety of complex products, including

expertise in handling highly active pharmaceutical ingredients (HPAPI) and technology transfer, on a scale that allows for clinical and volume production needs. The facility is currently equipped with 18 types of production equipment modules (including three pilot facilities) and can provide various production scales according to customer requirements.

Our subsidiary, Bora Biologics, acquired the operational assets (technology, equipment, and talent) located in the Hsinchu Biomedical Park of Eden Biopharma Co., Ltd., specializing in the development and production of biopharmaceuticals, particularly monoclonal antibody protein drugs. This marks a significant milestone for the Company's entry into the biopharmaceutical CDMO sector. Additionally, our subsidiary, TWi, and Bora Pharmaceuticals Ophthalmic' existing operations in the Zhongli and Taoyuan plants respectively, focus on manufacturing various oral solid dosage forms, laser-drilled controlled-release dosage forms, suspensions, and sterile ophthalmic preparations, primarily for export. Our group currently operates a variety of production pharmaceutical factories with different dosage forms, capacities, and production volumes to meet the needs of clients. Our highly flexible scheduling allows us to accommodate laboratory batch production, batch scale-up research, and registration batch production, along with specialized project management departments, providing exceptional production flexibility to meet the diverse needs of global customers for drug development, batch production, or diverse packaging requirements.

In addition to acquiring assets for capacity enhancement through equity investments or acquisitions, our 100% invested subsidiary, Bora Pharmaceutical Laboratories, completed an organizational restructuring in conjunction with the professional division of the group. On June 6, 2023, Bora Pharmaceutical Laboratories's board of directors resolved to purchase all shares of Bora Pharmaceuticals Ophthalmic held by TWi. This transaction will help centralize CDMO resources and leverage management synergies.

The Company resolved by the board of directors on January 16, 2024, to acquire all shares of Upsher-Smith Laboratories, Inc. located in Minnesota, USA. Through this acquisition, the Company rapidly acquired Upsher-Smith's portfolio of 48 marketed products, including 38 owned drug licenses, 10 distributed products, and 12 pipeline products. Upsher-Smith operates two manufacturing facilities in Plymouth and Maple Grove, Minnesota, covering a total area of 92,654 and 612,396 square feet respectively. The Maple Grove facility is a newly expanded plant area with a total investment of approximately USD 130 million, estimated to have a total production capacity of 5 billion doses. The products include oral solids, powders (for oral and topical use), and liquids, with packaging lines and warehouse and logistics centers. The Company officially took over the operation of Upsher-Smith on April 1, 2024, to rapidly acquire significant production capacity advantages, directly supporting the expansion and growth of global CDMO business. Through the integration of acquired assets, we aim to provide more

comprehensive contract manufacturing services to global CDMO customers and extend logistics management services to the entire US market.

As of the date of printing of the annual report, the Company and its subsidiaries have no specific plans for expanding plant facilities other than the purchase of operating equipment by subsidiary companies, thus this assessment does not apply.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1) Sales

In the past year, the Company and its subsidiaries' primary sales customers were Companies B, C, D, and E, with sales amounts accounting for 13.62%, 17.20%, 19.57%, and 11.20% of the total annual revenue, respectively. Company B is primarily engaged in CDMO services, while Companies C, D, and E are major pharmaceutical distributors in the United States. In the fiscal year 2023, no single sales target exceeded 20% of the total sales, indicating a diversified overall sales distribution.

(2) Purchases

In the past year, the Company and its subsidiaries' largest supplier was NEMERA, accounting for 14.9% of the net purchase amount. The net purchase amounts from other single suppliers did not exceed 10% of the total purchases, indicating that the overall purchasing concentration risk of the Company is limited.

(3) Response Measures

The Company adopts a dual-axis operational strategy, aiming to sustain growth in both global pharmaceutical contract manufacturing and sales. Through different operational models, we mitigate the risk of concentration on a single customer/supplier or product in our sales and purchases. Additionally, we implement other relevant measures, including the continuous development of proprietary drug licenses, proactive expansion into new product lines of health and wellness products, increasing the representation of products and sales channels, and fostering stable and positive partnerships with upstream and downstream manufacturers.

