NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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

NANG KUANG PHARMACEUTICAL CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards NO.10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, Nang Kuang Pharmaceutical Co., Ltd. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

NANG KUANG PHARMACEUTICAL CO., LTD.

March 12, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Nang Kuang Pharmaceutical Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Nang Kuang Pharmaceutical Co., Ltd. and its subsidiary (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2023 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(9) for the accounting policy on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relating to inventory valuation, and Note 6(5) for details of inventories. As of December 31, 2023, the carrying amount of inventories and allowance for inventory valuation loss are NT$742,171 thousand and NT$36,850 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of western pharmaceuticals injection, which are subject to market demand and the expiration date of the medicines. Therefore, there is a certain risk of incurring inventory loss or having obsolete inventories. The Group’s inventories are stated at the lower of cost and net realisable value. For inventories aged over a certain period, the net realisable value is determined based on the historical inventory clearance information.

As the amount of inventories is significant and the valuation of the net realisable value involves a high degree of estimation uncertainty, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the reasonableness of the policy and procedures on allowance for inventory valuation loss, including the historical data of the classification of inventories and the inventory clearance to determine the net realisable value of inventories.
2. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
3. Verified the accuracy of the inventory aging report to ascertain whether the information in the inventory aging report is consistent with the Group's policies.
4. Tested the inventory valuation report and ascertained the adequacy of allowance for inventory valuation losses

Other matter– Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Nang Kuang Pharmaceutical Co., Ltd. as of and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting

Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Hsu, Huei-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 12, 2024

NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 378,475	10	$ 401,200	11
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	1,310	-
1150	Notes receivable, net	6(3)	157,065	4	151,734	4
1170	Accounts receivable, net	6(3) and 7	217,604	6	234,977	7
1200	Other receivables	6(4)	1,304	-	152	-
130X	Inventories	5(2) and 6(5)	705,321	18	780,442	22
1410	Prepayments	6(6)	77,908	2	70,514	2
11XX	**Total current assets**		1,537,677	40	1,640,329	46
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	152,184	4	118,973	3
1535	Financial assets at amortised cost - non-current	6(7), 8 and 9	157,000	4	157,000	4
1600	Property, plant and equipment	6(8), 7 and 8	1,866,122	49	1,600,075	45
1755	Right-of-use assets	6(9)	552	-	1,619	-
1760	Investment property, net	6(10) and 8	6,281	-	6,403	-
1780	Intangible assets	6(11)	5,195	-	3,874	-
1840	Deferred income tax assets	6(26)	39,355	1	27,070	1
1915	Prepayments for equipment	6(8)	83,224	2	22,172	1
1920	Guarantee deposits paid		8,579	-	7,027	-
1990	Other non-current assets		-	-	3	-
15XX	**Total non-current assets**		2,318,492	60	1,944,216	54
1XXX	**Total assets**		$ 3,856,169	100	$ 3,584,545	100

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NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	$ 580,000	15	$ 370,000	10
2130	Contract liabilities - current	6(19)	127,966	4	142,494	4
2150	Notes payable		403	-	366	-
2170	Accounts payable		166,401	4	253,934	7
2200	Other payables	6(13), 7 and 9	391,403	10	202,926	6
2230	Current income tax liabilities	6(26)	2,697	-	57,014	2
2250	Provisions for liabilities - current	9	390	-	-	-
2280	Lease liabilities - current	6(9)	492	-	1,046	-
2310	Advance receipts		113	-	113	-
2320	Long-term liabilities, current portion	6(14) and 8	12,500	-	12,500	-
2399	Other current liabilities		325	-	-	-
21XX	**Total current liabilities**		1,282,690	33	1,040,393	29
	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	12,500	-	25,000	1
2550	Provisions for liabilities - non-current	9	-	-	22,963	1
2570	Deferred income tax liabilities	6(26)	-	-	1,204	-
2580	Lease liabilities - non-current	6(9)	67	-	586	-
2620	Long-term notes and accounts payable to related parties	7	100,000	3	-	-
2640	Net defined benefit liabilities - non-current	6(15)	53,709	1	53,001	1
2645	Guarantee deposits received		30,100	1	30,369	1
25XX	**Total non-current liabilities**		196,376	5	133,123	4
2XXX	**Total liabilities**		1,479,066	38	1,173,516	33
	Equity					
	Share capital					
3110	Common stock	6(16)	1,009,885	26	1,009,885	28
3200	Capital surplus	6(17)	426,791	11	457,088	12
	Retained earnings	6(18)				
3310	Legal reserve		258,611	7	223,357	6
3320	Special reserve		18,954	1	18,954	1
3350	Unappropriated retained earnings		662,895	17	701,723	20
3400	Other equity interest		(33)	-	22	-
3XXX	**Total equity**		2,377,103	62	2,411,029	67
	SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS	9				
3X2X	**Total liabilities and equity**		$ 3,856,169	100	$ 3,584,545	100

The accompanying notes are an integral part of these consolidated financial statements.

NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	$ 2,150,228	100	$ 1,940,487	100
5000	Operating costs	6(5)(11)(15)(24)(25)	(1,394,665)	(65)	(1,245,585)	(64)
5900	Net operating margin		755,563	35	694,902	36
	Operating expenses	6(9)(11)(15)(24)(25), 7 and 12(2)				
6100	Selling expenses		(145,989)	(7)	(131,480)	(7)
6200	General and administrative expenses		(106,793)	(5)	(95,805)	(5)
6300	Research and development expenses		(164,108)	(7)	(143,808)	(8)
6450	Expected credit losses	6(3)	(78,762)	(4)	(2,210)	-
6000	Total operating expenses		(495,652)	(23)	(373,303)	(20)
6900	Operating profit		259,911	12	321,599	16
	Non-operating income and expenses					
7100	Interest income	6(20)	10,643	1	2,694	-
7010	Other income	6(10)(21)	9,497	-	9,441	1
7020	Other gains and losses	6(2)(9)(10)(22)(24) and 9	(59,191)	(3)	81,730	4
7050	Finance costs	6(8)(9)(23)	(7,182)	-	(4,838)	-
7000	Total non-operating income and expenses		(46,233)	(2)	89,027	5
7900	**Profit before income tax**		213,678	10	410,626	21
7950	Income tax expense	6(26)	(15,269)	(1)	(58,627)	(3)
8200	**Profit for the year**		$ 198,409	9	$ 351,999	18
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (losses) gains on defined benefit plans	6(15)	($ 8)	-	$ 680	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(26)	2	-	(136)	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(55)	-	58	-
8300	**Total other comprehensive (loss) income for the year**		($ 61)	-	$ 602	-
8500	**Total comprehensive income for the year**		$ 198,348	9	$ 352,601	18
	Profit attributable to:					
8610	Owners of the parent		$ 198,409	9	$ 351,999	18
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 198,348	9	$ 352,601	18
	Earnings per share (in dollars)	6(27)				
9750	Basic		$	1.96	$	3.49
9850	Diluted		$	1.96	$	3.48

The accompanying notes are an integral part of these consolidated financial statements.

NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
			Capital Reserves		Retained Earnings				
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
Year ended December 31, 2022									
Balance at January 1, 2022		$ 1,009,885	$ 467,101	$ 15,234	$ 203,630	$ 18,954	$ 525,439	($ 36)	$ 2,240,207
Net income for the year ended December 31, 2022		-	-	-	-	-	351,999	-	351,999
Other comprehensive income for the year ended December 31, 2022		-	-	-	-	-	544	58	602
Total comprehensive income for the year ended December 31, 2022		-	-	-	-	-	352,543	58	352,601
Cash distribution from capital surplus	6(17)	-	(25,247)	-	-	-	-	-	(25,247)
Distribution of 2021 earnings:									
Legal reserve		-	-	-	19,727	-	(19,727)	-	-
Cash dividends	6(18)	-	-	-	-	-	(156,532)	-	(156,532)
Balance at December 31, 2022		$ 1,009,885	$ 441,854	$ 15,234	$ 223,357	$ 18,954	$ 701,723	$ 22	$ 2,411,029
Year ended December 31, 2023									
Balance at January 1, 2023		$ 1,009,885	$ 441,854	$ 15,234	$ 223,357	$ 18,954	$ 701,723	$ 22	$ 2,411,029
Net income for the year ended December 31, 2023		-	-	-	-	-	198,409	-	198,409
Other comprehensive loss for the year ended December 31, 2023		-	-	-	-	-	(6)	(55)	(61)
Total comprehensive income (loss) for the year ended December 31, 2023		-	-	-	-	-	198,403	(55)	198,348
Cash distribution from capital surplus	6(17)	-	(30,297)	-	-	-	-	-	(30,297)
Distribution of 2022 earnings:									
Legal reserve		-	-	-	35,254	-	(35,254)	-	-
Cash dividends	6(18)	-	-	-	-	-	(201,977)	-	(201,977)
Balance at December 31, 2023		$ 1,009,885	$ 411,557	$ 15,234	$ 258,611	$ 18,954	$ 662,895	($ 33)	$ 2,377,103

The accompanying notes are an integral part of these consolidated financial statements.

NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 213,678	$ 410,626
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets at fair value through profit or loss	6(2)(22)	1,850	(70,487)
Expected credit loss	12(2)	78,762	2,210
Provision (reversal of allowance) for inventory market price decline	6(5)	3,593	(9,834)
Depreciation	6(8)(9)(10)(24)	180,059	174,559
(Gain) loss on disposal of property, plant and equipment	6(22)	(6,101)	50
Property, plant and equipment transferred to expenses	6(8)	254	-
Gain from lease modification	6(9)(22)	(3)	-
Amortisation	6(11)(24)	1,901	1,664
Amortisation of other non-current assets		3	58
Loss for litigation	6(22) and 9	67,427	-
Interest income	6(20)	(10,643)	(2,694)
Interest expense	6(23)	7,182	4,838
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(5,331)	(9,108)
Accounts receivable	6(28)	(61,457)	(29,372)
Other receivables		11	(52)
Inventories		71,528	(130,214)
Prepayments		(7,394)	11,243
Changes in operating liabilities			
Contract liabilities - current		(14,528)	10,948
Notes payable		37	(367)
Accounts payable		(87,533)	30,327
Other payables		(10,805)	20,932
Net defined benefit liabilities - non-current		700	326
Cash inflow generated from operations		423,190	415,653
Interest received		9,548	2,992
Interest paid		(7,060)	(4,810)
Income tax paid		(83,073)	(44,649)
Net cash flows from operating activities		342,605	369,186

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NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets at fair value through profit or loss - non-current	12(3)	($ 33,751)	$ 1,779
Increase in financial assets at amortised cost - non-current		-	(20,000)
Cash paid for acquisition of property, plant and equipment	6(28)	(222,161)	(59,551)
Interest paid for acquisition of property, plant and equipment	6(8)(23)(28)	(853)	(687)
Proceeds from disposal of property, plant and equipment		6,525	236
Increase in intangible assets	6(11)	(3,222)	(325)
Increase in prepayments for equipment	6(28)	(74,495)	(33,602)
(Increase) decrease in guarantee deposits paid		(1,552)	2,297
Net cash flows used in investing activities		(329,509)	(109,853)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	2,520,000	2,810,000
Decrease in short-term borrowings	6(29)	(2,310,000)	(2,880,000)
Decrease in short-term notes and bills payable	6(29)	-	(40,000)
Payment of lease liabilities	6(29)	(1,048)	(1,304)
Decrease in long-term borrowings	6(29)	(12,500)	(12,500)
Increase in guarantee deposits received	6(29)	56	30,269
Cash distributed from capital surplus	6(17)	(30,297)	(25,247)
Payments of cash dividends	6(18)	(201,977)	(156,532)
Net cash flows used in financing activities		(35,766)	(275,314)
Effect of foreign exchange		(55)	58
Net decrease in cash and cash equivalents		(22,725)	(15,923)
Cash and cash equivalents at beginning of year	6(1)	401,200	417,123
Cash and cash equivalents at end of year	6(1)	$ 378,475	$ 401,200

The accompanying notes are an integral part of these consolidated financial statements.

NANG KUANG PHARMACEUTICAL CO., LTD. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Nang Kuang Pharmaceutical Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations on August 20, 1973. The Company and its subsidiaries (the "Group") are primarily engaged in the manufacture, processing and trading, and import and export of pharmaceuticals and medical device.

(2) The Company's shares were formerly traded on the Taipei Exchange since August 2009, and then transferred to be listed on the Taiwan Stock Exchange Corporation since January 2022.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income 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.

B. Subsidiaries included in the consolidated financial statements:

			Percentage owned by the Group (%)		
Name of investor	Name of subsidiary	Business activities	December 31, 2023	December 31, 2022	Note
Nang Kuang Pharmaceutical Co.. Ltd.	Nang Kuang Pharm Sdn. Bhd.	Trading of pharmaceuticals	100.00	100.00	—

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: Not applicable.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within 12 months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

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

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

(b) Liabilities arising mainly from trading activities;

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

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

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

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

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

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

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

(8) Accounts and notes receivable

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

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

(9) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds net realisable value, the amount of any write-down of inventories is recognised as cost of sales during the period; and the amount of any reversal of inventory write-down is recognised as a reduction in cost of sales during the period.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expires.

(12) Leasing arrangements (lessor)－operating leases

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

(13) Financial assets at amortised cost

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

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

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

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

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Assets	Useful lives
Buildings (including auxiliary equipment)	3 ～ 55 years
Machinery	2 ～ 25 years
Transportation equipment	5 years
Office equipment	2 ～ 10 years
Other equipment	2 ～ 55 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.Lease payments are comprised of fixed payments, less any lease incentives receivable.The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall remeasure the lease liability. The lessee shall also decrease the carrying amount of right-of-use assets to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 55 years.

(17) Intangible assets

Computer software is stated initially at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(18) Impairment of non-financial assets

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

(19) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as other non-current assets for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

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

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

(21) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

C. Employees' compensation and directors' remuneration

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

(23) Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

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

(25) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 1 to 6 months. Some instalment sales might take longer than 1 year depending on the progress of obtaining the Group's medicament license. The customer pays at the time specified in the payment schedule. If the payments exceed the services rendered, a contract liability is recognised.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

(a) The Group provides technology development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual costs of fulfilling a contract relative to the total expected labour costs.

(b) 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.

C. Incremental costs of obtaining a contract

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

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the influence of demand in different markets and the expiration date of medicine. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is calculated based on the inventory clearance and historical data of discounts. Therefore, there might be material changes to the valuation.

B. As of December 31, 2023, the carrying amount of inventories was $705,321.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 394	$ 186
Checking accounts and demand deposits	208, 466	299, 671
	208, 860	299, 857
Cash equivalents:		
Time deposits	169, 615	101, 343
	$ 378, 475	$ 401, 200

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

B. The Group has no cash and cash equivalents pledged to others as of December 31, 2023 and 2022.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Stable foreign currency arbitrage bills	$ 1,412	$ 1,412
Valuation adjustment	(1,412)	(102)
	$ -	$ 1,310
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	$ 20,665	$ 17,689
Unlisted stocks	106,281	75,506
	126,946	93,195
Valuation adjustment	25,238	25,778
	$ 152,184	$ 118,973

A. The Group recognised net (loss) gain amounting to ($1,850) and $73,114 for the years ended December 31, 2023 and 2022, respectively (listed as “Other gains and losses”).

B. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2023 and 2022.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 157,065	$ 151,734

	December 31, 2023	December 31, 2022
Accounts receivable	$ 301,386	$ 240,050
Less: Allowance for uncollectible accounts	(83,782)	(5,073)
	$ 217,604	$ 234,977

A. The aging analysis of notes and accounts receivable was based on past due date as follows:

	December 31, 2023	December 31, 2022
Notes receivable:		
Within the credit period	$ 154,724	$ 150,482
Overdue 1 to 90 days	2,338	1,241
Overdue 91 to 180 days	3	11
	$ 157,065	$ 151,734

	December 31, 2023	December 31, 2022
Accounts receivable:		
Within the credit period	$ 217,952	$ 222,542
Overdue 1 to 90 days (Note)	51,422	7,943
Overdue 91 to 180 days (Note)	29,508	7,020
Overdue 181 days	2,504	2,545
	$ 301,386	$ 240,050

(Note) The Group had disputes with the sales customer, Guangdong Sanjing Pharmaceutical Co., Ltd., on transaction terms in the fourth quarter of 2023. As of March 12, 2024, the Group had renegotiated with the customer. After comprehensive assessments on future subsequent collections and aging range, the Group fully recognised impairment loss for those receivables which are expected to be uncollectible amounting to $78,678.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $353,438.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was approximately its book value.

