

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Financial Statements and Independent
Auditor's Report
2023 and 2022
(Stock Code: 1762)

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

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
The 2023 and 2022 Individual Financial Report and Independent Auditor's Report
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Auditor's Report
(2024) Cai-Shen-Bao-Zi No. 23003409

To Chunghwa Chemical Synthesis & Biotech Co., Ltd.,

Audit opinion

We have audited the accompanying proprietary individual balance sheet of Chunghwa Chemical Synthesis & Biotech Co., Ltd. as of December 31, 2023 and 2022 and the related individual statements of income, of changes in shareholders' equity and of cash flows and Notes to individual financial statement (including significant accounting policies) for the years then ended.

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Chunghwa Chemical Synthesis & Biotech Co., Ltd. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis of an audit opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Chunghwa Chemical Synthesis & Biotech Co., Ltd. in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The "key audit matters" means that the independent auditor has used their professional judgment to audit the most important matters on the 2023 individual financial statements of Chunghwa Chemical Synthesis & Biotech Co., Ltd.. The key audit matters have been responded to in the process of auditing the individual financial statements as a whole with an audit opinion formed; therefore, the independent auditor does not express an opinion on these matters separately.

The key audit items of the 2023 individual financial report of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are presented below:

Accounting assessment of inventory valuation

Description of the matter

See Note 4 (11) in the individual financial report for details about the accounting policy on inventory valuation, Note 5 (2) for accounting assessment of inventory valuation and hypothetical uncertainty, and Note 6 (4) for an inventory account description.

Chunghwa Chemical Synthesis & Biotech Ltd. is engaged mainly in the production and sale of active pharmaceutical ingredients. Since active pharmaceutical ingredients are in a severely competitive market and sensitive to shelf life, the risk of losses from inventory devaluation or obsolescence is higher. Since the inventories involve large amounts of money and large numbers of items that require laborious work by human beings to identify expired or damaged goods, we regard the assessment of allowance to reduce inventory to market as a key audit item.

The responsive auditing process

The corresponding auditing procedures are as follows:

1. Assess the policy for allowing the Company to reduce inventory to market in accordance with our understanding of the Company's operations and the nature of the industry.
2. Conduct sampling tests to see if the basis for market prices of net realized value is consistent with the Company's policy. Randomly check the correctness of the selling prices of individual inventory parts and the way net realized value is calculated.
3. Obtain out-of-date inventory details that are identified by the management, check the related information and verify the account records.

Checking whether the time point of sales income recognition is appropriate

Description of the matter

For the accounting policy on the recognition of income, please refer to Note 4 (25) of the individual financial statement. For information on income accounts, please refer to Note 6 (15) of the individual financial statement. As stated in the accounting policies, the sales revenue is recognized when products are delivered to customers who have discretionary power in channels and prices of products sold and Chunghwa Chemical Synthesis and Biotech has no outstanding performance obligations which may affect customers' acceptance of products. As exports are the main source of income for Chunghwa Chemical Synthesis & Biotech Co., Ltd., the terms of business agreed upon between the Company and its customers are the basis of income assessment. However, such a process often involves a lot of manpower for verification and may lead to inappropriate income recognition time points. Therefore, we regard the sales income recognition time points as a key audit item.

The responsive auditing process

The corresponding auditing procedures are as follows:

1. The Company's internal control on income recognition time points were examined and assessed, while the Company's internal control on sales deadlines was tested to verify the correctness of the income recognition time points.
2. The execution of sales and income over a certain period before and after the time periods covered in the financial report were examined with the packing lists, customer orders and declaration forms in order to confirm that income was recognized at appropriate periods.

The responsibility of the management and management units to the individual financial statements

The management team is responsible for preparing individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to present the Company's financial status in an objective way and for necessary internal controls, ensuring that the statements do not contain any false content due to fraudulence or mistakes.

While preparing the individual financial statements, the management's responsibility also includes assessing the continuing operation of Chunghwa Chemical Synthesis & Biotech Co., Ltd., the disclosure of the relevant matters, and the adoption of the accounting base for continuing operations, unless the management intends to liquidate Chunghwa Chemical Synthesis & Biotech Co., Ltd. or cease business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the individual financial statements

The purpose of the independent auditor's auditing of the individual financial statements is to obtain reasonable assurance about whether the individual financial statements are free of material misstatement arising from fraud or errors and with an audit report issued. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Material misstatement could arise from fraud or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the users of the individual financial statements, it is considered significant.

We used professional judgment and suspicion during the audit in accordance with the auditing standards of the Republic of China. The independent auditor also performs the following tasks:

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the individual financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Chunghwa Chemical Synthesis & Biotech Co., Ltd..
3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Base on the audit evidence obtained to make conclusions on the suitability of the accounting base for continuing operation base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Chunghwa Chemical Synthesis & Biotech Co., Ltd. are with significant uncertainties. If the independent auditor believes that such events or circumstances have significant uncertainties, it is necessary to remind the users of the individual financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Chunghwa Chemical Synthesis & Biotech Co., Ltd. to continue operating.
5. Assess the overall expression, structure, and content of the individual financial statements (including the relevant notes) and whether or not the relevant transactions and events in the individual financial statements are presented fairly.

6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the business entity; also, it is responsible for forming an opinion on the audit of the individual financial statements.

The matters communicated by the independent auditor to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditor has provided the declaration of independence of the CPA Firm personnel subject to the Code of Ethics to the governing unit; also, it has communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditor.

The independent auditor has based on the communications with the governing unit to determine the key audit matters to be performed on the 2023 individual financial statements of Chunghwa Chemical Synthesis & Biotech Co., Ltd.. The independent auditor shall state the key audit matters in the audit report except for the specific matters prohibited by law from being disclosed, or, in rare cases; the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

PricewaterhouseCoopers, Taiwan

March 21, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Assets			Additional notes		December 31, 2023		December 31, 2022	
					Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6 (1)	\$	259,580	5	\$	291,758	6
1140	Contract assets - Current	6 (15)		275	-		88	-
1150	Notes receivable-net	6(3)		-	-		132	-
1170	Net accounts receivable	6(3)		32,053	1		67,442	2
1180	Account receivables-Related Parties-	7						
	net			211,190	4		228,050	5
1200	Other receivable	7		9,844	-		12,674	-
130X	Inventory	6 (4)		1,211,026	23		819,953	18
1410	Prepayments			49,792	1		16,058	-
11XX	Total of Current Assets			1,773,760	34		1,436,155	31
Non-Current assets								
1510	Financial assets that are measured at	6 (2)						
	fair value through profit or							
	loss-non-current			32,856	1		33,317	1
1550	Investments accounted for by the	6 (5)						
	equity method			972,725	19		974,068	21
1600	property , plant, and equipment	6 (6) and 7		2,284,250	44		1,960,513	43
1755	Right-of-use assets			7,280	-		1,632	-
1760	Real property for investment- net	6 (7)		10,700	-		10,700	-
1780	Intangible assets			5,559	-		7,533	-
1840	Deferred income tax assets	6 (21)		20,440	1		20,135	1
1990	Other current non-assets- other	6 (11), 7 and 8		60,327	1		114,621	3
15XX	Total of Non-Current Assets			3,394,137	66		3,122,519	69
1XXX	Total assets		\$	5,167,897	100	\$	4,558,674	100

(Continued next page)

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Liabilities and equity		Additional notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Shot-term borrowings	6 (8)	\$ 500,000	10	\$ 100,000	2
2130	Contract liabilities - Current	6 (15)	13,369	-	51,217	1
2150	Payable notes		1,283	-	1,283	-
2170	Accounts payable		103,081	2	143,046	3
2219	Other payable- other	6 (9) and 7	193,863	4	259,402	6
2230	Current Income Tax Liability		10,593	-	49,980	1
2280	Lease liabilities – Current		2,851	-	1,005	-
2399	Other current liabilities- other		2,618	-	3,047	-
21XX	Total of current liabilities		827,658	16	608,980	13
Non-current liabilities						
2527	Contract liabilities – Non-current	6 (15)	26,995	-	-	-
2540	Long-term borrowings	6 (10)	700,000	14	500,000	11
2570	Deferred income tax liabilities	6 (21)	258,541	5	256,221	6
2580	Lease liabilities – Non-current		4,468	-	640	-
25XX	Total of non-current liabilities		990,004	19	756,861	17
2XXX	Total liabilities		1,817,662	35	1,365,841	30
Equity						
	Share capital	6 (12)				
3110	Ordinary shares capital		775,600	15	775,600	17
	Capital reserve	6 (13)				
3200	Capital reserve		334,526	7	334,323	7
	Retained earnings	6 (14)				
3310	Legal earnings reserve		322,152	6	273,613	6
3320	Special earnings reserve		229,344	4	183,296	4
3350	Undistributed earnings		1,744,089	34	1,672,050	37
	Other equity					
3400	Other equity		(55,476)	(1)	(46,049)	(1)
3XXX	Total equity		3,350,235	65	3,192,833	70
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Major post-balance sheet events	11				
3X2X	Total liabilities and equity		\$ 5,167,897	100	\$ 4,558,674	100

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual comprehensive income statements
January 1 to December 31, 2023 and 2022

Unit: NTD thousand
(except EPS in NTD)