(X) Impacts and Risks Arising from Major Exchange or Transfer of Shares by Directors, Supervisors, or Shareholders with Over 10 Percent of Stake in the Company and Countermeasures

In the most recent year and as of the date of printing of the annual report, the corporate director of the Company, Eminent II VC Corp, was relieved of its position on 2019/03/11 due to the transfer of more than one-half of the amount of the Company's shares held, during its term of office. The director is a venture capital company and has its own internal plan

for the use of funds. The Company's current management team and operational activities have not been affected by this, and a replacement director was elected at the shareholders' meeting on June 10, 2019, so there is no significant impact on the Company's financial and business conditions.

(XI) Impact, Risk, and Response Measures Related to Any Change in the Administrative Authority Towards the Company's Operations

For the most recent year and as of the date of the annual report, there was no change in the Company's operating team that would have resulted in a material impact on the Company.

(XII) In terms of litigation or non-litigation matters, the company and the company's directors, supervisors, president, actual responsible person, shareholders holding more than 10% of the company shares, and a subsidiary company who is involved in a major lawsuit that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or market prices of securities, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed.

1. The Company should disclose any litigation, non-litigation, or administrative disputes that have been decided or are currently pending as of the date of the annual report, and whose outcomes may have a significant impact on shareholder equity or securities prices. This disclosure should include the disputed facts, the amount involved, the date the litigation commenced, the main parties involved in the litigation, and the current status of the proceedings.

Park Interiors Design Co., Ltd. (hereinafter referred to as "Park Interiors") entered into a contract with the Company for the exterior and interior decoration works of the Company's headquarters building on Ruiguang Road. Due to Park Interiors' failure to complete all the works within the agreed deadline, despite the Company's unsuccessful attempts to urge them to do so, we terminated the contract and awarded the improvement works to a third party. Park Interiors claimed that the Company owed outstanding fees for the works and filed a civil lawsuit against the Company in the Taipei District Court in October 2021, seeking payment of the outstanding fees and interest. The Company has since signed a settlement agreement with Park Interiors, and Park Interiors withdrew the lawsuit on September 28, 2023. The aforementioned matter is not expected to have a significant impact on the Company's financial affairs.

The Company signed a supplemental agreement to the Manufacturing Commission Contract with Fanoya Biotechnology Co., Ltd. (hereinafter referred to as "Fanoya") on April 23, 2018. The supplemental agreement stipulated that if any intellectual property rights litigation arises concerning the drugs manufactured by Park Pharmaceutical

Company commissioned by Fanoya, Fanoya shall indemnify Park Pharmaceutical Company for the legal fees incurred. Subsequently, in 2018, the Company, together with Fanoya, was sued by KilSci Corporation for patent infringement. Although the three parties reached a settlement in October 2019, the Company incurred legal fees of over NT$590,000, of which Fanoya had previously provided a security deposit of NTD 224,700. There remains a shortfall of NTD 374,501 that Fanoya has yet to pay in accordance with the agreement. Additionally, Fanoya owes the Company over NTD 220,000 in manufacturing fees, which led the Company to file a lawsuit against Fanoya in the Taipei District Court, seeking payment of the outstanding legal fees and fees for the goods. The case is currently pending trial.

Lawsuit between Bora Pharmaceuticals Ophthalmic Co., Ltd. (hereinafter referred to as "Bora Pharmaceuticals Ophthalmic") and China Life Insurance Co., Ltd. (hereinafter referred to as "China Life Company"):