D. The Group has no notes and accounts receivable pledged to others as of December 31, 2023 and 2022.

E. Information about credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	$ 2,604	$ 1,520
Less: Allowance for uncollectible accounts	(1,300)	(1,368)
	$ 1,304	$ 152

Information about credit risk of other receivables is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2023		
	Cost	Allowance	Book value
Merchandise	$ 5,203	($ 366)	$ 4,837
Raw materials	354,819	(17,351)	337,468
Supplies	134,310	(5,569)	128,741
Work in process	117,678	(7,852)	109,826
Finished goods	130,161	(5,712)	124,449
	$ 742,171	($ 36,850)	$ 705,321

	December 31, 2022		
	Cost	Allowance	Book value
Merchandise	$ 4,701	($ 283)	$ 4,418
Raw materials	405,752	(16,879)	388,873
Supplies	138,527	(5,456)	133,071
Work in process	114,048	(4,775)	109,273
Finished goods	150,671	(5,864)	144,807
	$ 813,699	($ 33,257)	$ 780,442

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 1,305,376	$ 1,171,977
Under-applied fixed manufacturing overhead	66,675	72,943
Loss on scrapped of inventories	19,355	11,033
Provision (reversal of allowance) for inventory market price decline (Note)	3,593	(9,834)
Gain on physical inventory	(58)	(246)
Revenue from sale of scraps	(276)	(288)
	$ 1,394,665	$ 1,245,585

(Note) For the year ended December 31, 2022, the Group reversed a previous inventory write-down as a result of subsequent sales and scraps of inventories.

(6) Prepayments

	December 31, 2023	December 31, 2022
Office supplies	$ 43,430	$ 38,377
Prepayments to suppliers	13,864	8,761
Prepayments for certification fee	9,780	9,349
Other prepayments	10,834	14,027
	$ 77,908	$ 70,514

(7) Financial assets at amortised cost – non-current

	December 31, 2023	December 31, 2022
Pledged time deposits	$ 157,000	$ 157,000

A. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represent the Group's financial assets at amortised cost was approximately its book value.

B. As of December 31, 2023 and 2022, the provision of security deposits for the litigation between the Group and Pfizer Inc. amounted to $135,000. As of December 31, 2023 and 2022, the provision between the Group and Helsinn Healthcare SA amounted to $20,000. Refer to the details of Note 9, "SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS".

C. As of December 31, 2023 and 2022, information about financial assets at amortised cost pledged to others as collateral are provided in Note 8, ‘PLEDGED ASSETS’.

D. Information about credit risk of financial assets at amortised cost is provided in Note 12(2), ‘Financial instruments.’ The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(8) Property, plant and equipment

January 1, 2023	Land	Buildings	Machinery	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost	$ 247, 281	$1, 120, 242	$ 1, 224, 938	$ 5, 459	$ 25, 143	$ 1, 175, 241	$ 36, 531	$ 3, 834, 835
Accumulated depreciation	-	(628, 056)	(804, 093)	(4, 041)	(17, 958)	(780, 612)	-	(2, 234, 760)
	$ 247, 281	$ 492, 186	$ 420, 845	$ 1, 418	$ 7, 185	$ 394, 629	$ 36, 531	$ 1, 600, 075
For the year ended December 31, 2023								
At January 1	$ 247, 281	$ 492, 186	$ 420, 845	$ 1, 418	$ 7, 185	$ 394, 629	$ 36, 531	$ 1, 600, 075
Additions－Cost	326, 293	9, 256	14, 423	-	1, 304	35, 690	45, 208	432, 174
Transferred from prepayments for equipment	-	-	-	-	-	-	13, 443	13, 443
Transferred after inspection	-	5, 090	22, 134	-	114	41, 059	(68, 397)	-
Depreciation	-	(43, 554)	(57, 417)	(508)	(2, 720)	(74, 693)	-	(178, 892)
Reclassifications－Cost (Note)		-	-	-	(254)	-	-	(254)
Disposals－Cost	-	(674)	(25, 741)	-	-	(13, 599)	-	(40, 014)
－Accumulated depreciation	-	674	25, 730	-	-	13, 186	-	39, 590
At December 31	$ 573, 574	$ 462, 978	$ 399, 974	$ 910	$ 5, 629	$ 396, 272	$ 26, 785	$ 1, 866, 122
December 31, 2023								
Cost	$ 573, 574	$1, 133, 914	$ 1, 235, 754	$ 5, 459	$ 26, 307	$ 1, 238, 391	$ 26, 785	$ 4, 240, 184
Accumulated depreciation	-	(670, 936)	(835, 780)	(4, 549)	(20, 678)	(842, 119)	-	(2, 374, 062)
	$ 573, 574	$ 462, 978	$ 399, 974	$ 910	$ 5, 629	$ 396, 272	$ 26, 785	$ 1, 866, 122

(Note) Transferred to expenses.

January 1, 2022	Land	Buildings	Machinery	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost	$ 247,281	$1,111,173	$ 1,191,615	$ 4,959	$ 29,428	$1,132,871	$ 41,568	$ 3,758,895
Accumulated depreciation	-	(579,428)	(758,723)	(3,465)	(20,583)	(717,162)	-	(2,079,361)
	$ 247,281	$ 531,745	$ 432,892	$ 1,494	$ 8,845	$ 415,709	$ 41,568	$ 1,679,534
For the year ended December 31, 2022								
At January 1	$ 247,281	$ 531,745	$ 432,892	$ 1,494	$ 8,845	$ 415,709	$ 41,568	$ 1,679,534
Additions－Cost	-	3,612	13,014	500	1,196	24,076	23,225	65,623
Transferred from prepayments for equipment	-	-	-	-	-	-	28,352	28,352
Transferred after inspection	-	403	31,838	-	198	24,175	(56,614)	-
Depreciation	-	(43,574)	(56,879)	(576)	(2,925)	(69,194)	-	(173,148)
Reclassifications－Cost		5,054	-	-	-	(5,054)	-	-
－Accumulated depreciation	-	(5,054)	-	-	-	5,054	-	-
Disposals－Cost	-	-	(11,529)	-	(5,679)	(827)	-	(18,035)
－Accumulated depreciation	-	-	11,509	-	5,550	690	-	17,749
At December 31	$ 247,281	$ 492,186	$ 420,845	$ 1,418	$ 7,185	$ 394,629	$ 36,531	$ 1,600,075
December 31, 2022								
Cost	$ 247,281	$1,120,242	$ 1,224,938	$ 5,459	$ 25,143	$1,175,241	$ 36,531	$ 3,834,835
Accumulated depreciation	-	(628,056)	(804,093)	(4,041)	(17,958)	(780,612)	-	(2,234,760)
	$ 247,281	$ 492,186	$ 420,845	$ 1,418	$ 7,185	$ 394,629	$ 36,531	$ 1,600,075

A. As of December 31, 2023 and 2022, the Group's property, plant and equipment are all for own use.

B. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the years ended December 31,			
	2023		2022	
Amount capitalised	$	853	$	687
Interest rate range	1.42%～1.67%		0.78%～1.42%	

C. For more information about the Group's property, plant and equipment pledged to others as of December 31, 2023 and 2022, refer to Note 8, 'PLEDGED ASSETS'.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land and business vehicles. Rental contracts are typically made for periods of 2019 to 2026. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2023		December 31, 2022	
	Carrying amount		Carrying amount	
Land	$	-	$	92
Buildings		111		205
Transportation equipment		441		1,322
	$	552	$	1,619

	For the years ended December 31,			
	2023		2022	
	Depreciation		Depreciation	
Land	$	114	$	351
Buildings		50		56
Transportation equipment		881		882
	$	1,045	$	1,289

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $44 and $120, respectively.

D. The information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	11	$	22
Expense on short-term lease contracts		1,829		1,924
Gain from lease modificaton	(	3)		-

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $2,888 and $3,250, respectively.

(10) Investment property, net

	Land	Buildings	Total
At January 1, 2023			
Cost	$ 3,150	$ 5,068	$ 8,218
Accumulated depreciation	-	(1,815)	($ 1,815)
	$ 3,150	$ 3,253	$ 6,403
For the year ended December 31, 2023			
At January 1	$ 3,150	$ 3,253	$ 6,403
Depreciation	-	(122)	($ 122)
At December 31	$ 3,150	$ 3,131	$ 6,281
At December 31, 2023			
Cost	$ 3,150	$ 5,068	$ 8,218
Accumulated depreciation	-	(1,937)	($ 1,937)
	$ 3,150	$ 3,131	$ 6,281

	Land	Buildings	Total
At January 1, 2022			
Cost	$ 3,150	$ 5,068	$ 8,218
Accumulated depreciation	-	(1,693)	($ 1,693)
	$ 3,150	$ 3,375	$ 6,525
For the year ended December 31, 2022			
At January 1	$ 3,150	$ 3,375	$ 6,525
Depreciation	-	(122)	($ 122)
At December 31	$ 3,150	$ 3,253	$ 6,403
At December 31, 2022			
Cost	$ 3,150	$ 5,068	$ 8,218
Accumulated depreciation	-	(1,815)	($ 1,815)
	$ 3,150	$ 3,253	$ 6,403

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the years ended December 31,	
	2023	2022
Rental income from investment property (listed as "Other income")	$ 480	$ 480
Direct operating expenses arising from the investment property that generated rental income during the year (listed as "Other gains and losses")	$ 122	$ 122
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ -	$ -

B. The fair value of the investment property held by the Group as of December 31, 2023 and 2022 was $34,703 and $38,426, respectively, which was searched from the 'web service for the actual price registration of real estate transactions' by the Ministry of the Interior. Valuations were categorised within Level 2 in the fair value hierarchy.