	Item	Additional notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	6 (15) and 7	\$ 2,038,630	100	\$ 2,065,195	100
5000	Operating cost	6(4)(20) and 7	(1,317,523)	(64)	(1,138,923)	(55)
5900	Operating gross profit		721,107	36	926,272	45
	Operating expenses	6 (20) and 7				
6100	Marketing expenses		(114,434)	(6)	(148,728)	(7)
6200	Administrative expenses		(104,627)	(5)	(109,313)	(6)
6300	Research and development expenses		(242,688)	(12)	(245,487)	(12)
6450	Expected gain on credit impairment	12 (2)	-	-	18,345	1
6000	Total operating expenses		(461,749)	(23)	(485,183)	(24)
6900	Operating profit		259,358	13	441,089	21
	Non-operating revenues and expenses					
7100	Interest revenue	6 (16)	7,271	-	4,507	-
7010	Other revenue	6(17) and 7	13,284	1	12,492	1
7020	Other profits and losses	6 (18)	17,646	1	64,679	3
7050	Financial costs	6 (19)	(18,012)	(1)	(9,697)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	49,219	2	64,565	3
7000	Total non-operating revenues and expenses		69,408	3	136,546	7
7900	Earnings before tax		328,766	16	577,635	28
7950	Income tax expense	6 (21)	(63,857)	(3)	(111,770)	(6)
8200	Current period net profit		\$ 264,909	13	\$ 465,865	22
	Other comprehensive income (net)					
	Items not re-classified under profit or loss					
8311	Defined benefit plan revaluation amount and volume	6 (11)	(\$ 840)	-	\$ 16,849	1
8330	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss		(1,774)	-	(82,306)	(4)
8349	Income tax related to accounts not being reclassified	6 (21)	168	-	(3,370)	-
8310	Total amount of items not reclassified to profit or income		(2,446)	-	(68,827)	(3)
	Items that may be re-classified subsequently under profit or loss					
8361	Exchange differences arising from translating the financial statements of foreign operations		(19)	-	1,408	-
8380	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – may be reclassified as profit and loss		(4,400)	-	1,131	-
8360	Total amount of items probably reclassified to profit or loss subsequently		(4,419)	-	2,539	-
8300	Other comprehensive income (net)		(\$ 6,865)	-	(\$ 66,288)	(3)
8500	Total comprehensive income for the period		\$ 258,044	13	\$ 399,577	19
	Earnings per share	6 (22)				
9750	Base earnings per share		\$ 3.42		\$ 6.01	
9850	Diluted earnings per share		\$ 3.39		\$ 5.93	

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual statement of changes in equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		Capital reserve			Retained earnings			Other equity			
		Additional notes	Ordinary shares capital	Issuance premium	Others	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income	Total equity
2022											
Balance at January 1, 2022			\$ 775,600	\$ 333,746	\$ 577	\$ 226,015	\$ 183,296	\$ 1,335,088	(\$ 4,032)	\$ 43,794	\$ 2,894,084
Current period net profit			-	-	-	-	-	465,865	-	-	465,865
Current other comprehensive income			-	-	-	-	-	15,082	2,539	(83,909)	(66,288)
Total comprehensive income for the period			-	-	-	-	-	480,947	2,539	(83,909)	399,577
The 2021 appropriation and distribution of earnings:	6 (14)										
Legal earnings reserve			-	-	-	47,598	-	(47,598)	-	-	-
Cash dividend			-	-	-	-	-	(100,828)	-	-	(100,828)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses			-	-	-	-	-	4,441	-	(4,441)	-
Balance at December 31, 2022			\$ 775,600	\$ 333,746	\$ 577	\$ 273,613	\$ 183,296	\$ 1,672,050	(\$ 1,493)	(\$ 44,556)	\$ 3,192,833
2023											
Balance at January 1, 2023			\$ 775,600	\$ 333,746	\$ 577	\$ 273,613	\$ 183,296	\$ 1,672,050	(\$ 1,493)	(\$ 44,556)	\$ 3,192,833
Current period net profit			-	-	-	-	-	264,909	-	-	264,909
Current other comprehensive income			-	-	-	-	-	(552)	(4,419)	(1,894)	(6,865)
Total comprehensive income for the period			-	-	-	-	-	264,357	(4,419)	(1,894)	258,044
The 2022 appropriation and distribution of earnings:	6 (14)										
Legal earnings reserve			-	-	-	48,539	-	(48,539)	-	-	-
Special earnings reserve			-	-	-	-	46,048	(46,048)	-	-	-
Cash dividend			-	-	-	-	-	(100,828)	-	-	(100,828)
The reinvested company(ies) disposed of equity instruments measured at the fair value through other comprehensive profits and losses			-	-	-	-	-	3,097	-	(3,097)	-
Gifts and donation			-	-	203	-	-	-	(17)	-	186
Balance at December 31, 2023			\$ 775,600	\$ 333,746	\$ 780	\$ 322,152	\$ 229,344	\$ 1,744,089	(\$ 5,929)	(\$ 49,547)	\$ 3,350,235

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Individual Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 328,766	\$ 577,635
Adjustments			
Income, expense, and loss			
Depreciation	6 (20)	188,329	166,063
Amortization	6 (20)	3,527	1,792
Expected gain on credit impairment	12 (2)	-	(18,345)
Interest expenses	6 (19)	18,012	9,697
Net profit from financial assets and liabilities at fair value through profit and loss	6 (2) (18)	(10,768)	(9,591)
Dividend income	6 (17)	(978)	-
Interest revenue	6 (16)	(7,271)	(4,507)
The profit or loss in the subsidiary, affiliated company and joint ventures recognized under the equity method	6 (5)	(49,219)	(64,565)
Loss on disposal of property, plant and equipment	6 (18)	-	695
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
De-capitalization refunded monies of financial assets at fair value through profit or loss	6 (2)	11,229	3,000
Contract assets		(186)	(88)
Notes receivable-net		132	348
Net accounts receivable		35,389	43,116
Account receivables-Related Parties- net		16,860	61,154
Other receivable		2,831	7,132
Inventory		(391,073)	(66,103)
Prepayments		(33,734)	(4,432)
Net defined benefit assets		278	704
Net changes in liabilities relating to operating activities			
Payable notes		-	68
Accounts payable		(39,965)	65,496
Other payable		(63,760)	32,854
Other current liabilities-others		(429)	538
Contract liabilities - Current		(10,853)	(20,733)
Net cash inflow (outflow) from operating activities		(2,883)	781,928
Interest received		7,269	4,507
Dividends received		45,534	52,879
Interest paid		(17,606)	(9,701)
Income tax paid		(101,062)	(84,874)
Net cash inflow (outflow) from operating activities		(68,748)	744,739
<u>Cash flow from investing activities</u>			
Costs of property, plant and equipment acquired	6 (23)	(449,952)	(374,664)
Acquisition of Intangible assets		(1,554)	(1,520)
Increase in guarantee deposits paid		(9,620)	-
Net cash outflow from investing activities		(461,126)	(376,184)
<u>Cash flow from financing activities</u>			
Increase (decrease) in Short-term borrowings	6 (24)	400,000	(50,000)
Proceeds from long-term loan	6 (24)	400,000	1,600,000
Re-payments of long-term borrowings	6 (24)	(200,000)	(1,700,000)
Lease principal repayment	6 (24)	(1,476)	(1,042)
Cash dividend distribution	6 (14)	(100,828)	(100,828)
Net cash inflow (outflow) from financing activities		497,696	(251,870)
Increase (decrease) in cash and cash equivalents for the current period		(32,178)	116,685
Opening balance of cash and cash equivalents		291,758	175,073
Closing balance of cash and cash equivalents		\$ 259,580	\$ 291,758

Please refer to the notes enclosed in the individual financial reports that are an integral part of the individual financial statements.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Notes to the individual financial statements
2023 and 2022

Unit: NTD thousand
(Except where otherwise stated)

1. Organization and operations

Chunghwa Chemical Synthesis and Biotech Co., Ltd. (hereinafter referred to as the Company) was established in Taiwan on May 19, 1964. Originally named as China Chemical Synthesis Industry Co., Ltd., the company was renamed to the current name at the shareholder meeting in 2003. The main areas of business of the Company include research, development, manufacturing and sales of active pharmaceutical ingredients. The Company was officially listed in the Taiwan Stock Exchange on December 20, 2010.

2. Financial reporting date and procedures

The Board of Directors approved the individual financial statements for publication on March 11, 2024.

3. Application of new and revised standards and interpretation

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards approved and announced effective by the Financial Supervisory Commission in 2023.

<u>New releases / amendments / revisions of the Standards and Interpretations</u>	<u>The effective date announced by the International Accounting Standards Board</u>
Amendment to International Financial Reporting Standards (IAS) #1 “Disclosure of accounting policies.”	January 1, 2023
Amendment to International Financial Reporting Standards (IAS) #8 “Definition of accounting estimate.”	January 1, 2023
Amendment to International Accounting Standard 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendment to IAS 12 “International Tax Reform - Pillar Two Model Rules”	May 23, 2023

The Company has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Company’s financial position and financial performance.

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2024.

<u>New releases / amendments / revisions of the Standards and Interpretations</u>	<u>The effective date announced by the International Accounting Standards Board</u>
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
Current or non-current classification of liabilities (Amendments to IAS 1)	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 Company has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Company's financial position and financial performance.

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

The newly released, revised and amended IFRS standards and interpretations by the IASB but not yet recognized by the FSC are summarized as follows:

<u>New releases / amendments / revisions of the Standards and Interpretations</u>	<u>The effective date announced by the International Accounting Standards Board</u>
Amendment to IFRS 10 and IAS 28 "The Assets Sales or Purchase between Investors and Their Affiliates or Joint Ventures"	To be determined by the International Accounting Standards Board (IASB).
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to International Financial Reporting Standard 17: "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

The Company has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Company's financial position and financial performance.

4. Summary of significant accounting policies

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

(1) Compliance Statement

These individual financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the IFRSs).

(2) Basis of preparation

1. Except for the following items, these individual statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through other comprehensive Income
 - (2) The ascertained welfare assets recognized as the net amount of the pension fund assets minus the current value of the ascertained welfare obligations.
2. The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the individual financial statements are disclosed in Note 5.

(3) Foreign-currency translations

Items included in the individual financial statements of each of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The individual financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

1. Foreign Currency Transactions and Balances

- (1) Transactions denominated in foreign currency are translated into a functional currency at the spot exchange rate on the date of the transaction or measurement. Foreign currency differences arising from translating such transactions are recognized in current profit or loss.
- (2) The foreign currency asset or liability balances are revaluated based on spot exchange rate of the balance sheet date, and any exchange difference arising from the adjustment is included in the profit and loss for the year.
- (3) Non-monetary assets and liabilities denominated in foreign currency 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 recognized in current profit or loss ; Non-monetary assets and liabilities denominated in foreign currency 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currency that are not measured at fair value are translated using the historical

exchange rates at the date of the initial transaction.

- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".

2. Translation of the financial statements of foreign operations

- (1) The operating results and financial position of all the invested entity that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) 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. However, if the Company retains partial interest in the former subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interests in the foreign operation.