(1) Dispute over the Determination of Repurchase Price of Dissenting Shares (Original Case No.: 2017 Administrative Case No. 548): In order to enhance competitiveness and operational performance, as well as to focus on developing core businesses, Bora Pharmaceuticals Ophthalmicadjusted its organizational operations by separating its real estate development and related investment businesses. As of September 28, 2017, a new company, Yuncheng Investment Co., Ltd. (hereinafter referred to as "Yuncheng Company"), was established separately. Bora Pharmaceuticals Ophthalmicfocused on the business of pharmaceutical research, production, and sales. During the aforementioned operational split, one of the shareholders, China Life Company, objected to the split and requested Bora Pharmaceuticals Ophthalmicto repurchase its shares in Bora Pharmaceuticals Ophthalmic (accounting for approximately 4.98% of the total shares of Jinde at the time, totaling 3,493,500 shares). In accordance with Article 12, Paragraph 6 of the Company Merger Act, Bora Pharmaceuticals Ophthalmicfiled a petition for price determination with the Taipei District Court on October 3, 2017 (Administrative Case No. 548 of 2017). The first-instance ruling in this case was issued by the Taipei District Court on August 6, 2020, determining that the acquisition price should be NTD 34.6 per share. Bora Pharmaceuticals Ophthalmicdisagreed with this ruling and filed an appeal on August 19, 2020 (Appeal Case No. 437 of 2020). The Taipei District Court rejected the appeal on July 30, 2021. Subsequently, Bora Pharmaceuticals Ophthalmicfiled a second appeal on August 13, 2021, and the case was transferred to the Taiwan High Court on September 3, 2023 (Non-Appeal Case No. 98 of 2021). The case was dismissed by the Taiwan High Court on February 14, 2022, and remanded to the Taipei District Court for proper handling (Non-Appeal Case No. 1 of 2022). The Taipei District Court ruled to revoke its original decision dated August 6, 2020, on December 9, 2022. Bora Pharmaceuticals Ophthalmicfiled another appeal on December 23, 2022, but it was rejected by the Taiwan

High Court on July 31, 2023 (Non-Appeal Case No. 19 of 2023).

(2) Joint Payment of Repurchase Price for Dissenting Shares Case (Civil Case No. 294 of 2020): Following the above, on December 12, 2019, China Life Company applied to the Taipei District Court for mediation in the joint payment of repurchase price for dissenting shares with Bora Pharmaceuticals Ophthalmicand the newly established Yuncheng Company. However, the parties failed to reach a settlement agreement. Therefore, on March 12, 2020, China Life Company filed a lawsuit against Bora Pharmaceuticals Ophthalmicand Yuncheng Company in the Taipei District Court (Civil Case No. 294 of 2020) regarding the joint payment of repurchase price for dissenting shares. China Life Company claimed the repurchase price to be NTD 120,875,100 (based on NTD 34.6 per share and a total of 3,493,500 shares) plus statutory interest calculated from July 6, 2017. The Taipei District Court ruled in the first instance that Bora Pharmaceuticals Ophthalmicshould repurchase the shares from China Life Company according to the price claimed by China Life Company. Bora Pharmaceuticals Ophthalmicappealed on December 18, 2023.

(3) In the above cases between Bora Pharmaceuticals Ophthalmicand China Life Company, if the court determines the repurchase obligation of the dissenting shares, according to the share purchase and sale agreement between Protect Pharmaceuticals and TWi Pharmaceuticals, the selling party of the share purchase and sale agreement will pay the amount to acquire the shares held by China Life Company in Bora Pharmaceuticals Ophthalmicand Yuncheng Company. The acquired shares of Bora Pharmaceuticals Ophthalmicwill be transferred to Protect Pharmaceuticals at a price of NTD 12.69 per share, and all related expenses and liabilities, such as reasonable attorney's fees and interest incurred by TWi Pharmaceuticals or Bora Pharmaceuticals Ophthalmicin this case, will be borne by the selling party. Therefore, regardless of the outcome, it will not have a significant impact on the financial or business of the Company.

In summary, although the Company is involved in the above-mentioned pending lawsuits, the amounts involved in these cases do not have a significant impact on the shareholders' equity or securities prices of Protect Pharmaceuticals.

2. Directors, supervisors, general managers, actual responsible persons, major shareholders holding more than ten percent of the shares, and subsidiary companies have not been involved in any lawsuits, non-litigation disputes, or administrative litigations that have been finally adjudicated or are currently pending in the past two years or up to the date of this annual report, the outcomes of which may have a significant impact on the shareholders' equity or securities prices of the Company:None

3. Directors, supervisors, managers, and major shareholders holding more than ten percent of the shares have not been involved in any circumstances as stipulated in Article 157 of

the Securities and Exchange Act in the past two years or up to the date of this annual report: None

(XIII) Other Significant Risks and Response Measures: None.