C. For the years ended December 31, 2023 and 2022, no borrowing costs were capitalised as part of investment property.

D. As of December 31, 2023 and 2022, information about the investment property that was pledged to others as collateral is provided in Note 8, 'PLEDGED ASSETS'.

(11) Intangible assets

	For the years ended December 31,	
	2023	2022
At January 1		
Cost	$ 7,993	$ 13,624
Accumulated amortisation	(4,119)	(8,411)
	$ 3,874	$ 5,213
At January 1	$ 3,874	$ 5,213
Additions－Acquired separately	3,222	325
Amortisation	(1,901)	(1,664)
Disposals－Cost	-	(5,956)
－Accumulated amortisation	-	5,956
At December 31	$ 5,195	$ 3,874
At December 31		
Cost	$ 11,215	$ 7,993
Accumulated amortisation	(6,020)	(4,119)
	$ 5,195	$ 3,874

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

	For the years ended December 31,	
	2023	2022
Operating costs	$ 289	$ 322
General and administrative expenses	986	757
Research and development expenses	626	585
	$ 1,901	$ 1,664

B. The Group has no intangible assets that were pledged to others as collateral as of December 31, 2023 and 2022.

(12) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 350,000	1.59%～1.60%	None
Secured borrowings	230,000	1.60%	(Note)
	$ 580,000		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 300,000	1.34%～1.67%	None
Secured borrowings	70,000	1.60%	(Note)
	$ 370,000		

(Note) Land and buildings.

For more information about interest expense recognised in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Finance costs'.

(13) Other payables

	December 31, 2023	December 31, 2022
Payables for equipment	$ 127,065	$ 17,905
Lawsuit payable	90,000	-
Salary and bonus payable	86,616	83,421
Employees' compensation and directors' remuneration	13,638	26,210
Interest payable	351	230
Others	73,733	75,160
	$ 391,403	$ 202,926

(14) Long-term borrowings

Nature	Borrowing period	Interest rate	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	2020.12.4～2025.12.4	1.95%	(Note)	$ 25,000
Less: Current portion				(12,500)
				$ 12,500

Nature	Borrowing period	Interest rate	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	2020.12.4～2025.12.4	1.70%	(Note)	$ 37,500
Less: Current portion				(12,500)
				$ 25,000

(Note) Land and buildings.

For more information about interest expense recognised in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Finance costs'.

(15) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information is as follows:

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 69,210	$ 67,644
Fair value of plan assets	(15,501)	(14,643)
Net defined benefit liabilities-non-current	$ 53,709	$ 53,001

(b) Movements in net defined benefit liabilities—non-current are as follows:

For the year ended December 31, 2023	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	$ 67,644	($ 14,643)	$ 53,001
Current service cost	605	-	605
Interest expense (income)	879	(190)	689
	69,128	(14,833)	$ 54,295
Remeasurements:			
Return on plan assets	-	(74)	(74)
Change in financial assumptions	396	-	396
Experience adjustments	(314)	-	(314)
	82	(74)	8
Pension fund contribution	-	(594)	(594)
At December 31	$ 69,210	($ 15,501)	$ 53,709

For the year ended December 31, 2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	$ 68,456	($ 15,101)	$ 53,355
Current service cost	532	-	532
Interest expense (income)	479	(106)	373
	69,467	(15,207)	$ 54,260
Remeasurements:			
Return on plan assets	-	(1,195)	(1,195)
Change in financial assumptions	(2,497)	-	(2,497)
Experience adjustments	3,012	-	3,012
	515	(1,195)	(680)
Pension fund contribution	-	(579)	(579)
Paid pension	(2,338)	2,338	-
At December 31	$ 67,644	($ 14,643)	$ 53,001

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are both set based on actuarial advice in accordance with published statistics and experience arccording to the 6th Taiwan Life Insurance Industry Mortality Table for the years ended December 31, 2023 and 2022.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligations	($ 981)	$ 1,099	$ 831	($ 813)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligations	($ 991)	$ 1,020	$ 847	($ 827)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $606.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Within next 1 year	$ 4,769
Next 2～5 years	44,351
Next 6～10 years	7,567
	$ 56,687

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $17,334 and $15,913, respectively.

C. The subsidiary of the Company has no employee.

(16) Share capital

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

	For the years ended December 31,	
	2023	2022
Balance at January 1 and December 31	100,989	100,989

B. As of December 31, 2023, the Company's authorised capital was $1,500,000, and the paid-in capital was $1,009,885, consisting of 100,989 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share, which were issued over several installments. All proceeds from shares issued have been collected.

(17) Capital reserve

A. Pursuant to the R.O.C Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The abovementioned paid-in capital in excess of par value on issuance of common stocks transferred into the capital reserve, which should be generated due to the capital increase or other events, and after 1 year of the registration of capital reserve to be capitalised is approved by the Company's Competent Authority.

C. The shareholders resolved to distribute cash from capital reserve of $25,247 ($0.25 (in dollars) per share) on May 27, 2022. On May 31, 2023, the shareholders resolved to distribute cash from capital reserve of $30,297 ($0.3 (in dollars) per share). On March 12, 2024, the Board of Directors proposed to distribute cash from capital reserve of $100,988 ($1 (in dollars) per share).

(18) Retained earnings

A. Pursuant to the amended Articles of Incorporation, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, and after the special reserve is set aside or reversed in accordance with the Act, which was the amount that can be distributed after tax for the year. The remainder, if any, plus prior year unappropriated earnings, can be appropriated as dividends. Except for certain earnings that will be retained, the distribution amount of dividends and bonus is determined by the Board of Directors after taking into consideration the Company's requirement for future operation development and the maximum benefit for the shareholders. At least 30% of distributable earnings shall be distributed as dividends, of which at least 30% shall be in the form of cash dividends.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The shareholders resolved to distribute cash dividends from retained earnings of $156,532 ($1.55 (in dollars) per share) on May 27, 2022. On May 31, 2023, the shareholders resolved to distribute cash dividends from retained earnings of $201,977 ($2 (in dollars) per share). On March 12, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings of $100,988 ($1 (in dollars) per share).

(19) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

For the year ended December 31, 2023	Taiwan Western pharmaceuticals	Taiwan Others	Other Countries Western pharmaceuticals	Other Countries Others	Total
Revenue from external customer contracts	$ 1,291,675	$ 129,254	$ 695,050	$ 34,249	$2,150,228
Timing of revenue recognition					
− At a point in time	$ 1,291,675	$ 88,633	$ 695,050	$ 34,249	$2,109,607
− Over time	−	40,621	−	−	40,621
	$ 1,291,675	$ 129,254	$ 695,050	$ 34,249	$2,150,228

For the year ended December 31, 2022	Taiwan Western pharmaceuticals	Taiwan Others	Other Countries Western pharmaceuticals	Other Countries Others	Total
Revenue from external customer contracts	$ 1,196,186	$ 110,271	$ 573,453	$ 60,577	$1,940,487
Timing of revenue recognition					
− At a point in time	$ 1,196,186	$ 81,327	$ 573,453	$ 60,577	$1,911,543
− Over time	−	28,944	−	−	28,944
	$ 1,196,186	$ 110,271	$ 573,453	$ 60,577	$1,940,487

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 127,966	$ 142,494	$ 131,546

(b) As of January 1, 2023 and 2022, the contract liabilities recognised as revenue for the years ended December 31, 2023 and 2022, amounted to $38,300 and $28,341, respectively.

(c) Aggregate amount of the transaction price allocated to sales contracts that are partially unsatisfied as of December 31, 2023 and 2022, amounted to $98,063. Because the transaction price allocated to contracts had been satisfied for the year ended December 31, 2022, the sale of goods has been recognised as revenue over time. The amount disclosed above does not include variable consideration which is constrained.

Except for the abovementioned contracts, all other sales contracts are for periods of one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(20) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 9,808	$ 2,678
Imputed interest on deposits	14	16
Others	821	–
	$ 10,643	$ 2,694

(21) Other income

	For the years ended December 31,	
	2023	2022
Rent income	$ 594	$ 594
Government grants	278	84
Other income	8,625	8,763
	$ 9,497	$ 9,441

(22) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net (losses) gains on financial assets at fair value through profit or loss	($ 1,850)	$ 73,114
Net foreign exchange gains	4,104	8,788
Gains (losses) on disposal of property, plant and equipment	6,101	(50)
Gain from lease modification	3	–
Litigation loss (Note)	(67,427)	–
Other losses	(122)	(122)
	($ 59,191)	$ 81,730

(Note) Refer to Notes 9(3) and 9(4), "SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS" for more information.