(4) Criteria for distinguishing Current or Non-Current on the Balance Sheet

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Held mainly for the purpose of trading.
- (3) Assets that are expected to be realized within twelve months from the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve month after the balance sheet date.

The Company classifies assets that do not meet any of the above criteria as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be paid off within the normal operating cycle.
- (2) Held mainly for the purpose of trading.
- (3) Expected to be repaid within 12 months of the balance sheet date
- (4) 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.

The Company classifies liabilities that do not meet any of the above criteria as non-current assets.

(5) Cash equivalents

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

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

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

1. Refer to the financial assets that are not measured at amortized cost or are measured at fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. The Company measures financial assets at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. Once the right to receive dividends is confirmed, the Company recognizes the dividend income in profit or loss if the future economic benefits are expected to flow to the entity and the dividend can be measured reliably.

(7) Accounts receivable and notes

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of Financial Assets

Financial assets measured at amortized cost, the Company, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measures the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for trade receivables that do not constitute a financing transaction.

(9) The de-recognition of financial assets

A financial asset is derecognized when the Company's rights to receive cash flows from the financial assets have expired.

(10) The lessor's lease transaction/business lease

Income from under an operating lease (net of any incentives given to the lessee) are recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The costs of finished and work in process goods include raw materials, direct labor, other direct costs and manufacturing-related expenses, excluding borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make

the sale.

(12) Investments using the equity method - Subsidiaries and affiliates

1. Subsidiaries refer to all entities (including structural entities) with the right to direct financial and operational policies. When the company is exposed to changes in rewards with the involvement of the entity or has rights to the said changes in rewards and that the rights of the entity can exert an influence on the rewards, the company is said to have control over the entity.
2. The unrealized gains and losses resulting from the transactions conducted between the Company and its subsidiaries had been written-off. Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Company.
3. The Company recognized the shares of profit and/or loss of subsidiaries after acquisition as the profit and/or loss of the current term, and recognized the shares of profit and/or loss of other consolidated income after acquisition as other consolidated profit and/or loss of the current term. In the event that the shares of losses in a subsidiary recognized by the Company exceed the Company's equity in that subsidiary, the Company would continually recognize the losses pro rata to the shareholder percentages.
4. The term "associates" as set forth herein refers to the entities upon which the Company holds significant effect but holds no controlling power, normally as the shares of more than 20% of the voting power held by the Company either directly or indirectly. Over the investment in associates, the Company adopts equity method, recognizing them at cost at the moment of acquisition.
5. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss in the current period, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
6. When there is equity change in non-profit and loss and other consolidated profit and loss occurring to the affiliated enterprises that do not affect the shareholding of the affiliated enterprises, the Company will have the equity change recognized as "additional paid-in capital" proportionally to the shareholding ratio.
7. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company disposes of its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are accounted for on the same basis as direct disposal of related assets or liabilities, that is, profit or loss previously recognized in other comprehensive income are reclassified to profit or loss when related assets or liabilities are disposed of. When the Company loses significant influence over the associate, the aforesaid profit or loss is reclassified from retained earnings to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss

proportionately in accordance with the aforementioned approach.

9. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in standalone financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(13) Property, plant, and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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 change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 years ~ 60 years
Machinery equipment	2 years ~ 20 years
Transport equipment	3 years ~ 5 years
Other equipment	2 years ~ 40 years

(14) The lessee's lease transaction-right-of-use assets/lease liabilities.

1. Lease assets are recognized on the day of the available for use by the Company as right-of-use assets and lease liabilities. If the lease contract is a short-term lease or a lease of an underlying asset with low-value, lease payment is recognized using the straight-line method as an expense during the period of lease based.
2. The lease liability on the first day of lease is recognized at the present value after unpaid lease payments are converted into cash according to the Company's incremental borrowing interest rate. Lease payments include fixed payments deducted by any lease incentives received. According to the follow-up interest method and measurements by the amortized cost method, interest incurring during the period of lease is provisioned. In case of changes in the period of lease or lease payments not attributed to contract modifications, the lease

liability will be re-evaluated, and the remeasurement will be used to readjust the right-of-use asset.

3. The right-of-use asset is recognized by cost on the starting day of lease. The costs include:

(1) The original measured amount of lease liability;

(2) Any original direct costs incurred;

The cost model is adopted for subsequent measurements. Either the end of the durability of right-of-use assets or the end of the period of lease incurring earlier will be provisioned as depreciation fees. When re-evaluating lease liability, the right-of-use asset will readjust any remeasurements of lease liability.

(15) Investment property

Investment properties are initially measured at cost and may be subsequently measured using a cost model.

(16) Intangible assets

Based on the acquisition cost as the accounting basis; computer software, patent rights and specialized technology are amortized based on their economic life or contractual term, whichever is shorter.

(17) Losses in non-financial asset

The company estimates recoverable amounts on assets with signs of losses on the balance sheet date, and when the recoverable amount is lower than the book value, then loss is recognized. Recoverable amount refers to an asset's fair value less the cost of disposal or the useful value, whichever is the higher. Except for goodwill, when the impairment of assets recognized in prior period is non-existent or reduced, the impairment loss should be reversed. However, the increased book value of the asset due to the reversed impairment loss may not exceed the book value net of depreciation or amortization before recognizing impairment loss.

(18) Loans

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

(19) Notes and accounts payable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.

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

(20) De-recognition of financial liabilities

The Company derecognizes a liability when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Financial assets and liabilities written-off against each other

Recognized financial liabilities and assets are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and

there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plan

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

(2) Defined benefit plan

- A. 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 recognized 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) instead.
- B. Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- C. The expense associated with prior service cost is recognized immediately as a profit or loss.

3. Remunerations for employees and directors

Remunerations for employees and directors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If the accrued amounts for employees' compensation and remuneration to directors and supervisors are different from the actual distributed amounts, the differences should be recognized based on the accounting for 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

- 1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 2. The current income tax expense is calculated using the tax rate enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the applicable tax regulations. 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.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the individual financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income 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 realize the asset and settle the liability simultaneously.

(24) Dividends

Dividends distributed to shareholders of the Company are recognized in the financial statements when the shareholder meeting resolves to distribute dividends, and the cash dividends are recognized as liabilities.

(25) Recognition of revenue

1. Product sales

- (1) The Company manufactures and sells API-related products. The sales revenue is recognized when products are delivered to customers who have discretionary power in channels and prices of products sold and the Company has no outstanding performance obligations which may affect customers' acceptance of products. The delivery of products is considered to occur when the products are shipped to the designated locations and the risks of obsolescence and loss have been transferred to customers who accept the products under sales contracts, or when there is objective evidence showing that all acceptance criteria have been met.
- (2) Account receivables are recognized when goods are delivered to customers. Since the Company has unconditional rights to the contract price from that point in time, only the passage of time is required before the payment is due.

2. Labor revenue

- (1) The Company provides commissioned bio drug testing and other related services. Labor service income is recognized as income during the period of financial reporting on services provided to customers. Revenues from fixed price contracts are recognized based on the proportion of services provided in all services provided as of the balance sheet date. The percentage of service completion is based on the proportion of actual costs incurred in the total costs. The customer shall pay contract prices according to the payment time agreed. When services provided by the company exceed the customer's accounts payable, they are recognized as contract assets; if the customer's accounts payable exceeds the services provided by the company, they are recognized as contract liability.
- (2) The Company's estimates of revenues, costs, and degree of work completion are subject to amendments as circumstances change. Any increase or decrease in estimated income or cost due to changes in estimates shall be reflected in profit or loss during the period in which the circumstances leading to the amendments are known to management.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

The preparation of these standalone financial statements requires the management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. The resulting accounting estimates might be different from the related actual results, the judgments and estimates 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. Critical accounting judgments, estimates and key sources of assumption uncertainty are explained as follows:

(1) Critical judgments concerning the application of accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventory

The Company measures the normal sales of inventories by the lower of cost and net realizable value. For inventories that have existed longer than a certain period of time and are obsolete and damaged, net realizable value of each inventory is identified to be recognized as a loss. Therefore, the Company must use its best judgments and estimates to determine the net realizable value of inventory at the balance sheet date. Due to the stricter verification of active pharmaceutical ingredients and the lengthening time required to obtain drug licenses, the disposal of inventory is below expectation, resulting in the loss from inventory depreciation or the higher risk of inventory obsolescence. The Company assesses on the balance sheet date the inventory due to normal wear and tear, obsolescence or without market sales value and reduces the inventory cost to net realizable value. The inventory assessment may experience significant changes due to fluctuations in the net realizable value of future products. As of December 31, 2023, the book balance of the Company's inventories is \$1,211,026.

6. Summary of significant accounting titles

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 628	\$ 622
Checking accounts and demand deposits	<u>258,952</u>	<u>291,136</u>
	<u>\$ 259,580</u>	<u>\$ 291,758</u>

1. The financial institutions that the Company deals with are with good credit quality; also, the Company deals with a number of financial institutions to diversify credit risk; therefore, the possibility of default is very unlikely.

2. None of the Company's cash and cash equivalents pledged to others as collateral.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
China Development Biomedical Venture Capital (limited company)	\$ 6,771	\$ 18,000
Evaluation adjustment	<u>26,085</u>	<u>15,317</u>
	<u>\$ 32,856</u>	<u>\$ 33,317</u>

1. Financial assets at fair value through profit and loss is detailed as follows:

	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 10,768</u>	<u>\$ 9,591</u>

2. In January 2023, June 2023 and April 2022, the Company's investment in financial assets at fair value through profit or loss was reduced and the share capital of \$3,060, \$8,169 and \$3,000 was returned, respectively.

(3) Note receivable and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ -</u>	<u>\$ 132</u>
Accounts receivable	\$ 32,301	\$ 67,690
Less: Allowance for losses	<u>(248)</u>	<u>(248)</u>
	<u>\$ 32,053</u>	<u>\$ 67,442</u>

1. Aging of notes receivable and accounts receivable is as follows:

(1) Notes receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not overdue	<u>\$ -</u>	<u>\$ 132</u>

(2) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not overdue	<u>\$ 32,301</u>	<u>\$ 67,690</u>

The aforementioned aging analysis is based on the overdue days.