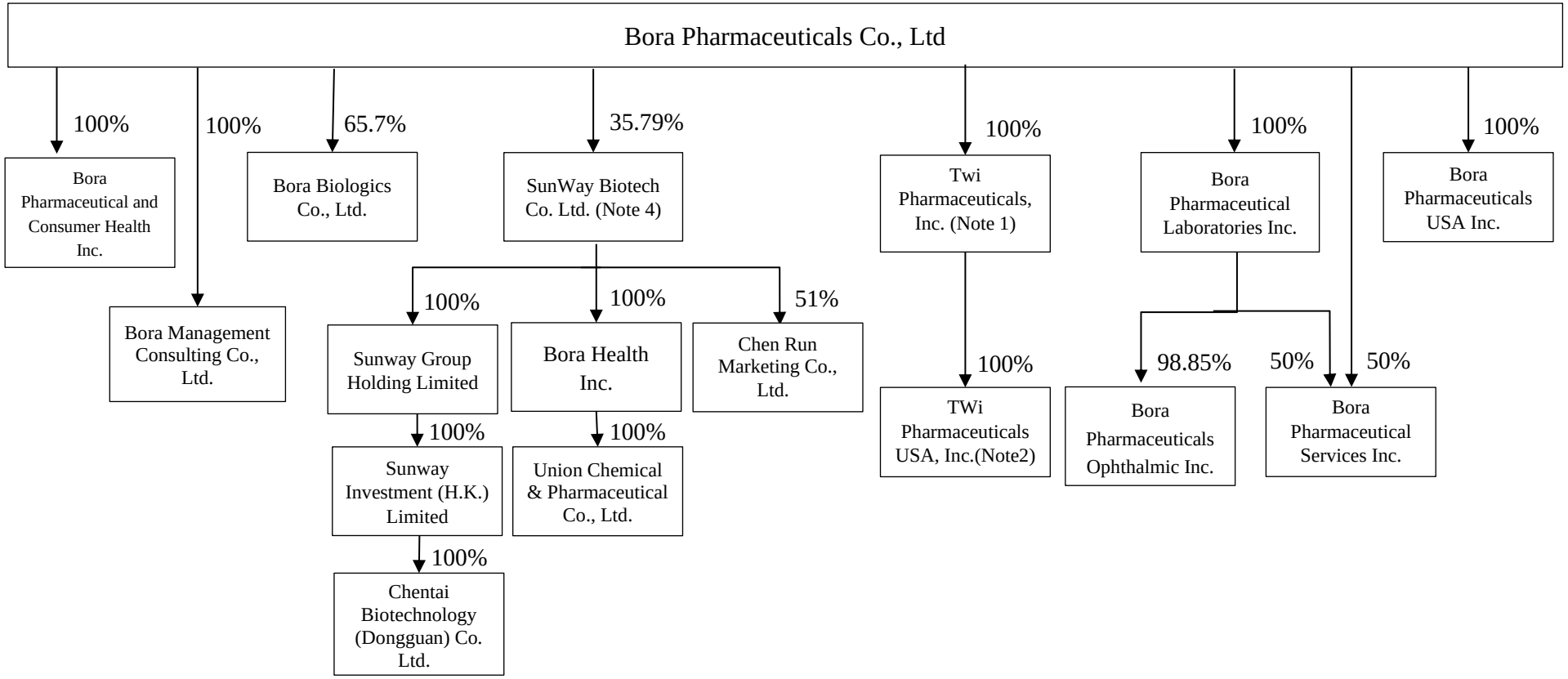
VII. Other Critical Matters: None

H. Special Notes

I. Profiles of Subsidiaries:

(I) Status of Subsidiaries

Organization Chart of Subsidiaries (As of 2023.12.31)



Note 1: The company acquired all the shares of TWi on August 30, 2022, as resolved at the extraordinary shareholders' meeting, and it was formally included in the Company's consolidated financial statements on September 1, 2022, becoming a wholly-owned subsidiary of the Company.

Note 2: Originally named TWi LLC, the Company changed its organizational form to a limited company and changed its name to TWi Pharmaceuticals USA, Inc. in March 2015.