(23) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	$ 8,024	$ 5,452
Commercial paper payable	–	51
Lease liabilities	11	22
	8,035	5,525
Less: Capitalization of qualifying assets	(853)	(687)
	$ 7,182	$ 4,838

(24) Expenses by nature

	For the year ended December 31, 2023		
	Operating cost	Operating expense (Note)	Total
Employee benefit expenses	$ 254, 681	$ 202, 617	$ 457, 298
Depreciation	153, 611	26, 448	180, 059
Amortisation	289	1, 612	1, 901
	$ 408, 581	$ 230, 677	$ 639, 258

	For the year ended December 31, 2022		
	Operating cost	Operating expense (Note)	Total
Employee benefit expenses	$ 236, 532	$ 196, 632	$ 433, 164
Depreciation	150, 492	24, 067	174, 559
Amortisation	322	1, 342	1, 664
	$ 387, 346	$ 222, 041	$ 609, 387

(Note) Including the amount listed as 'Other gains and losses'.

(25) Employee benefit expense

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 210, 277	$ 172, 312	$ 382, 589
Labor and health insurance expenses	24, 544	17, 318	41, 862
Pension costs	9, 974	8, 654	18, 628
Other personnel expenses	9, 886	4, 333	14, 219
	$ 254, 681	$ 202, 617	$ 457, 298

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 194, 773	$ 170, 110	$ 364, 883
Labor and health insurance expenses	21, 573	15, 254	36, 827
Pension costs	9, 277	7, 541	16, 818
Other personnel expenses	10, 909	3, 727	14, 636
	$ 236, 532	$ 196, 632	$ 433, 164

A. In accordance with the Articles of Incorporation of the Company, a ratio of pre-tax profit before deduction of employees' compensation and directors' remuneration of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% and not be higher than 7% for employees' compensation and shall not be higher than 3% for directors' remuneration. Employees' compensation would be distributed to the employees of the Company who meet certain specific requirements.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $6,819 and $13,105, respectively; while directors' remuneration was accrued at $6,819 and $13,105, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the profit of current year distributable for the years ended December 31, 2023 and 2022, and the percentage as prescribed by the Company's Articles of Incorporation. As of February 23, 2023, the amount of employees' compensation and directors' remuneration approved by the Board of Directors both amounted to $13,105, which were in agreement with the amounts recognised in the financial statements for the year ended December 31, 2022. As of March 12, 2024, the employees' compensation and directors' remunerations, both amounted to $6,819 for 2023. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31	
	2023	2022
Current income tax:		
Current income tax incurred	$ 34,135	$ 57,261
Tax on unappropriated earnings	978	-
Prior year income tax overestimation	(6,357)	(2,208)
	28,756	55,053
Deferred income tax:		
Origination and reversal of temporary differences	(13,487)	3,574
Income tax expense	$ 15,269	$ 58,627

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

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	($ 2)	$ 136

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 42,736	$ 82,125
Effects from items adjusted by tax regulation	790	(14,904)
Effect from investment tax credits	(27,571)	(6,386)
Prior year's income tax overestimation	(6,357)	(2,208)
Effect from Alternative Minimum Tax	4,693	-
Tax on unappropriated earnings	978	-
Income tax expense	$ 15,269	$ 58,627

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

	For the year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Allowance for doubtful accounts	$ 1,545	$ 15,349	$ -	$ 16,894
Unrealised inventory valuation losses	6,651	719	-	7,370
Pensions	10,663	140	2	10,805
Unused compensated absences	3,398	21	-	3,419
Unrealised exchange loss	-	789	-	789
Provision for litigation	4,593	(4,515)	-	78
Others	220	(220)	-	-
	$ 27,070	$ 12,283	$ 2	$ 39,355
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	($ 1,204)	$ 1,204	$ -	$ -
	$ 25,866	$ 13,487	$ 2	$ 39,355

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Allowance for doubtful accounts	$ 940	$ 605	$ -	$ 1,545
Unrealised inventory valuation losses	8,618	(1,967)	-	6,651
Pensions	10,734	65	(136)	10,663
Unused compensated absences	3,128	270	-	3,398
Unrealised exchange loss	1,823	(1,823)	-	-
Provision for litigation	4,593	-	-	4,593
Others	-	220	-	220
	$ 29,836	($ 2,630)	($ 136)	$ 27,070
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	$ -	($ 1,204)	$ -	($ 1,204)
Others	(260)	260	-	-
	($ 260)	($ 944)	$ -	($ 1,204)
	$ 29,576	($ 3,574)	($ 136)	$ 25,866

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of March 12, 2024, there was no administrative lawsuit.

(27) Earnings per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 198,409	100,989	$ 1.96
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 198,409	100,989	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	161	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 198,409	101,150	$ 1.96

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 351,999	100,989	$ 3.49
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 351,999	100,989	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	238	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 351,999	101,227	$ 3.48

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	$ 432,174	$ 65,623
Add: Beginning balance of payable for equipment (listed as 'Other payables')	17,905	12,520
Less: Ending balance of payable for equipment (listed as 'Other payables' and 'Long-term notes and accounts payable to related parties')	(227,065)	(17,905)
Capitalisation of interest	(853)	(687)
Cash paid for acquisition of property, plant and equipment	$ 222,161	$ 59,551

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

	For the years ended December 31,	
	2023	2022
(1) Write-off allowance for uncollectible accounts receivable	$ 121	$ 66
(2) Prepayment for equipment transferred to property, plant and equipment	$ 13,443	$ 28,352
(3) Provisions for liabilities-non-current transferred to other payables	$ 22,573	$ -

(29) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Guarantee deposits received (including current portion)	Liabilities from financing activities
At January 1, 2023	$ 370,000	$ 1,632	$ 37,500	$ 30,369	$ 439,501
Net changes in cash flow from financing activities	210,000	(1,048)	(12,500)	56	196,508
Net changes in other non-cash items	-	(25)	-	-	(25)
At December 31, 2023	$ 580,000	$ 559	$ 25,000	$ 30,425	$ 635,984

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities
At January 1, 2022	$440,000	$ 39,993	$ 2,816	$ 50,000	$ 100	$ 532,909
Net changes in cash flow from financing activities	(70,000)	(40,000)	(1,304)	(12,500)	30,269	(93,535)
Net changes in other non-cash items	-	7	120	-	-	127
At December 31, 2022	$370,000	$ -	$ 1,632	$ 37,500	$ 30,369	$ 439,501

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chen Li Sian	Key management
Wang Yu Bei	Key management
Chen Ben Song	Key management
Krisan Biotech Co., Ltd.	Related party in substance

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31, 2023	2022
Sales of goods:		
Related party in substance	$ 445	$ 833

The credit term for sales to related parties is within 30 days after monthly billings. The credit term for sales to third parties is one to six months bills or after monthly billings, T/T. Goods are sold based on the price lists in force that would be available to third parties.

B. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Related party in substance	$ 54	$ 184

Receivables from related parties arise from sales transactions. The receivables are unsecured in nature and bear no interest.

C. Payables to related parties

	December 31, 2023	December 31, 2022
Other payables:		
Key management	$ 100,000	$ –
Long-term notes and accounts payable to related parties:		
Key management	$ 100,000	$ –

D. Operating expenses

	For the years ended December 31,	
	2023	2022
Contracted research expenses:		
Related party in substance	$ 6,272	$ –

E. Property transactions

Acquisition of property, plant and equipment:

	Objects	December 31, 2023
Key management	Land	$ 326,168

There was no such transaction for the year ended December 31, 2022.

F. Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 22,898	$ 28,510
Retirement benefits	305	270
	$ 23,203	$ 28,780

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	December 31, 2023	December 31, 2022	Purpose
Pledged time deposits (Note 1)	$ 157,000	$ 157,000	Guarantee for litigation and natural gas
Land (Note 2)	136,500	136,500	Short-term and long-term borrowings
Buildings, net (Note 2)	218,209	224,357	Short-term and long-term borrowings
	$ 511,709	$ 517,857	

(Note 1) Listed as "Financial assets at amortised cost－non-current".

(Note 2) Listed as "Property, plant and equipment" and "Investment property, net".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) The balances for contracts that the Group entered into but not yet incurred are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 299, 292	$ 58, 211

(2) As of December 31, 2023 and 2022, the unused letters of credit for the purchase of raw materials and machinery and equipment amounted to $ – and $2,174, respectively.