- The accounts receivables and bills receivable balance in December 31, 2023 and 2022 were generated from the client contract. The accounts receivables balance and allowance loss in the client contract as of January 1, 2022 amount to \$111,286 and \$18,593 respectively.
- While not considering the collaterals or other credit enhancements, the notes and accounts receivable held by the Company had the maximum exposure of credit risk at \$32,053 and \$67,574, respectively, as of December 31, 2023 and 2022.
- The Company does not hold any collaterals.
- Please see Note 12 (2) for the credit risk of the notes receivable and accounts receivable.

(4) Inventory

		<u>December 31, 2023</u>	
	<u>Cost</u>	<u>Price loss allowance</u>	<u>Book value</u>
Raw materials	\$ 498,721	(\$ 18,557)	\$ 480,164
Work in process	136,496	-	136,496
Finished products	<u>658,053</u>	<u>(63,687)</u>	<u>594,366</u>
	<u>\$ 1,293,270</u>	<u>(\$ 82,244)</u>	<u>\$ 1,211,026</u>

		<u>December 31, 2022</u>	
	<u>Cost</u>	<u>Price loss allowance</u>	<u>Book value</u>
Raw materials	\$ 289,037	(\$ 27,365)	\$ 261,672
Work in process	168,141	(427)	167,714
Finished products	<u>439,639</u>	<u>(49,072)</u>	<u>390,567</u>
	<u>\$ 896,817</u>	<u>(\$ 76,864)</u>	<u>\$ 819,953</u>

The Company's current inventory cost recognized as expenses:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 1,307,706	\$ 1,109,196
Loss of price decline of inventory and obsolescence loss	12,232	29,630
Proceeds from sale of scraps.	(2,687)	(3,868)
	<u>\$ 1,317,251</u>	<u>\$ 1,134,958</u>

(5) Investments accounted for by the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Affiliate business:		
China Chemical & Pharmaceutical Co., Ltd.	\$ 961,625	\$ 964,937
Subsidiaries:		
PHARMAPORTS, LLC	<u>11,100</u>	<u>9,131</u>
	<u>\$ 972,725</u>	<u>\$ 974,068</u>

1. Affiliate business

(1) The basic information of the Company's main affiliates is shown as follows:

Company name	Main places of business operations	Ratio of Shareholding		Type of affiliation	Measurement
		<u>December 31, 2023</u>	<u>December 31, 2022</u>		
China Chemical & Pharmaceutical Co., Ltd.	Taiwan	14.11%	14.11%	Affiliate business	Equity method

(2) Financial information of the Company's major associates is summarized as follows:

Balance Sheet

	<u>China Chemical & Pharmaceutical Co., Ltd.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 5,583,096	\$ 5,938,797
Non-Current assets	7,281,735	6,883,766
Current liabilities	(3,392,902)	(3,299,537)
Non-current liabilities	(2,001,513)	(2,093,449)
Total net assets	<u>\$ 7,470,416</u>	<u>\$ 7,429,577</u>
Book value of affiliates	<u>\$ 961,625</u>	<u>\$ 964,937</u>

Comprehensive income statement

	<u>China Chemical & Pharmaceutical Co., Ltd.</u>	
	<u>2023</u>	<u>2022</u>
Income	\$ 8,574,720	\$ 8,456,512
Current net profits from continuing operations	\$ 323,573	\$ 479,298
Other comprehensive income (net after tax)	(44,747)	(571,301)
Total comprehensive income for the period	\$ 278,826	(\$ 92,003)
Stock dividends collected from affiliates	\$ 33,643	\$ 37,848

2. Profit and loss of subsidiaries and associates recognized by using equity method:

	<u>2023</u>	<u>2022</u>
China Chemical & Pharmaceutical Co., Ltd.	\$ 36,506	\$ 51,100
PHARMAPORTS, LLC	12,713	13,465
	<u>\$ 49,219</u>	<u>\$ 64,565</u>

- The Company's investment in China Chemical & Pharmaceutical has a public offer of which the fair value were \$1,023,994 and \$1,398,267 as of December 31, 2023 and 2022, respectively.
- The Company holds up to 14.11% of the total shares of China Chemical & Pharmaceutical Co., Ltd. as the largest single shareholder. Given the facts that the Company lacks substantial capability to dominate the relevant events as indicated through the participation by other shareholders in that company and the voting powers in major motions, it is judged that the Company does not possess control power but only has influence toward that company.
- For information on the Company's subsidiaries, please refer to Note 4 (3) of 2023 consolidated financial statements.

(6) Property , plant, and equipment

	Land	Buildings and structures	Machinery equipment	Transport equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
January 1, 2023							
Cost	\$ 741,400	\$ 900,616	\$1,648,682	\$ 8,121	\$ 638,579	\$ 27,851	\$3,965,249
Accumulated depreciation and impairment	-	(508,739)	(1,028,690)	(6,791)	(460,516)	-	(2,004,736)
	<u>\$ 741,400</u>	<u>\$ 391,877</u>	<u>\$ 619,992</u>	<u>\$ 1,330</u>	<u>\$ 178,063</u>	<u>\$ 27,851</u>	<u>\$1,960,513</u>
<u>2023</u>							
January 1	\$ 741,400	\$ 391,877	\$ 619,992	\$ 1,330	\$ 178,063	\$ 27,851	\$1,960,513
Additions	350,183	10,431	9,041	-	18,998	121,911	510,564
Reclassification	-	25,046	54,690	-	21,633	(101,369)	-
Depreciation	-	(47,190)	(100,727)	(570)	(38,340)	-	(186,827)
December 31	<u>\$1,091,583</u>	<u>\$ 380,164</u>	<u>\$ 582,996</u>	<u>\$ 760</u>	<u>\$ 180,354</u>	<u>\$ 48,393</u>	<u>\$2,284,250</u>
December 31, 2023							
Cost	\$1,091,583	\$ 936,092	\$1,708,513	\$ 7,731	\$ 672,875	\$ 48,393	\$4,465,187
Accumulated depreciation and impairment	-	(555,928)	(1,125,517)	(6,971)	(492,521)	-	(2,180,937)
	<u>\$1,091,583</u>	<u>\$ 380,164</u>	<u>\$ 582,996</u>	<u>\$ 760</u>	<u>\$ 180,354</u>	<u>\$ 48,393</u>	<u>\$2,284,250</u>

	Land	Buildings and structures	Machinery equipment	Transport equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
January 1, 2022							
Cost	\$ 741,400	\$ 826,107	\$1,414,963	\$ 8,121	\$ 608,414	\$ 126,443	\$3,725,448
Accumulated depreciation and impairment	<u>-</u>	<u>(470,694)</u>	<u>(941,651)</u>	<u>(6,220)</u>	<u>(440,816)</u>	<u>-</u>	<u>(1,859,381)</u>
	<u>\$ 741,400</u>	<u>\$ 355,413</u>	<u>\$ 473,312</u>	<u>\$ 1,901</u>	<u>\$ 167,598</u>	<u>\$ 126,443</u>	<u>\$1,866,067</u>
2022							
January 1	\$ 741,400	\$ 355,413	\$ 473,312	\$ 1,901	\$ 167,598	\$ 126,443	\$1,866,067
Additions	-	11,990	23,779	-	29,005	205,299	270,073
Reclassification (Note)	-	63,419	213,113	-	17,446	(303,891)	(9,913)
Depreciation	-	(38,945)	(90,212)	(571)	(35,291)	-	(165,019)
Disposition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(695)</u>	<u>-</u>	<u>(695)</u>
December 31	<u>\$ 741,400</u>	<u>\$ 391,877</u>	<u>\$ 619,992</u>	<u>\$ 1,330</u>	<u>\$ 178,063</u>	<u>\$ 27,851</u>	<u>\$1,960,513</u>
December 31, 2022							
Cost	\$ 741,400	\$ 900,616	\$1,648,682	\$ 8,121	\$ 638,579	\$ 27,851	\$3,965,249
Accumulated depreciation and impairment	<u>-</u>	<u>(508,739)</u>	<u>(1,028,690)</u>	<u>(6,791)</u>	<u>(460,516)</u>	<u>-</u>	<u>(2,004,736)</u>
	<u>\$ 741,400</u>	<u>\$ 391,877</u>	<u>\$ 619,992</u>	<u>\$ 1,330</u>	<u>\$ 178,063</u>	<u>\$ 27,851</u>	<u>\$1,960,513</u>

Note: The term reclassification is an act to transfer out onto “intangible assets” and “operating cost”.

(7) Investment property

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land cost	<u>\$ 10,700</u>	<u>\$ 10,700</u>

1. Rental income and direct operating expenses of investment properties:

	<u>2023</u>	<u>2022</u>
Rental income of investment properties	<u>\$ 743</u>	<u>\$ 767</u>
Direct operating expenses incurred in investment properties that have rental income in the current period	<u>\$ 56</u>	<u>\$ 53</u>

2. The fair value of investment properties held by the Company for the years ended December 31, 2023 and 2022 was \$70,305 and \$70,305, respectively, based on the transaction prices of the adjacent lands.

(8) Short-term borrowings

The short-term borrowings of the Company as of December 31, 2023 and 2022 are as follows:

<u>Loans nature</u>	<u>December 31, 2023</u>	<u>Interest rate collars</u>	<u>Collateral</u>
Bank loan			
Credit loan	<u>\$ 500,000</u>	1.62%~1.85%	None

<u>Loans nature</u>	<u>December 31, 2022</u>	<u>Interest rate collars</u>	<u>Collateral</u>
Bank loan			
Credit loan	<u>\$ 100,000</u>	1.50%	None

(9) Other payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payables	<u>\$ 79,513</u>	<u>\$ 90,542</u>
Equipment payables	<u>27,683</u>	<u>29,867</u>
Remuneration to employees and directors and supervisors payable	<u>27,670</u>	<u>60,627</u>
R&D expenses payable	<u>19,625</u>	<u>15,310</u>
Commission payable	<u>10,620</u>	<u>20,769</u>
Repair fees payable	<u>4,414</u>	<u>6,307</u>
Others	<u>24,338</u>	<u>35,980</u>
	<u>\$ 193,863</u>	<u>\$ 259,402</u>

(10) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank loan		
Credit loan	<u>\$ 700,000</u>	<u>\$ 500,000</u>
Interest rate collars	1.88~1.91%	1.76~1.79%

The one-time repayment of credit loan is due in 2025.