Note 3: In accordance with the organizational restructuring within the Group, the Company's subsidiary, Bora Pharmaceutical Laboratories, resolved at its board meeting on June 6, 2023, to acquire all the shares of Bora Pharmaceuticals Ophthalmic held by TWi.

Note 4: In order to enhance research and development efficiency and expand the portfolio of health care products, the Company, at its board meeting on August 21, 2023, resolved to exchange all the shares of Bora Health Company it held for shares of SunWay Biotech Co., Ltd., acquiring 35.79% of the shares of SunWay Biotech Co., Ltd.. The share exchange was completed on November 1, 2023, and control over SunWay Biotech Co., Ltd. and its subsidiaries was obtained, making them part of the consolidated financial statements of the Group.

Note 5: The aforementioned companies in which the Company has made investments do not hold any shares of the Company.

(II) Relationship with Subsidiaries

December 31, 2023; Unit: NTD thousands; thousand shares

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business or Production Items
Union Chemical & Pharmaceutical Co., Ltd.	1970/12	Taipei City, Taiwan	15,000	Western Medicine Manufacturing, Western Medicine Wholesale
Bora Health Inc.	2017/6	Taipei City, Taiwan	226,189	Western Medicine Wholesale, Health and Beauty Products Wholesale
Bora Pharmaceutical Laboratories Inc.	2007/5	Taipei City, Taiwan	1,650,000	Western Medicine Manufacturing and OEM
Bora Management Consulting Co., Ltd.	2021/4	Taipei City, Taiwan	1,000	Management Consulting
Bora Biologics Co., Ltd.	2021/12	Taipei City, Taiwan	600,100	Biotechnology Services, Research and Development Services, and Western Medicine Manufacturing
Bora Pharmaceutical and Consumer Health Inc.	2022/6	Taipei City, Taiwan	100	Biotechnology Research and Management Consulting
TWi Pharmaceuticals, Inc.	1997/12	Taipei City, Taiwan	600,000	Western Medicine Wholesale
Bora Pharmaceuticals Ophthalmic Inc.	1965/7	Taipei City, Taiwan	650,000	Western Medicine Manufacturing and OEM
Bora Pharmaceuticals USA Inc.	2019/8	State of Delaware, USA	59,969	Western Medicine Wholesale
Bora Pharmaceutical Services Inc.	2020/1	Province of Ontario, Canada	432,379	Western Medicine Manufacturing and OEM
TWi Pharmaceuticals USA, Inc.	2013/11	State of New Jersey, USA	1	Western Medicine Wholesale
SunWay Biotech Co. Ltd.	2007/9	Taipei City, Taiwan	593,891	Health Food Manufacturing and Sales
Chen Jung Marketing Co., Ltd.	2020/12	Taipei City, Taiwan	5,000	Health Food Sales
Sunway Group Holding Limited	2014/10	Seychelles	18,947	Investment Holdings

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business or Production Items
Sunway Investment (H.K.) Limited	2017/2	Hong Kong	18,776	Investment Holdings
Triglory International, Inc.	2017/6	Dongguan, Guangdong Province	17,654	Health Food Sales

(III) Presumed Same Shareholder Information for Entities Under Control or Subsidiaries: None

(IV) Business Relationship Description

1. The industries covered by the overall related companies' business operations include:

(1) Medicine manufacturing and contract manufacturing

(2) Wholesale of medicine, wholesale of healthcare and skincare products

(3) Management consulting, biotechnology services, and research and development services

(4) International trade and general investments

2. The various related companies engage in interrelated business operations, and their division of labor is as follows:

The business operations of the Company and its related companies primarily involve contract development and manufacturing organization (CDMO) for both small and large molecule pharmaceuticals, as well as global pharmaceutical and healthcare product manufacturing and wholesale distribution. The division of labor among the related companies include:

(1) Global Contract Development and Manufacturing Organization (CDMO):

Entities responsible for pharmaceutical manufacturing on a global scale, commissioned by clients worldwide and among related enterprises, include: Bora Pharmaceutical Laboratories Pharmaceuticals Co., Ltd. and Bora Pharmaceutical Services Inc., focusing on the manufacturing of small molecule pharmaceuticals; Bora Biologics Co., Ltd. specializes in global contract manufacturing of large molecule drugs; Bora Pharmaceuticals Ophthalmic Pharmaceuticals Co., Ltd. primarily focuses on the manufacturing of ophthalmic solutions.