(3) Pfizer Inc. (referred herein as “Pfizer”) claimed that the Company infringed on the aforementioned patent and requested for exclusion of infringement and compensation for damage in relation to its patent No. 083372, for invention “A pharmaceutical composition for the curative or prophylactic treatment of male erectile dysfunction and female sexual dysfunction”, which was granted to Pfizer under an exclusive license in the Republic of China. The details of the case as explained in the letter from the legal counsel of the Company are as follows:

A. Pfizer filed an appeal claiming that:

(a) The Company is not allowed to manufacture, offer for sale, or sell MOHW-Drug No 055972, “Okpower F.C. Tablets 100mg”, MOHW-Drug No. 057200, “Okpower F.C. Tablets 50mg”, MOHW-Drug No. 056728, “Okpower F.C. Tablets 25mg” or other infringement of R.O.C. Certificate No. 083372, “A pharmaceutical composition for the curative or prophylactic treatment of male erectile dysfunction and female sexual dysfunction”;

(b) The Company shall pay the sum of NT$1,000,000 plus an interest at the rate of 5% per annum from the date the transcription of the complaint was received until the date of repayment;

(c) In relation to the preceding two statements, Pfizer was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit issued by Mega International Commercial Bank, Daan Branch, and requested for a provisional execution; and

(d) The litigation expenses shall be charged to the Company. On October 19, 2015, Pfizer made an amendment to the statement No. 2 mentioned above, stating that, “The sum of NT$43,569,675 of which the defendant shall pay the plaintiff a total of NT$1,000,000 from the date the transcription of the complaint was received,, and the remaining balance of NT$42,569,675 plus interest at the rate of 5% per annum from the date the transcription of the complaint was received until the date of repayment.

B. The Intellectual Property Court rendered the first instance to deny the plaintiff’s appeal on January 18, 2016 and rendered the second instance to deny the plaintiff’s appeal on April 12, 2018.

C. Pfizer filed an appeal on May 3, 2018, and the Supreme Administrative Court in its ruling date February 12, 2020 reversed the original verdict and remanded the case to the Intellectual Property Court.

D. Pfizer amended its appeal statement on June 29, 2020 as follows: “A. Reversing the part of the additional statement no. 2 regarding to the original verdict and the part of the request for declaring a provisional execution; B. The appellee, Nang Kuang Pharmaceutical Co., Ltd., shall pay to the appellant a total of NT$44,647,725, including NT$1,000,000 from the date when the transcription of the complaint was received, and the remaining balance of NT$43,647,725 plus interest at the rate of 5% per annum from November 27, 2015, the date when the appellant's transcription of the civil expanded statement and supplemental grounds was received until the date of repayment; C. In relation to the preceding statement, appellant was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit issued by Mega International Commercial Bank, Daan Branch, and requested for a provisional execution; and D. The expenses of the first and the second instance shall be charged to the appellee.

E. Pfizer amended its appeal statement on August 3, 2020: "A. Reversing the part of the additional statement no. 2 regarding to the original verdict and the part of the request for declaring a provisional execution; B. The appellee shall pay to the appellant a total of NT$44,647,725, including NT$1,000,000 from the date the transcription of complaint was received; $42,569,675 from October 22, 2015, and the remaining balance of NT$1,078,050 plus interest at the rate of 5% per annum from December 1, 2015, until the date of repayment; C. In relation to the preceding statement, appellant was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit issued by Mega International Commercial Bank, Daan Branch, and requested for the declaration of a provisional execution; and D. All the previous expenses of the instances shall be charged to the appellee.

F. Pfizer amended its appeal statement on November 9, 2020: "A. Reversing both the part of the additional statement no. 2 regarding the original verdict and the part of the request for declaring a provisional execution; B. The appellee shall pay to the appellant a total of NT$135,000,000, including NT$1,000,000 from the date when the transcription of complaint was received; $42,569,675 from October 22, 2015, $1,078,050 from December 1, 2015, and the remaining balance of NT$90,352,275 plus interest at the rate of 5% per annum from the date when the transcription of the complaint was received until the date of repayment; C. In relation to the preceding statement, appellant was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit issued by Mega International Commercial Bank, Daan Branch, and requested for the declaration of a provisional execution; and D. All the previous expenses of the instances shall be charged to the appellee.

G. Pfizer amended its appeal statement and the expanded statement on June 17, 2021: "A. The abovementioned statements: (a) Reversing the part of the additional statement no. 2 regarding the original verdict. (b) The appellee shall pay to the appellant a total of NT$44,647,725, including NT$1,000,000 from the date when the transcription of complaint was received; and the remaining balance of NT$43,647,725 plus interest at the rate of 5% per annum from December 1, 2015 until the date of repayment. (c) In relation to the preceding statement, appellant was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit issued by Mega International Commercial Bank, Daan Branch, and requested for declaring a provisional execution. B. The expanded statement: (a) The appellee shall pay separately to the appellant a total of

NT$90,352,275 plus interest at the rate of 5% per annum from November 13, 2020 until the date of repayment. (b) In relation to the preceding statement, appellant was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit issued by Mega International Commercial Bank, Daan Branch, and requested for the declaration of a provisional execution.

H. On July 29, 2021, the Intellectual Property Court rendered the following verdict:

(a) Reversing the original verdict regarding the rejection of Pfizer's additional statement no. 2, the part of the request for the provisional execution, and the litigation expenses (except for the definite part);

(b) The Company shall pay to Pfizer a total of NT$44,647,725, including NT$1,000,000 from the date when the transcription of the complaint was received, and the remaining balance of NT$43,647,725 plus interest at the rate of 5% per annum from December 1, 2015 until the date of repayment;

(c) The Company shall pay separately to the appellant the sum of NT$90,352,275 plus interest at the rate of 5% per annum from November 13, 2020 until the date of repayment;

(d) The expenses of the first instance, the second instance (including the additional part) and the third instance before the case was remanded (except for the definite part) shall be charged to the Company; and

(e) The payment ordered in main text of the Items 2 and 3 of the rulings shall be enforced upon Pfizer's guarantee in the amount of NT$45,000,000 or the equivalent negotiable certificates of deposit issued by Mega International Commercial Bank, Daan Branch, after that, the provisional execution shall be declared. However, if the Company guarantees Pfizer with NT$135,000,000, it will be exempted from the provisional execution.

I. The Company filed an appeal on August 31, 2021, requesting that: A. The original verdict shall be reversed; and B. All the previous expenses of the instances shall be charged to the appellee, Pfizer.

J. The Supreme Administrative Court in its ruling dated February 23, 2023 reversed the original verdict and remanded the case to the Intellectual Property Court.

K. In accordance with the 2023 Min-zhuan-Shang-Geng (2) Zi No. 3 of Intellectual Property and Commercial Court, the Company and Pfizer reached a settlement and made the settlement record on December 20, 2023:

(a) The Company agrees to pay a settlement of NT$90,000,000 to Pfizer, and Pfizer will withdraw the lawsuit. The settlement payment will be paid in 2 installments: the first payment of NT$30,000,000 shall be deposited into the bank account designated by Pfizer before January 15, 2024; and the seond payment of NT$60,000,000 shall be deposited into the bank account designated by Pfizer before June 6, 2024.

(b) If the Company does not pay the payment according to the contracted period as described in (a), the Company shall pay NT$135,000,000 plus interest to Pfizer in accordance with the ruling stated at the 2020 Min-zhuan-Shang-Geng (1) Zi No. 1 of Intellectual Property and Commercial Court. However, the Company had settled the payment according to (a), and it should be deducted.

(c) The Company agrees that Pfizer retrieves the lodged property of the 2021 Cun Zi No. 1358 lodgment cases of Taiwan Tainan District Court, which is an unregistered negotiable certificate of deposit of NT$45,000,000 issued by Mega International Commercial Bank, Daan Branch, and the Company claimed to abandon the rights of the lodged property.

(d) Pfizer agrees that the Company retrieves the lodged property of the 2021 Cun Zi No. 1116 lodgment cases of Taiwan Tainan District Court, which is an unregistered negotiable certificate of deposit of NT$135,000,000 issued by First Commercial Bank, Chikan Branch, and Pfizer claimed to abandon the rights of the lodged property.

(e) The Company agrees that it will no longer file any dispute or take any legal action on validity of patent invention and legitimacy of patent term extension associated with patent No. 083372, for invention “A pharmaceutical composition for the curative or prophylactic treatment of male erectile dysfunction and female sexual dysfunction”, and shall withdraw or abandon disputes which had been filed to the Taiwan Intellectual Property Office, the Ministry of Economic Affairs, the Intellectual Property and Commercial Court and the Supreme Administrative Court, including patent invalidation case no. 083104365N01 (currently being reviewed by the Intellectual Property and Commercial Court; case No.: 2023 Xing Zhuan Su No. 51) and patent invalidation case No. 083104365 N03 and its subsequent administrative appeal or administrative litigation or appeal (currently being reviewed by the Taiwan Intellectual Property Office; case no.: 083104365N03).