(11) Pension

1. (1) 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. When an employee meets the requirements of retirement, the payment of pension is based on service years and the average salary of the six months prior to retirement, with services within 15 years accumulating 2 basis points per year, and service years beyond 15 years accumulating 1 basis point per year up to a maximum of 45 basis points. The company provisions 5% of total monthly salary to the pension fund in the name of the Pension Supervisory Committee at the Bank of Taiwan. In addition, the Company has the labor pension reserve account balance referred to in the preceding paragraph estimated at the end of each fiscal year. If the account balance is insufficient to pay pension benefit to the employees who qualify for retirement within next year for the pension benefit calculated in the preceding paragraph, the Company will have the spread amount appropriated in a lump sum before the end of March next year.

(2) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of the defined benefit obligations	(\$ 104,900)	(\$ 105,279)
The fair value of plan assets	<u>143,904</u>	<u>145,401</u>
Net defined benefit assets	<u>\$ 39,004</u>	<u>\$ 40,122</u>
(Recognized as Other non-current assets)		

(3) Changes in net defined benefit assets are as follows:

	<u>Present value of the defined benefit obligations</u>	<u>The fair value of plan assets</u>	<u>Net defined benefit assets</u>
2023			
Balance at January 1	(\$ 105,279)	\$ 145,401	\$ 40,122
Current service cost	(775)	-	(775)
Interest (expense) income	<u>(1,222)</u> <u>(107,276)</u>	<u>1,719</u> <u>147,120</u>	<u>497</u> <u>39,844</u>

	<u>Present value of the defined benefit obligations</u>	<u>The fair value of plan assets</u>	<u>Net defined benefit assets</u>
Revaluation amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,377	1,377
The effect of changes in financial assumptions	(335)	-	(335)
Experience adjustments	(1,882)	-	(1,882)
	(2,217)	1,377	(840)
Pension payment	4,593	(4,593)	-
Balance at December 31	<u>(\$ 104,900)</u>	<u>\$ 143,904</u>	<u>\$ 39,004</u>

	<u>Present value of the defined benefit obligations</u>	<u>The fair value of plan assets</u>	<u>Net defined benefit assets</u>
2022			
Balance at January 1	(\$ 117,792)	\$ 141,770	\$ 23,978
Current service cost	(882)	-	(882)
Interest (expense) income	(789)	966	177
	(119,463)	142,736	23,273
Revaluation amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	10,986	10,986
The effect of changes in financial assumptions	3,767	-	3,767
Experience adjustments	2,096	-	2,096
	5,863	10,986	16,849
Pension payment	8,321	(8,321)	-
Balance at December 31	<u>(\$ 105,279)</u>	<u>\$ 145,401</u>	<u>\$ 40,122</u>

- (4) 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 Utilization of the Labor Retirement Fund” (Article 6: The scope of utilization 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.). For the use of this fund, the minimum earnings distribution every year shall not be for an amount less than the income calculated in accordance with the local bank’s two-year time deposit rate; also, the insufficient fund, if any, should be made up by the National Treasury with the approval of the competent authorities. Since the Company is not entitled to participating in the operation and management of the Fund, the classification of the fair value of plant asset cannot be disclosed in accordance with International Accounting Standards No. 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 Utilization Report announced by the government.

(5) Assumptions for the actuation of pension funds are summarized as follows:

	<u>2023</u>	<u>2022</u>
Discounted rate	<u>1.15%</u>	<u>1.20%</u>
Future salary increases rate	<u>2.00%</u>	<u>2.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the published statistics and experience in the 6th Taiwan Standard Ordinary Experience Mortality Table.

The present value of the defined benefit obligations affected by the changes in the actuarial assumptions is analyzed as follows:

	<u>Discounted rate</u>		<u>Future salary increases rate</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2023 The impact on the present value of the defined benefit obligations	<u>(\$ 1,660)</u>	<u>\$ 1,706</u>	<u>\$ 1,688</u>	<u>(\$ 1,650)</u>
	<u>Discounted rate</u>		<u>Future salary increases rate</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2022 The impact on the present value of the defined benefit obligations	<u>(\$ 1,804)</u>	<u>\$ 1,856</u>	<u>\$ 1,837</u>	<u>(\$ 1,795)</u>

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, many changes in assumptions may be mutually interactive. The sensitivity analysis is consistent with the method adopted for calculating the net pension liability on the balance sheet.

- (6) The Company applied on December 9, 2021 for suspension from appropriation of labor pension reserve. The Company has been approved for suspension from appropriation starting from fiscal year 2022.
2. (1) The Company has a retirement policy with a defined pension contribution plan regulated in accordance with the “Labor Pension Act” for the employees of Taiwan nationality since July 1, 2005. The Company has established a defined contribution pension plan (the “New Plan”) under the “Labor Pension Act” covering all regular employees. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to an employee’s individual pension account at the Bureau of Labor Insurance. The payment of pension benefits is based on an employee’s individual pension fund account and the cumulative profit in such account, and employees can choose to receive such pension benefits monthly or in one lump sum.
- (2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$11,042 and \$10,515, respectively.

(12) Share capital

1. As of December 31, 2023, the Company’s authorized capital was \$1,600,000, consisting of 160,000 thousand shares of ordinary stock, and the paid-in capital was \$775,600 with a par value of \$10 (in dollars) per share. All issued capital of the Company were paid up.
2. The number of the Company’s outstanding ordinary shares was 77,560 thousand as of 2023 and 2022.
3. The affiliation of the Company held 21,575 thousand shares and 21,575 thousand shares, respectively of the Company as of December 31, 2023 and 2022.
4. On May 30, 2023, the Company’s shareholders' meeting adopted a resolution to issue ordinary shares or domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds) through private placement. The board of directors is authorized to decide on the number of shares to be actually issued or converted within the limit of 20% of the total number of ordinary shares issued (i.e., not exceeding 15,512,000 shares), depending on the capital market conditions.

(13) Capital reserve

According to the Company Act, capital reserves from premium income for issuing shares over face values and gift income, not only can offset losses, it can also issue new shares or cash according to the original shareholding when there is no accumulated losses in the company. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. When the retained earnings of a company is not enough to offset capital losses, the capital reserves cannot be applied.

(14) Retained earnings

1. According to the Company's articles of incorporation, the dividend policy considers the Company's future capital needs and long-term financial planning and meets the shareholders' demand for cash inflows. The current year's earning, if any, shall first be used to offset prior years' operating losses and pay all taxes, and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall also be allocated. If there is still surplus, it can be put together with the accumulated undistributed surplus of the previous year as the surplus available this year for distribution. Part of it can be retained, depending on the Company's business needs for the year, before being distributed to shareholders. Cash dividends shall not be less than 50% of the shareholder dividend given, but when the cash dividend is calculated to be less than \$0.1 per share, it can be given in the form of stock dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
3. (1) 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.
(2) When adopting IFRSs for the first time, refer to Jin-Guan-Zheng-Fa-Zi Document #1010012865 on special reserve. The Company will conduct a reversal of the originally allocated special reserve when using, disposing of or reclassifying assets.
4. (1) The appropriations of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 30, 2023 and May 25, 2022, respectively. Details are summarized below:

	<u>Amount</u>	<u>2022</u> <u>Dividends per</u> <u>share (\$)</u>	<u>Amount</u>	<u>2021</u> <u>Dividends per</u> <u>share (\$)</u>
Legal earnings reserve	\$ 48,539		\$ 47,598	
Special earnings reserve	46,048		-	
Cash dividend	<u>100,828</u>	\$ 1.3	<u>100,828</u>	\$ 1.3
	<u>\$ 195,415</u>		<u>\$ 148,426</u>	

- (2) The appropriations of 2023 earnings had been proposed by the Board of Directors on March 11, 2024. Details are summarized below:

	<u>Amount</u>	<u>2023</u> <u>Dividends per share</u> <u>(\$)</u>
Legal earnings reserve	\$ 26,745	
Special earnings reserve	9,427	
Cash dividend	<u>62,048</u>	\$ 0.8
	<u>\$ 98,220</u>	

The aforementioned distribution of earnings of 2023 has not been passed in the shareholders' meeting.

(15) Operating revenues

	<u>2023</u>	<u>2022</u>
Revenue from Contracts with Customers	<u>\$ 2,038,630</u>	<u>\$ 2,065,195</u>

1. Segmentation of revenue from contracts with customers

The Company's revenues are generated from goods and labor services gradually transferred with time and transferred at a specific time. Revenues can be subdivided into the following geographic areas:

<u>2023</u>	<u>Taiwan</u>	<u>United States</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 588,045</u>	<u>\$ 1,450,585</u>	<u>\$ 2,038,630</u>
Time point of sales income recognition			
Revenues recognized at a specific time	\$ 586,851	\$ 1,450,585	\$ 2,037,436
Revenues gradually recognized with time	<u>1,194</u>	<u>-</u>	<u>1,194</u>
	<u>\$ 588,045</u>	<u>\$ 1,450,585</u>	<u>\$ 2,038,630</u>
<u>2022</u>	<u>Taiwan</u>	<u>United States</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 675,779</u>	<u>\$ 1,389,416</u>	<u>\$ 2,065,195</u>
Time point of sales income recognition			
Revenues recognized at a specific time	\$ 669,364	\$ 1,389,416	\$ 2,058,780
Revenues gradually recognized with time	<u>6,415</u>	<u>-</u>	<u>6,415</u>
	<u>\$ 675,779</u>	<u>\$ 1,389,416</u>	<u>\$ 2,065,195</u>

2. Contract assets and contract liabilities

- (1) The contract assets and contract liabilities of customer contract revenue recognized by the Company are shown as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets			
Contract assets			
-Labor services	<u>\$ 275</u>	<u>\$ 88</u>	<u>\$ -</u>
Contract liabilities:			
Contract liabilities			
-Drug sale contracts	\$ 37,831	\$ 48,680	\$ 68,261
-Labor services	<u>2,533</u>	<u>2,537</u>	<u>3,689</u>
	<u>\$ 40,364</u>	<u>\$ 51,217</u>	<u>\$ 71,950</u>

- (2) The initial contract liabilities arising from sales contracts recognized as revenues in 2023 and 2022 total \$11,158 and \$69,301 respectively.