(2) Global Pharmaceutical Sales:

Union Chemical & Pharmaceutical Co., Ltd. holds authorization for manufacturing and selling over 100 pharmaceutical products; Bora Health Co., Ltd. is responsible for regional pharmaceutical distribution and agency sales; TWi Pharmaceuticals Co., Ltd. focuses on

the sales of proprietary and distributed pharmaceutical products in overseas markets worldwide; In the United States, TWi Pharmaceuticals USA, Inc. and Bora Pharmaceuticals USA Inc. handle local pharmaceutical sales and distribution channel expansion.

(3) Contract Manufacturing and Sales of Health and Nutritional Products:

SunWay Biotech Co., Ltd. is responsible for contract manufacturing and sales of health products such as red yeast rice and probiotics; Bora Health Co., Ltd. is responsible for regional distribution and agency sales of health and nutritional products.

(4) In addition to the aforementioned manufacturing and sales activities, there is close collaboration among the related enterprises in technical, cybersecurity, operational strategies, and management support.

(V) Information of Directors, Supervisors, and General Managers of Related Companies

As of December 31, 2023; Unit: NTD thousands; Shares; %

Company Name	Title	Name or Representative (Note 1)	Shareholding	
			Number of Shares	Shareholding Percentage
Union Chemical & Pharmaceutical Co., Ltd.	Chairman	Bora Health Inc.representative Sheng Pao Shi	1,500,000	100.00
Bora Health Inc.	Chairman	SunWay Biotech Co. Ltd. representative Sheng Pao Shi	22,618,880	100.00
	Vice Chairman	SunWay Biotech Co. Ltd.representative Chen Shih Min		
	Director	SunWay Biotech Co. Ltd. representative Pan Jia Yue		
	Director	SunWay Biotech Co. Ltd. representative Guo Bai Chuan		
	Supervisor	SunWay Biotech Co. Ltd. representative Zheng Yuan Chang	_	_
Bora Pharmaceutical Laboratories Inc.	Chairman	Bora Pharmaceuticals Co., Ltd representative Sheng Pao Shi	165,000,000	100.00
	Director	Bora Pharmaceuticals Co., Ltd representative Chen Shih Min		
	Director	Bora Pharmaceuticals Co., Ltd representativeChang Chen Tang		
	Supervisor	Bora Pharmaceuticals Co., Ltd representative Wang Jin Chu		
Bora Management Consulting Co., Ltd.	Chairman	Bora Pharmaceuticals Co., Ltd representative Sheng Pao Shi	100,000	100.00
Bora Biologics Co., Ltd.	Chairman/General Manager	Bora Pharmaceuticals Co., Ltd representative Sheng Pao Shi	39,425,000	65.70
	Director	Bora Pharmaceuticals Co., Ltd representative Wang Jin Chu		

Company Name	Title	Name or Representative (Note 1)	Shareholding	
			Number of Shares	Shareholding Percentage
	Director	Taishin Health Investment Ltd. representative Shih Chi Pin	8,125,000	13.54
	Supervisor	Chen Hsiao Ting	–	–
Bora Pharmaceutical and Consumer Health Inc.	Chairman	Bora Pharmaceuticals Co., Ltd representative Sheng Pao Shi	10,000	100.00
TWi Pharmaceuticals, Inc.	Chairman	Bora Pharmaceuticals Co., Ltd representative Sheng Pao Shi	60,000,000	100.00
	Director	Bora Pharmaceuticals Co., Ltd representative Wang Jin Chu		
	Director	Bora Pharmaceuticals Co., Ltd representative Chang Chen Tang		
	Director	Bora Pharmaceuticals Co., Ltd representative Liu Nian Hua		
	Director	Bora Pharmaceuticals Co., Ltd representative Chen Chia Chu		
	Supervisor	Bora Pharmaceuticals Co., Ltd representative Chen Shih Min		
	Supervisor	Bora Pharmaceuticals Co., Ltd representative Ko Chun Han		
Bora Pharmaceuticals Ophthalmic Inc.	Chairman	Sheng Pao Shi	–	–
	Director/General Manager	Chang Chen Tang		
	Director	Wang Jin Chu		
	Supervisor	Chen Shih Min		
Bora Pharmaceuticals USA Inc.	Legal Representative	Sheng Pao Shi	500,000	100.00
Bora Pharmaceutical Services Inc.	Legal Representative	Sheng Pao Shi	200,000,000	100.00