(f) Pfizer agrees to withdraw this lawsuit and abandon all claims against the Company for patent No. 083372, for invention “A pharmaceutical composition for the curative or prophylactic treatment of male erectile dysfunction and female sexual dysfunction”, including compensation for damage. Remaining requests in relation to this lawsuit are abandoned.

(g) The litigation expenses shall be charged to the Company and Pfizer, respectively.

For this case, the patent has expired, and the Company has assessed that the ruling will not have a significant impact on the business of this pharmaceutical product. However, on September 14, 2021, the Company has opened a time deposit amounting to $135,000 to the court as a security for exemption from the provisional execution (shown as “Financial assets at amortised cost-non-current”) and had been returned by the court on January 11, 2024. The known amount recorded in the settlement record is $90,000, of which $22,573 had been accrued and recognised (shown as “Provisions for liabilities-non-current”) and had been tranferred to other payables in 2023. The remaining balance of $67,427 was fully recognised as a loss in the year 2023 (shown as "Other gains and losses"; corresponding account "Other payables").

(4) Helsinn Healthcare SA (referred herein as “Helsinn”) claimed that the Company infringed on the aforementioned patent and requested for exclusion of infringement and compensation for damage in relation to its patent No. I342212 in the Republic of China, for the invention “Liquid pharmaceutical formulations of palonosetron”, which was granted to Helsinn. The details of the case as explained in

the letter from the legal counsel of the Company are as follows:

A. Helsinn withdrew this case on September 6, 2019.

B. Helsinn re-filed a new appeal on October 14, 2019, and on July 7, 2020, amended its appeal statement as follows:

   (a) Defendants shall pay to the plaintiff a total of NT$10,000,000 from the date when the transcription of the complaint was received plus interest at the rate of 5% per annum until the date of repayment;

   (b) The defendants are not allowed to manufacture, offer for sale, and sell the products “OKmilon Injection”;

   (c) The products and the raw materials and instruments used in the manufacturing of the products, which are stated in the preceding paragraph shall be recalled and destroyed by the defendants;

   (d) The litigation expenses shall be charged jointly to the defendants; and

   (e) In relation to the statements in items 1 and 2, plaintiff was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit and requested for a provisional execution.

C. On May 10, 2021, Helsinn expanded its statements as follows:

   (a) Defendants shall pay to the plaintiff the sum of NT$30,000,000 from the date when the transcription of the complaint plus an interest at the rate of 5% per annum until the date of repayment;

   (b) The defendants are not allowed to manufacture, offer for sale, and sell the products “OKmilon Injection”;

   (c) The products and the raw materials and instruments used in the manufacturing of the products, which are stated in the preceding paragraph shall be recalled and destroyed by the defendants;

   (d) The litigation expenses shall be charged jointly to the defendants; and

   (e) In relation to the statements in items 1 and 2, plaintiff was willing to guarantee with cash or the equivalent value of negotiable certificates of deposit and requested for the provisional execution.

D. On December 28, 2021, the Intellectual Property Court rendered its ruling as follows:

   (a) The Company and the Company’s representatives shall pay to the plaintiff the sum of NT$20,097,672 plus interest at the rate of 5% per annum from October 25, 2019 until the date of repayment;

   (b) The Company shall recall and destroy the batch of the Chinese names of “OKmilon Injection” as recorded in the “Statement of Manufacture and Sale” of the attachment;

   (c) Plaintiff’s remaining appeals are all dismissed;

   (d) A quarter of litigation expenses shall be jointly charged to the Company and the representative, a quarter of litigation expenses shall be charged to the Company, and the remaining shall be charged to the plaintiff;

   (e) As the verdict stated at the first item that if the plaintiff guarantees the Company and the representative with NT$6,697,224, the provision will be executed; However, if the Company or the representative guarantees the plaintiff with NT$20,091,672 or the equivalent value of negotiable certificates of deposit, it will be exempted from the provisional execution;

(f) Plaintiff's remaining application for the provisional execution was all rejected. On January 13, 2022, the Company provided a guarantee to be exempted from the provisional execution.

E. On January 25, 2022, the Company filed an appeal requesting that: A. The part of the original verdict which would be prejudicial to the appellant and for which the litigation expenses shall be abandoned; B. The abovementioned abandoned portion was dismissed by the appellant in the first instance; C. The appellee's application for the provisional execution was rejected; and D. All the previous expenses of the instances shall be charged to the appellee.

F. Helsinn filed an appeal for the following:

(a) Reverse the prejudicial portion of the original verdict;

(b) The appellee shall pay to the appellant the sum of NT$9,908,328 plus interest at the rate of 5% per annum from October 25, 2019 until the date of repayment;

(c) The appellee shall not use, offer for sale, sell or import the production "OKmilon Injection" (license number: 060155) which has a pH of 6.3 to 7.3;

(d) The appellee shall recover and destroy the products which are stated in the preceding paragraph; and

(e) The expenses of the first instance, the second instance shall be charged to the appellee; and

(f) Regarding the second and third statements, the appellant is willing to provide a guarantee, to be exempted from a provisional execution.

As the above case is still under trial with the Intellectual Property Court, the Company is unable to assess the possible adverse impact of the case to the Company's financial position and operating results. The Company has deposited a time deposit amounting to $20,000 to the court as a security for exemption from the provisional execution (listed as "Financial assets at amortised cost – non-current") and filed an appeal on January 13, 2022. Additionally, due to the disagreement between the scope of compensation and the Company's acknowledgement along with the interest should amount to $390, which has been accrued and recognised for the year ended December 31, 2022 (listed as "Provisions for liabilities – current").

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

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

(2) Financial risks of financial instruments

A. For the category of financial instruments, refer to Note 6 and Note 12(3), 'Fair value information'.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimsie any adverse effects on the financial performance of the Group, derivative financial instruments are used to hedge certain exchange rate risk.

(b) The Group's treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiary's financial currency: MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 5,887	30.71	$ 180,745
RMB:NTD	39,874	4.33	172,534
JPY:NTD	300,687	0.22	65,309
Financial liabilities			
Monetary items			
JPY:NTD	40,486	0.22	8,794
RMB:NTD	1,906	4.33	8,248
USD:NTD	106	30.71	3,269

	December 31, 2022			
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$	4,149	30.71	$ 127,041
RMB:NTD		25,014	4.41	110,260
JPY:NTD		430,964	0.23	100,156
EUR:NTD		7	32.72	221
Financial liabilities				
Monetary items				
JPY:NTD		176,418	0.23	41,000
RMB:NTD		4,279	4.41	18,860
USD:NTD		60	30.71	1,835

(i) As of December 31, 2023 and 2022, if the Group's functional currency exchange rate to foreign currencies had appreciated/depreciated by 10% with all other factors remaining constant, the post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $31,862 and $22,237, respectively.

(ii)The unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to ($3,944) and $6,022, respectively.

ii. Price risk

(i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by $12,175 and $11,897, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

iii. Cash flow and fair value interest rate risk

(i) The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in New

Taiwan dollars.

(ii) If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $642 and $436, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

iii. In accordance with the credit risk management policies, if the contract proceeds are past due within 30 days, the proceeds are within normal collection period. However, the proceeds are considered to be in default if past due over 180 days.

iv. The indicators that the Group uses to identify when the financial assets are credit-impaired are as follows:

(i) Borrowers or issuers have significant financial difficulties, such as closure of operation, disappearance, settlement or declaration of bankruptcy and others, the possibility of financial reorganisation is significant increase.

(ii) Borrowers have default or delinquency in accounts receivable.

(iii) Borrowers have asked to change notes, defer acceptance of bills, or have issued a dishonored check, and

(iv) Issuers have default or delinquency in interest or principal payments.

v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the loss rate methodology is as follows:

	Expected loss rate	Total book value	Loss allowance
December 31, 2023			
Group A	1.096%～100%	$ 379,773	$ 5,104
Individual A (Note)	100%	78,678	78,678
		$ 458,451	$ 83,782
December 31, 2022			
Group A	0.051%～100%	$ 391,784	$ 5,073

(Note) Information relating to provision of expected credit impairment loss is provided in Note 6(3).

i. The Group individually assesses the expected credit losses on the individual significant other receivables, which the default has occurred.

ii. Movements in relation to the Group applying the modified approach to provide loss allowance for notes receivable, accounts receivable, and individual estimated other receivables are as follows:

	For the year ended December 31, 2023			
	Notes receivable	Accounts receivable	Others receivables	Total
January 1	$ -	$ 5,073	$ 1,368	$ 6,441
Expected credit losses (gains)	-	78,830	(68)	78,762
Write-offs	-	(121)	-	(121)
December 31	$ -	$ 83,782	$ 1,300	$ 85,082

	For the year ended December 31, 2022			
	Notes receivable	Accounts receivable	Others receivables	Total
January 1	$ -	$ 2,997	$ 1,300	$ 4,297
Expected credit losses	-	2,142	68	2,210
Write-offs	-	(66)	-	(66)
December 31	$ -	$ 5,073	$ 1,368	$ 6,441