(16) Interest revenue

	<u>2023</u>	<u>2022</u>
Interest from bank deposits	\$ 7,269	\$ 4,507
Other interest incomes	<u>2</u>	<u>-</u>
	<u>\$ 7,271</u>	<u>\$ 4,507</u>

(17) Other revenue

	<u>2023</u>	<u>2022</u>
Insurance claim income	\$ 4,275	\$ -
Service income	2,684	2,586
Dividend income	978	-
Rent revenue	743	5,767
Other Revenue- other	<u>4,604</u>	<u>4,139</u>
	<u>\$ 13,284</u>	<u>\$ 12,492</u>

(18) Other profits and losses

	<u>2023</u>	<u>2022</u>
Net profit from financial assets at fair value through profit and loss	\$ 10,768	\$ 9,591
Net gain on foreign currency exchange	6,878	56,819
Loss on disposal of property, plant and equipment	-	(695)
Miscellaneous income	-	(1,036)
	<u>\$ 17,646</u>	<u>\$ 64,679</u>

(19) Financial costs

	<u>2023</u>	<u>2022</u>
Interest expenses:		
Bank loan	\$ 17,971	\$ 9,675
Lease liabilities	41	22
	<u>\$ 18,012</u>	<u>\$ 9,697</u>

(20) Employee benefit expense, depreciation and amortization

1. Employee benefit expense, depreciation and amortization:

Functionality Characteristics	2023		
	Allocated as operating cost	Employee expenses	Total
Employee benefits expenses			
Salaries and wages	\$ 145,971	\$ 171,114	\$ 317,085
Labor insurance and national health insurance	15,273	14,793	30,066
Pension expenses	4,689	6,631	11,320
Directors' remuneration	-	10,145	10,145
Other employee expenses	10,602	10,932	21,534
Depreciation	152,333	35,996	188,329
Amortization	1,756	1,771	3,527

Functionality Characteristics	2022		
	Allocated as operating cost	Employee expenses	Total
Employee benefits expenses			
Salaries and wages	\$ 161,293	\$ 200,249	\$ 361,542
Labor insurance and national health insurance	13,944	13,909	27,853
Pension expenses	4,596	6,624	11,220
Directors' remuneration	-	15,885	15,885
Other employee expenses	8,834	12,577	21,411
Depreciation	133,406	32,657	166,063
Amortization	146	1,646	1,792

Note 1: The number of employees in 2023 and 2022 were 362 and 354 people respectively. Among them, the number of directors not concurrently employees were seven people and seven people, respectively.

Note 2. The company is TAIEX listed. Therefore, the following information should be added:

- (1) The average expenditure of employee benefits for 2023 and 2022 were \$1,070 and \$1,216 respectively.
- (2) The average expenditure of employee salary for 2023 and 2022 were \$893 and \$1,042 respectively.
- (3) Changes in the average employee salary expense adjustment are (14.3%).
- (4) Salary remuneration related policies

A. Policy on remuneration toward directors

According to the Articles of Association for the company, if the company has earned annual profits, it shall allocate 1% to 15% as employee remuneration and no more than 3% for director remuneration. However, in case of the accumulated losses, certain profits shall first be reserved to cover them. The amount appropriated this time is subject to passing by the Remuneration Committee with a resolution before being submitted to the board of directors for discussion, resolution and enforcement.

B. Policy on remuneration toward employees and managerial officers

(A) Upon final accounting settlement by the Company in each fiscal year, the earnings, if any, shall be first used to pay tax, make up loss, if any, and to appropriate dividend and reserve. To employees who have committed no fault at all in the entire year, in accordance with "Regulations Governing Year-End Bonus Review," the Company shall grant a year-end bonus which means a gracious grant for encouragement instead of a consideration for services rendered.

(B) In each and every year, the Company will, as well, evaluate whether the salary calls for an adjustment for employees based on the scalar indicators such as the

Company's operating performance, commodity price index, salary level prevalent in the market and whether the salaries paid by the Company to employees are competitive enough in the market.

2. Remunerations for employees and directors:

- (1) According to the articles of incorporation of the Company, a portion of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The percentage shall be 1% to 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- (2)
 - A. For the 2023, employees' compensation was accrued at \$23,449 while directors' remuneration was accrued at \$4,221. The aforementioned amounts were recognized in salary expenses.
 - B. For the 2022, employees' compensation was accrued at \$51,292 while directors' remuneration was accrued at \$9,335. The aforementioned amounts were recognized in salary expenses.
 - C. The employees' compensation and directors' remuneration were estimated and accrued based on 6.58% and 1.18% of profit of current year distributable for the 2023, respectively, with the estimated amount in line with the resolution of the board of directors. The abovementioned employee compensation will be paid in cash.
 - D. The employees' compensation and directors' remuneration resolved by the Board of Directors for 2022 were \$51,292 and \$9,335, respectively, consistent with the amount recognized in the 2022 financial report.
 - E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System".

(21) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Current income tax	\$ 54,636	\$ 97,884
Additional levy on undistributed earnings	9,879	4,700
Underestimate (overestimated) income tax of prior years	(2,841)	2,289
Total Current income tax	61,674	104,873
Deferred income tax:		
Origin and reversal of temporary differences	2,183	6,897
Income tax expense	<u>\$ 63,857</u>	<u>\$ 111,770</u>

(2) Income tax amounts relating to other comprehensive profit and loss:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation revaluation amount and volume	<u>\$ 168</u>	<u>(\$ 3,370)</u>

2. Reconciliation between income tax expense and accounting profit:

	<u>2023</u>	<u>2022</u>
Income tax derived by applying the statutory tax rate to pre-tax net profit	\$ 65,754	\$ 115,528
Tax-free income by Income Tax Law	(10,172)	(12,138)
Impact on income tax from items excluded according to the tax law	173	-
Realizable changes from deferred income tax assets	(27)	(112)
Additional levy on undistributed earnings	9,879	4,700
Underestimate (overestimated) income tax of prior years	(2,841)	2,289
Foreign dividend withholding tax rate difference	1,091	1,503
Income tax expense	<u>\$ 63,857</u>	<u>\$ 111,770</u>

3. Deferred income tax assets or liabilities arising from temporary differences:

	<u>2023</u>			
		<u>Recognized in</u>	<u>Recognized in</u>	
	<u>January 1</u>	<u>the profit or</u>	<u>other</u>	<u>December 31</u>
		<u>loss</u>	<u>comprehensive</u>	
			<u>net loss</u>	
Temporary differences:				
Deferred income tax assets:				
Falling price of inventory	\$15,372	\$ 1,076	\$ -	\$16,448
Unrealized exchange loss	811	1,273	-	2,084
Impairment loss of fixed assets	89	(63)	-	26
Bonus payable for paid leave not taken	1,577	133	-	1,710
Unrealized profit from sales of inventories in transit	2,286	(2,114)	-	172
Subtotal	20,135	305	-	20,440
-Deferred income tax liabilities				
Profit and loss recognized by using equity method	(8,032)	(2,543)	-	(10,575)
Determined benefit obligation	(8,025)	55	168	(7,802)
Reserve for land revaluation increment tax ("LRIT")	(240,164)	-	-	(240,164)
Subtotal	(256,221)	(2,488)	168	(258,541)
Total	(\$236,086)	(\$ 2,183)	\$ 168	(\$238,101)

	<u>2022</u>			
		<u>Recognized in</u>	<u>Recognized in</u>	
	<u>January 1</u>	<u>the profit or</u>	<u>other</u>	<u>December 31</u>
		<u>loss</u>	<u>comprehensive</u>	
			<u>net loss</u>	
Temporary differences:				
Deferred income tax assets:				
Falling price of inventory	\$16,214	(\$ 842)	\$ -	\$15,372
Excess losses from bad debts	2,868	(2,868)	-	-
Unrealized exchange loss	245	566	-	811
Impairment loss of fixed assets	243	(154)	-	89
Bonus payable for paid leave not taken	1,530	47	-	1,577
Unrealized profit from sales of inventories in transit	3,380	(1,094)	-	2,286
Subtotal	24,480	(4,345)	-	20,135
-Deferred income tax liabilities				
Profit and loss recognized by using equity method	(5,339)	(2,693)	-	(8,032)
Determined benefit obligation	(4,796)	141	(3,370)	(8,025)
Reserve for land revaluation increment tax ("LRIT")	(240,164)	-	-	(240,164)
Subtotal	(250,299)	(2,552)	(3,370)	(256,221)
Total	(\$225,819)	(\$ 6,897)	(\$ 3,370)	(\$236,086)

4. The Company's filings of profit-seeking enterprise business income tax returns had been certified by the tax authority up till 2021.