Company Name	Title	Name or Representative (Note 1)	Shareholding	
			Number of Shares	Shareholding Percentage
TWi Pharmaceuticals USA, Inc.	Legal Representative	Sheng Pao Shi	38,000	100.00
SunWay Biotech Co. Ltd. (Note 2)	Chairman	Bora Pharmaceuticals Co., Ltd representative Sheng Pao Shi	21,257,168	35.79
	Vice Chairman	Bora Pharmaceuticals Co., Ltd representative Chen Shih Min		
	Director	Elf International Co., LTDrepresentative Pan Jia Yue	1,600,000	2.69
	Director	Shin Huang Investment Co.,Ltd. representative Hsu Hsu Chih	1,592,816	2.68
	Independent Director	Cheng Dun Chien	–	–
	Independent Director	Ko Tsui Ting	–	–
	Independent Director	Xie Zhen Wu	100,000	0.17
Sunway Group Holding Limited (Note 2)	Director	Pan Jia Yue	–	–
Chen Jung Marketing Co., Ltd.(Note 2)	Chairman	SunWay Biotech Co. Ltd. representative Pan Jia Yue	255,000	51.00
	Director	SunWay Biotech Co. Ltd. Representative Shih Tsung Wei and Jeng Yuan Chang		
	Director	Formosa TV representative Hsu Nien Tai and Yang Shu Chin	245,000	49.00
	Supervisor	Yang Ming Shu	–	–
	Supervisor	Tseng Teng Hsien	–	–
	General Manager	Lin Hsiang Lan	–	–
Sunway Investment(H.K.) Limited (Note 2)	Director	Pan Jia Yue	–	–

Company Name	Title	Name or Representative (Note 1)	Shareholding	
			Number of Shares	Shareholding Percentage
Triglory International, Inc. (Note 2)	Director	Pan Jia Yue	–	–

(VI) Operating Status of Related Enterprises

As of December 31, 2023; Unit: NTD thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Net Profit (After Tax)	Earnings Per Share (EPS, After Tax)
Union Chemical & Pharmaceutical Co., Ltd.	15,000	31,543	142	31,401	0	(250)	155	0.10
Bora Health Inc. (Note 1)	226,189	451,376	118,879	332,497	527,924	50,342	41,810	1.85
Bora Pharmaceutical Laboratories Inc.	1,650,000	3,319,746	999,849	2,319,897	1,071,134	276,302	540,128	3.27
Bora Biologics Co., Ltd. (Note 2)	600,100	2,164,271	345,853	1,818,418	411,787	98,647	85,611	1.43
Bora Pharmaceuticals USA Inc	59,969	95,580	25,482	70,098	46,382	(115,894)	5,889	0.98
Bora Pharmaceutical Services Inc.	432,379	4,089,834	1,252,783	2,837,051	3,676,675	831,561	630,101	14.57
Bora Management Consulting Co., Ltd.	1,000	9,971	5,582	4,389	12,629	3,099	2,458	24.58
Bora Pharmaceutical and Consumer Health Inc. (Note 3)	100	29	70	(41)	0	(73)	(72)	(7.20)
TWi Pharmaceuticals, Inc. (Note 4)	600,000	7,981,151	2,733,887	5,247,264	7,508,337	3,914,726	3,343,391	55.72
Bora Pharmaceuticals Ophthalmic Inc.	650,000	484,693	382,150	102,543	90,192	(115,786)	(123,608)	(1.90)
TWi Pharmaceuticals USA, Inc. (Note 5)	1	6,596,269	5,690,831	905,438	8,602,058	299,281	256,797	256,797.00
SunWay Biotech Co. Ltd. (Note 6)	593,891	3,533,011	335,549	3,197,462	292,770	79,758	73,107	1.23
Sunway Group Holding Limited (Note 6)	18,947	4,958	0	4,958	0	(35)	(2,077)	(2.08)
Chen Jung Marketing Co., Ltd. (Note 6)	5,000	5,964	106	5,858	1,387	704	587	1.17
Sunway Investment (H.K.) Limited (Note 6)	18,776	4,789	0	4,789	0	(57)	(2,044)	(0.58)