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. The Group’s treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Fixed rate		
Expiring within one year	$ 450,000	$ 580,000

Note: The facilities expiring within one year are annual facilities subject to review at various dates for the following year. The other facilities have been arranged to help finance the proposed business activities of the Group.

iii. The table below analyses the Group's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 581,639	$ -	$ -	$ -
Notes payable	403	-	-	-
Accounts payable	166,401	-	-	-
Other payables	391,403	-	-	-
Lease liabilities	495	48	20	-
Long-term borrowings (including current portion)	12,763	12,613	-	-
Provisions for liabilities - current	390	-	-	-
Long-term notes and accounts payable to related parties	-	100,000	-	-
Guarantee deposits received (including current portion)	325	-	-	30,100

December 31, 2022	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 370,816	$ -	$ -	$ -
Notes payable	366	-	-	-
Accounts payable	253,934	-	-	-
Other payables	202,926	-	-	-
Lease liabilities	1,057	517	72	-
Long-term borrowings (including current portion)	12,913	12,763	12,613	-
Provisions for liabilities - non-current	-	-	-	22,963
Guarantee deposits received	-	-	-	30,369

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Group's non-hedging arbitrage bills and all the derivative instruments are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of the Group's investment property at cost is provided in Note 6(10), 'Investment property, net'.

C. The Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortised cost - non-current, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, provisions for liabilities-current, long-term borrowings (including current portion), provisions for liabilities-non-current, long-term notes and accounts payable to related parties and guarantee deposits received) are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ -	$ 152,184	$ 152,184

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 1,310	$ 118,973	$ 120,283

E. The methods and assumptions the Group used to measure fair value are as follows:

(a) The abovementioned fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

(b) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments or debt instruments with embedded derivatives. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

(c) The valuation of derivative instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
	Equity Instrument	Equity Instrument
At January 1	$ 118,973	$ 50,291
Acquired during the year	33,751	-
Disposal during the year	-	(1,779)
Recognised in profit or loss	(540)	70,461
At December 31	$ 152,184	$ 118,973

G. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2, and there was no transfer into or out from Level 3.

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

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 121,293	Market comparable companies	(a) Price to net equity ratio miltiple	2.54%～2.76%	The higher the price to net equity ratio multiple, the higher the fair value.
			(b) Discount for lack of marketability	13.5%～22%	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	$ 30,891	Least squares method Monte Carlo method	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 118,973	Market comparable companies	(a) Price to net equity ratio miltiple	2.06%～2.61%	The higher the price to net equity ratio multiple, the higher the fair value.
			(b) Discount for lack of marketability	13.5%～22%	The higher the discount for lack of marketability, the lower the fair value

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

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity	PE ratio	± 5%	$ 6,071	($ 6,071)	$ -	$ -
Equity instrument	Discount for lack of marketability	± 10%	2,960	(2,960)	-	-
Equity instrument	Discount for lack of marketability	± 10%	4,559	(4,559)	-	-
			$ 13,590	($ 13,590)	$ -	$ -

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity	PE ratio	± 5%	$ 5,943	($ 5,943)	$ -	$ -
Equity instrument	Discount for lack of marketability	± 10%	2,932	(2,932)	-	-
			$ 8,875	($ 8,875)	$ -	$ -

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group is only required to disclose information for the year ended December 31, 2023.)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group’s paid-in capital or more: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Refer to table 2.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Refer to table 3.

(3) Information on investments in Mainland China

As of December 31, 2023, the Group had no investments in Mainland China.

(4) Major shareholders information

Refer to table 4.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement segment information

The chief operating decision-maker evaluates the performance of operating segments based on pre-tax income. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. The accounting policies of the operating department are the same as the summary of the significant accounting policies described in Note 4 to the consolidated financial statements.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the years ended December 31,	
	2023	2022
Segment revenue		
Revenue from external customers	$ 2,150,228	$ 1,940,487
Depreciation and amortisation	181,960	176,223
Interest income	10,643	2,694
Interest expense	7,182	4,838
Segment pre-tax income	213,678	410,626
Segment assets	3,856,169	3,584,545
Segment liabilities	1,479,066	1,173,516

(4) Reconciliation for segment income, segment assets and segment liabilities

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. The segment income, segment assets and segment liabilities provided to the chief operating decision-maker is measured in a manner consistent with the consolidated financial statements, so no reconciliation is required.

(5) Information on products and services

The revenues from external customers primarily arise from the manufacture and trading of pharmaceuticals, so there is no need to disclose the details of the revenue.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Revenue (Note 1)	Non-current assets (Note 2)	Revenue (Note 1)	Non-current assets (Note 2)
Taiwan	$ 1,420,929	$ 1,961,374	$ 1,306,457	$ 1,634,146
China	407,406	-	184,145	-
Japan	207,069	-	240,927	-
USA	60,371	-	174,139	-
Others	54,453	-	34,819	-
	$ 2,150,228	$ 1,961,374	$ 1,940,487	$ 1,634,146

(Note 1) The revenue is classified based on the country where the customer is located.

(Note 2) Excluding financial assets at fair value through profit or loss—non-current, financial assets at amortised cost—non-current, deferred income tax assets and guarantee deposits paid.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Client A	$ 239,597	$ 67,252

NANG KUANG PHARMACEUTICAL CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

December 31, 2023

Table 1

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the issuer	General ledger account	Ending balance: Number of shares (in thousands)	Ending balance: Book value	Ending balance: Percentage of ownership	Ending balance: Fair value	Note
Nang Kuang Pharmaceutical Co., Ltd.	Stable foreign currency arbitrage bills:							
	City Credit Asset Management Limited	—	Financial assets at fair value through profit or loss - current	-	$ -	-	$ -	—
	Stocks:						'	
	Tairx, Inc.	—	Financial assets at fair value through profit or loss - non-current	715	10,704	0.65%	10,704	—
	Krisan Biotech Co., Ltd.	The Company's general managers served as the corporate director.	Financial assets at fair value through profit or loss - non-current	3,206	95,988	6.14%	95,988	—
	Green Management International Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	110	3,486	5.14%	3,486	—
	Trust Bio-sonics Inc.	—	Financial assets at fair value through profit or loss - non-current	1,490	11,115	4.92%	11,115	—
	GenomeFrontier Therapeutics, Inc.	—	Financial assets at fair value through profit or loss - non-current	3,030	30,891	2.30%	30,891	—

NANG KUANG PHARMACEUTICAL CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching $300 million or 20% of the Company's paid-in capital or more

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Corporation of acquisition	Name of Property	Date of acquisition	Trade amount	Status of payment of proceeds	Name of the counterparty	Relationship	The last transfer data of related counterparty: Owner	Relationship	Date	Amount	Basis for price determination	Reason for acquisition	Other terms
Nang Kuang Pharmaceutical Co., Ltd.	19 pieces of land including No. 1056, Yangzi Section in Xinhua, Tainan	2023.4.13	$ 326,168	Paid in installment based on the contract	Chen Li Sian and other 5 natural person	Key management personnel of the Company	Natural person	—	Acquired in several instances between July 1978 and September 2018	$ 37,685	(Note 1)	For the company’s operational needs	—
	Land No. 566, 4th subsection in Nangang Taipei and 5th Floor, Building H1, The Global One, construction in progress in Nangang Taipei	2023.9.11	292,040	Paid in installment based on the contract	Yuanre Development Co., Ltd.	—	—	—	—	—	(Note 2)	For the company’s operational needs	—

Note 1：Refer to the appraised value and market price evaluated by Cushman & Wakefield (total appraised value amounted to $342,102) and Euro-Asia Property Evaluation Group (total appraised value amounted to $359,264).
Note 2：Refer to the appraised value and market price evaluated by Cushman & Wakefield (total appraised value amounted to $297,589).

NANG KUANG PHARMACEUTICAL CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

				Original investment amount		Holding status at December 31, 2023					
Investor	Investee	Location	Main business	Balance at December 31, 2023	Balance at December 31, 2022	Shares	Percentage of ownership	Book value	Net income (loss) of the investee	Investment income (loss) recognized	Note
Nang Kuang Pharmaceutical Co., Ltd.	Nang Kuang Pharm Sdn. BhD.	Malaysia	Pharmaceutical trade	$ 386	$ 386	50,000	100%	($ 20)	($ 47)	($ 47)	Subsidiary

NANG KUANG PHARMACEUTICAL CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 4 | Expressed in shares

Name of major shareholders	Number of shares held: Shares	Number of shares held: Ownership percentage	Note
Zhengzhao Investment Co., Ltd.	20,014,220	19.81%	—
Chen Ben Song	5,470,334	5.41%	—

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.