(22) Earnings per share

		<u>2023</u>	
	After-tax amount	Weighted average outstanding shares (thousand shares).	Earnings per share (\$)
<u>Base earnings per share</u>			
Current period net profit	<u>\$ 264,909</u>	<u>77,560</u>	<u>\$ 3.42</u>
<u>Diluted earnings per share</u>			
Current period net profit	\$ 264,909	77,560	
Effect of dilutive potential ordinary shares: Employees' compensation	<u>-</u>	<u>532</u>	
The effect of net profit in the current period to the potential ordinary shares	<u>\$ 264,909</u>	<u>78,092</u>	<u>\$ 3.39</u>

		<u>2022</u>	
	After-tax amount	Weighted average outstanding shares (thousand shares).	Earnings per share (\$)
<u>Base earnings per share</u>			
Current period net profit	<u>\$ 465,865</u>	<u>77,560</u>	<u>\$ 6.01</u>
<u>Diluted earnings per share</u>			
Current period net profit	\$ 465,865	77,560	
Effect of dilutive potential ordinary shares: Employees' compensation	<u>-</u>	<u>940</u>	
The effect of net profit in the current period to the potential ordinary shares	<u>\$ 465,865</u>	<u>78,500</u>	<u>\$ 5.93</u>

(23) Supplemental cash flow information

Investing activities partially funded with cash:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant, and equipment	\$ 510,564	\$ 270,073
Add: Opening balance of payable on equipment	29,867	94,544
Prepayments for land and equipment at the end of the period	7,204	70,000
Less: Ending balance of payable on equipment	(27,683)	(29,867)
Prepayments for land and equipment at the beginning of the period	(70,000)	(30,086)
Cash Paid for the Period	<u>\$ 449,952</u>	<u>\$ 374,664</u>

(24) Changes in liabilities arising from financing activities

	<u>2023</u>			Total liabilities arising from financing activities
	Shot-term borrowings	Long-term borrowings	Lease liabilities	
January 1	\$ 100,000	\$ 500,000	\$ 1,645	\$ 601,645
Addition	1,550,000	400,000	7,150	1,957,150
Repayment	(1,150,000)	(200,000)	(1,476)	(1,351,476)
December 31	<u>\$ 500,000</u>	<u>\$ 700,000</u>	<u>\$ 7,319</u>	<u>\$ 1,207,319</u>

	<u>2022</u>			Total liabilities arising from financing activities
	Shot-term borrowings	Long-term borrowings	Lease liabilities	
January 1	\$ 150,000	\$ 600,000	\$ 1,961	\$ 751,961
Addition	2,300,000	1,600,000	726	3,900,726
Repayment	(2,350,000)	(1,700,000)	(1,042)	(4,051,042)
December 31	<u>\$ 100,000</u>	<u>\$ 500,000</u>	<u>\$ 1,645</u>	<u>\$ 601,645</u>

7. Related party transactions

(1) Name and relationship of related parties

<u>Name of related parties</u>	<u>Relationship with The Company</u>
PHARMAPORTS, LLC (PPL)	Subsidiaries
China Chemical & Pharmaceutical Co., Ltd. (CCPC)	The Company's main affiliates
Chunghwa Yuming Healthcare Co., Ltd. (CYH)	The Company's main affiliates
Chunghwa Senior Care Co., Ltd.	The Company's main affiliates
Tairung Development Co., Ltd.	The Company's main affiliates
Sino-Japan Chemical Co., Ltd.	Other related parties
The Mr. Wang Min-ning Memorial Foundation	Other related parties

(2) Major transactions with related parties

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Product sales:		
PPL	\$ 1,450,585	\$ 1,389,416
CCPC	<u>32,173</u>	<u>39,225</u>
	<u>\$ 1,482,758</u>	<u>\$ 1,428,641</u>

- (1) The transaction price of the Company for related parties is based on the price agreed upon by both parties, which is similar to the sales price for general customers.
- (2) The Company's payment period is 30–120 days (monthly) for non-stakeholders and 60–120 days (monthly) for stakeholders after shipment.
- (3) The Company signed a raw material production and sales contract with China Chemical & Pharmaceutical Co., Ltd. in 2016 and renewed the contract in 2019. The Company sold raw materials to the said party at the net cost +30% profit for processing into goods; the Company is entitled to a differential profit ratio of 50% profit from actual sales (China Chemical & Pharmaceutical Co., Ltd. gross profit and the Group's sales gross profit).

2. Purchase

	<u>2023</u>	<u>2022</u>
Purchase of goods:		
CCPC	\$ 111	\$ -

3. Account receivable from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Account receivable from related parties:		
PPL	\$ 198,029	\$ 219,457
CCPC	13,207	8,639
Less: Allowance for losses	(46)	(46)
	<u>\$ 211,190</u>	<u>\$ 228,050</u>

4. Other receivable

	<u>Nature of main transactions</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
PPL	Agency collection and payment	\$ 502	\$ 1,790
	Management services	663	841
		<u>\$ 1,165</u>	<u>\$ 2,631</u>

5. Other accounts payable to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payable:		
CCPC	\$ 595	\$ -

6. The Company's business supplies purchased in 2023 and 2022 totaled \$2,601 and \$3,919, respectively, and are listed as operating cost and miscellaneous fees.
7. The Company provided its subsidiaries with product sub-packaging and shipment and consulting services in 2023 and 2022 worth \$3,329 and \$3,549, respectively; they are book-kept as other income.
8. The Company donated \$1,500 and \$1,500 respectively to Mr. Min-Ning Wang Foundation, a related party, in 2023 and 2022, respectively, in order to award professionals for engagement in academic research and development.
9. The Company signed a land purchase contract with its related party, Sino-Japan Chemical Co., Ltd. on December 23, 2022. The transaction price was \$350,000, which was determined with reference to the appraisal reports of Dawaland and Yeshome Real Estate Appraisers. According to the contract, as of December 31, 2022, the deposit paid was \$70,000. The Company paid off the remaining amount of purchase price in 2023, and the ownership was transferred on February 18, 2023.
10. The dividends received from the Company's affiliates for the years 2023 and 2022 amounted \$33,643 and \$37,848, respectively.

(3) Remuneration to key management

	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits \$	28,564	\$ 37,786
Retirement benefits	<u>443</u>	<u>441</u>
	<u>\$ 29,007</u>	<u>\$ 38,227</u>

8. Pledged assets

The Company's assets are used as collateral as follows:

	<u>Book Value</u>		
<u>Asset Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of guarantee</u>
Deposits paid (Recognized as Other non-current assets)	<u>\$ 14,120</u>	<u>\$ 4,500</u>	Customs guarantees, lease deposits, etc.

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditures that have been signed but not yet incurred

	December 31, 2023	December 31, 2022
property , plant, and equipment	\$ 47,290	\$ 302,592

10. Significant disaster loss

None.

11. Major post-balance sheet events

Please refer to Note 6 (14) 4 for a description on distribution of surplus for 2023.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company may make adjustments to dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce the level of debts in order to maintain or adjust the Company's capital structure. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the balance sheet plus net debt.

The strategy of the Company in 2023 remained the same as in 2022 to be committed to maintaining a debt to capital ratio below 40%.

(2) Financial instruments

1. Types of financial instrument

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 32,856	\$ 33,317
Cash and cash equivalents	259,580	291,758
Notes receivable and accounts (including interested parties)	243,243	295,624
Other receivable	9,844	12,674
Deposits paid (Recognized as Other non-current assets)	14,120	4,500
	<u>\$ 559,643</u>	<u>\$ 638,005</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liability measured at the amortized cost		
Shot-term borrowings	\$ 500,000	\$ 100,000
Payable notes	1,283	1,283
Accounts payable	103,081	143,046
Other payable	193,863	259,402
Long-term borrowings	700,000	500,000
Deposits received (Recognized as other current liabilities)	266	266
	<u>\$ 1,498,493</u>	<u>\$ 1,003,997</u>
Lease liabilities	<u>\$ 7,319</u>	<u>\$ 1,645</u>

2. Risk management policies

- (1) The Company's activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable events in the financial market, and the Company seeks to mitigate potential adverse effect on the financial position and performance.
- (2) The Company's Finance Department identifies and assesses financial risks in close collaboration with the Company's other operating units.

3. The nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

- A. The Company is a multinational operation and therefore is subject to exchange rate risk arising from transactions between the different currencies, especially in US dollars. The relevant exchange rate risks might come from assets and liabilities that are generated from future operating activities and have been recognized.
- B. The Finance Department of the Company conducts hedging for the overall exchange rate risk. Exchange rate risk is measured by highly probable transactions in US dollars. Forward foreign exchange contracts are adopted to reduce the impact of exchange rate fluctuations on expected transactions.

C. The Company's operations involve certain non-functional currencies (the Company's functional currency is the New Taiwan dollar (NTD)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

<u>December 31, 2023</u>			
	Foreign currency (thousand dollars)	<u>Exchange</u> rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 12,969	30.71	\$398,213
<u>Investments accounted for by the equity method</u>			
USD: NTD	\$ 362	30.71	\$ 11,100
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 1,793	30.71	\$ 55,054
EUR: NTD	70	33.98	2,379
<u>December 31, 2022</u>			
	Foreign currency (thousand dollars)	<u>Exchange</u> rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 14,616	30.71	\$448,857
<u>Investments accounted for by the equity method</u>			
USD: NTD	\$ 297	30.71	\$ 9,131
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,082	30.71	\$ 94,648

D. Total exchange gain, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Company amounted to a gain of \$6,878 and a loss of \$56,819 for the 2023 and 2022, respectively.

E. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

<u>2023</u>			
<u>Sensitivity analysis</u>			
	<u>Magnitude</u>	<u>Profit and</u>	<u>Other comprehensive</u>
	<u>changes</u>	<u>loss affected</u>	<u>profit and loss affected</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 3,982	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 551	\$ -
EUR: NTD	1%	24	-

<u>2022</u>			
<u>Sensitivity analysis</u>			
	<u>Magnitude</u>	<u>Profit and</u>	<u>Other comprehensive</u>
	<u>changes</u>	<u>loss affected</u>	<u>profit and loss affected</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 4,489	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 946	\$ -

Price risk

- A. The Company's equity instruments exposed to the price risk are such financial assets held at fair value through profit & loss. To manage the price risk of investment in equity instruments, the Company conducts investment exactly within the limit set by the Company.
- B. The Company invests primarily in equity instruments issued by domestic companies. The price of such equity instrument is subject to the uncertainty of the future value of investment target. In case the price of the said equity instrument rises or drops by 10% while the other factors remain unchanged, the after-tax net profit for 2023 and 2022 due to the profit or loss of the equity instrument measured from fair value through profit and loss will increase or decrease by \$3,286 and \$3,332 respectively.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk mainly comes from short-term borrowings issued

at floating rates and long-term borrowing, which exposes the Company to cash flow interest rate risk. For 2023 and 2022, the Company's borrowings issued at floating rates were mainly denominated in New Taiwan dollars.