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Net Profit (After Tax)	Earnings Per Share (EPS, After Tax)
Chen Tai Biotechnology (Dongguan) Co., Ltd. (Note 6)	17,654	6,034	1,856	4,178	1,233	(1,992)	(1,995)	(Note 7)

Note 1: Approved by the Taipei City Government on June 30, 2021, with Ref. No. 11050737700, the company was renamed from Yu Tai Xin Pharmaceutical Co., Ltd. to its current name.

Note 2: Approved by the Taipei City Government on March 4, 2022, with Ref. No. 11146792600, the company was renamed from Bao Feng Biotechnology Co., Ltd. to its current name. After acquiring operating assets, it officially commenced operations on July 1, 2022.

Note 3: Bao Feng Biotechnology Co., Ltd. was registered and established in June 2022.

Note 4: Approved by the extraordinary general meeting of shareholders on August 30, 2022, the Company acquired all shares of TWi Pharmaceutical Co., Ltd. and was officially included in the Company's consolidated financial statements as a wholly-owned subsidiary on September 1, 2022.

Note 5: Formerly known as TWi International LLC, the organization type was changed to a limited company in March 2015 and renamed TWi Pharmaceuticals USA, Inc.

Note 6: To enhance research and development efficiency and expand the portfolio of health products, the board of directors resolved on August 21, 2023, to exchange all shares of Bora Health Co., Ltd. and SunWay Biotech Co., Ltd. held by the company. The Company acquired a 35.79% stake in SunWay Biotech Co., Ltd. through this share swap, completed on November 1, 2023, thereby gaining control over SunWay Biotech Co., Ltd. and its subsidiaries, which were then included in the consolidated financial statements of the Group.

Note 7: Chen Tai Biotechnology (Dongguan) Co., Ltd. is a limited company with no shares, and therefore does not apply.

Note 8: The above are all equity method investee companies adopted by the Company and included in the preparation of consolidated financial statements. The operating information of each related company is disclosed in accordance with International Financial Reporting Standards.

(VII) Consolidated Financial Statements of Related Enterprises

The companies that should be included in the preparation of the consolidated financial statements for the year 2023 are the same as those required to be included in the preparation of the consolidated financial statements for parent and subsidiary companies in accordance with Financial Accounting Standards Bulletin No. 7. Furthermore, the relevant information that should be disclosed in the consolidated financial statements of related enterprises has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, there is no need to prepare separate consolidated financial statements for related enterprises.

(VIII) Report of Related Companies: N/A

II. Private Placement of Securities in the Recent Year and up to the Date of the Annual Report:

There have been no private placements of securities conducted by the Company during the recent year and up to the date of the annual report.

III. Shares of the Company held or disposed of by subsidiaries in the most recent year up to the publication date of this annual report:

None.

IV. Other necessary supplemental information:

None.

I. Matters that have a significant effect on shareholders' equity or the price of securities under Paragraph 2 of Article 36 of the Securities and Exchange Act, for the most recent year and as of the date of printing of the annual report:

Significant Events Impacting Shareholders' Equity or Securities Prices in 2023 and up to the Date of the Annual Report:

(I) On January 16, 2024, the Company's board of directors approved the acquisition of all the shares of Upsher-Smith Laboratories, Inc. located in Minnesota, USA. This acquisition aims to rapidly obtain Upsher-Smith's commercial drug registrations and two manufacturing facilities. Leveraging the existing business development platform and sales network within the Group, the Company plans to integrate global CDMO capabilities, focusing on manufacturing high-threshold products, to provide more comprehensive contract manufacturing services to global CDMO clients.

(II) Following the official takeover of Upsher-Smith Laboratories, Inc. operations on April 1, 2024, the Company anticipates further enhancing its global CDMO industry layout and sales performance in the United States.

Bora Pharmaceuticals Co., Ltd.

Person in charge: Sheng Pao-Shi