- B. If the interest rates of borrowing NTD increases or decreases by 1%, while all other factors remain constant, the net profit after tax for 2023 and 2022 is an increase of \$9,600 and \$4,800, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss of the Company arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable.
- B. The management of credit risk is established with a Company perspective. According to the Company's credit policy, each local entity in the Company 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Office of the General Manager. The utilization of credit limits is regularly monitored.
- C. The Company adopts the above assumption provided by the IFRS 9 that if a contract payment is overdue for more than 90 days in accordance with the agreed payment terms, it is considered a breach of contract.
- D. The Company adopts the following assumption provided by the IFRS 9 as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:

If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.
- E. The Company categorizes the accounts receivable from customers based on their nature. The provision matrix and the loss ratio method are adopted as the basis for estimating the expected credit loss.
- F. The Company may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Company will still continue the recourse to protect the rights of the claims. For the year ended December 31, 2023 and 2022, the Company has no creditor's rights that have been written off but are involved in recourse.
- G. The Company has included the global economic indicators and signals and estimated the loss allowance for notes receivable and accounts (including the interested parties) based on the loss rates built according to historic and current data. The provision matrix and loss rate as of December 31, 2023 and 2022 are show as follows:

<u>December 31, 2023</u>	<u>Expected rate of loss</u>	<u>Total book value</u>	<u>Allowance for losses</u>
Not overdue	0.01%~0.13%	\$ 206,595	\$ 294
Overdue within 30 days	0.16%~1.62%	36,942	-
Overdue 31 to 60 days	0.17%~1.65%	-	-
Overdue 61 to 90 days	0.99%~9.91%	-	-
Overdue 91	10.00%~100.00%	-	-
		<u>\$ 243,537</u>	<u>\$ 294</u>

<u>December 31, 2022</u>	<u>Expected rate of loss</u>	<u>Total book value</u>	<u>Allowance for losses</u>
Not overdue	0.01%~0.15%	\$ 295,918	\$ 294
Overdue within 30 days	0.18%~1.83%	-	-
Overdue 31 to 60 days	0.19%~1.86%	-	-
Overdue 61 to 90 days	1.11%~11.14%	-	-
Overdue 91	10.00%~100.00%	-	-
		<u>\$ 295,918</u>	<u>\$ 294</u>

H. The Company adopts a simplified method in which the loss allowance for the accounts receivable is shown below:

	<u>2023</u>
	<u>Notes receivable and accounts (including interested parties)</u>
January 1 (December 31)	<u>\$ 294</u>

	<u>2022</u>
	<u>Notes receivable and accounts (including interested parties)</u>
January 1	\$ 18,639
Impairment loss reversal	(18,345)
December 31	<u>\$ 294</u>

The amount recognized above is based on other credit enhancements held, so the unrecognized loss allowance as of December 31, 2023 and 2022 are \$365 and \$470. Among the reversed loss in 2023 and 2022, \$0 and \$18,345 were originally the impairments on accounts receivable from contracts with customers.

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Company and aggregated by the Company's Finance Department. It monitors rolling forecasts of liquidity requirements to ensure the Company has sufficient cash to meet

operational needs and maintain sufficient unencumbered loan commitments at all times. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

B. The Company's unutilized borrowings are shown as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Maturing in one year or less	\$ 570,000	\$ 920,000
Mature beyond one year	<u>450,000</u>	<u>500,000</u>
	<u>\$ 1,020,000</u>	<u>\$ 1,420,000</u>

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

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
Shot-term borrowings	\$ 500,000	\$ -	\$ -
Payable notes	1,283	-	-
Accounts payable	103,081	-	-
Other payable	193,863	-	-
Lease liabilities	2,957	2,601	1,938
Long-term borrowings	13,240	709,026	-
Deposits received (Recognized as other current liabilities-others)	266	-	-

Non-derivative financial liabilities:

<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
Shot-term borrowings	\$ 100,000	\$ -	\$ -
Payable notes	1,283	-	-
Accounts payable	143,046	-	-
Other payable	259,402	-	-
Lease liabilities	1,019	500	144
Long-term borrowings	8,820	506,170	-
Deposits received (Recognized as other current liabilities-others)	266	-	-

(3) Fair value information

1. 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: The quotation (unadjusted) of the same assets or liabilities that can be acquired by the company in an active market on the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in publicly traded or OTC stocks is included.
- Level 2: It refers to the directly or indirectly observable input value of asset or liability, except for those quotations included in Level 1.
- Level 3: The unobservable inputs of assets or liabilities.

2. Please refer to Note 6 (7) for the fair value of investment property carried at cost.

3. Financial instrument not measured at fair value:

Include the book value of cash and cash equivalents, notes receivable, accounts receivable (including the interested parties), other receivable, short-term borrowings, short-term notes payable, Notes payable, accounts payable and other accounts payable as reasonable approximation of fair value.

4. The related information for 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:

(1) The Company classifies them based on the nature of assets and liabilities, and the information is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repeatable fair value</u>				
Financial assets at fair value through profit and loss				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$32,856</u>	<u>\$32,856</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repeatable fair value</u>				
Financial assets at fair value through profit and loss				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$33,317</u>	<u>\$33,317</u>

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

A. The fair value of other financial instruments is obtained by valuation or reference to quotation from counterparties.

B. When assessing non-standardized and less complex financial instruments, the Company adopts valuation techniques widely used by other market participants.

The parameters used in the valuation models for this type of financial instruments are usually observable market information.

C. The output of valuation models are estimates, and the valuation techniques may not reflect all factors affecting the financial instruments and non-financial instruments held by the Company. Therefore, the estimates of valuation models will be adjusted according to additional parameters, such as model risk or liquidity risk. Based on the management policies of the Company's valuation model at fair value and the related control procedures, the management believes that to fairly present the fair value of financial and non-financial instruments in the individual balance sheet, adjusting valuation may be appropriate and necessary. Price information and parameters used in valuation are carefully assessed and they are appropriately adjusted according to the current market conditions.

5. There were no transfers between Level 1 and 2 in 2023 and 2022.

6. The following table shows the changes in Level 3 in 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ 33,317	\$ 26,726
Income recognized in profit or loss (Note)	10,768	9,591
Payment on shares refunded by capital decrease	(11,229)	(3,000)
December 31	<u>\$ 32,856</u>	<u>\$ 33,317</u>

Note: Other gains and losses listed.

7. There were no transfers in and/or out of Level 3 in 2023 and 2022.

8. With respect to the valuation of fair value classified as Level 3, the Finance Department is responsible for the independent verification of fair value of financial instruments. Based on independent information, the valuation results can be closer to the market conditions. The independence and reliability of information and the consistency with other sources, as well as other necessary adjustments to the fair value, can ensure that the results are reasonable. In addition, the Finance Department develops valuation policies and procedures for fair value of financial instruments and ensure that they comply with the requirements of the International Financial Reporting Standards.

9. The quantitative and sensitivity analysis of significant and unobservable input of valuation models used for measuring Level 3 fair value is shown as follows:

	<u>Fair value as of</u>		<u>Significant</u>	<u>Relationship</u>
	<u>December 31,</u>	<u>Valuation</u>	<u>unobservable</u>	<u>between input</u>
	<u>2023</u>	<u>technique</u>	<u>input value</u>	<u>value and fair</u>
Shares of venture capital	\$ 32,856	Net asset value method	Not applicable	Not applicable

	<u>Fair value as of</u> <u>December 31,</u> <u>2022</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input value</u>	<u>Relationship</u> <u>between input</u> <u>value and fair</u> <u>value</u>
Shares of venture capital	\$ 33,317	Net asset value method	Not applicable	Not applicable

10. The Company conducts careful assessment before determining the valuation model and parameters to be used, and the use of different valuation models or parameters may lead to different valuation results.

13. Notes of disclosure

(1) Information about important transactions

1. Loans to others: None
2. Provision of endorsements and guarantees to others: None
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Attached table 1.
4. The cumulative purchase or sale of the same security for an amount exceeding NTD 300 million or 20% of paid-in capital: None.
5. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to Attached table 2.
6. Disposition of real estate properties amounting to more than NTD 300 million or 20% of paid up capital: None.
7. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Attached table 3.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Attached table 4.
9. Engaged in derivatives trading: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Attached table 5.

(2) Information regarding investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Attached table 6.

(3) Information regarding investment in the territory of mainland china

1. Basic information: None.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in China: None.

(4) Information of major shareholders

Information of major shareholders: Please refer to Attached table 7.

14. Segment information

Based on IAS 8 and is also disclosed in the consolidated financial report.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

January 1 to December 31, 2023

Attached table 1

Unit: NTD thousand
(Except where otherwise stated)

<u>Holding company</u>	<u>Type and name of marketable securities</u> (Note 1)	<u>Relationship with the securities issuer</u>	<u>Account titles in book</u>	<u>Quantity</u>	<u>At ending</u>		<u>Fair value</u>	<u>Remarks</u>
					<u>Book value</u> (Note 2)	<u>Shareholding</u> percentage		
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	Common shares China Development Biomedical Venture Capital (limited company)	None	Financial assets at fair value through profit and loss	677,143	\$ 32,856	1.71%	\$ 32,856	None

Note 1: Securities as stated in this table are the stocks, bonds, beneficiary certificates and the securities deriving from the above items within the scope of IFRS 9, "Financial Instruments".

Note 2: Book value is determined based on fair value less accumulated impairment for marketable securities measured at fair value. For those not measured at fair value, the book value is determined based on the acquisition cost or amortized cost less accumulated impairment.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more

January 1 to December 31, 2023

Attached table 2

Unit: NTD thousand

(Except where otherwise stated)

<u>If the trading partner is a related party, their previous transfer information</u>												<u>Other stipulations</u>	
<u>Companies that acquire real estate</u>	<u>Asset title</u>	<u>Date of occurrence (Note 2)</u>	<u>Trade value</u>	<u>Payment situation</u>	<u>Counterparties</u>	<u>Relation</u>	<u>Owner</u>	<u>Relationship with the issuer</u>	<u>Transfer date</u>	<u>Amount</u>	<u>Reference basis for price</u>	<u>Purpose of acquisition and usage</u>	<u>of the transaction</u>
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	Land	November 8, 2022 (board resolution date)	\$ 350,000	Paid off in February 2023	Sino-Japan Chemical Co., Ltd.	Other related parties	Chunghwa Chemical Synthetic Industry Co., Ltd. (note 3)	The Company	April 6, 1971	\$ 313	Note 1	For the purpose of building additional production lines.	None

Note 1 The price is determined with reference to the appraisal reports issued by Dawaland and Yeshome Real Estate Appraisers.

Note 2: The event date refers to the transaction date, payment date, commission date, account transfer date, board resolution date, or other dates when the trade counterparty and trade amount is confirmed, whichever is sooner.

Note 3 Formerly known as Chunghwa Chemical Synthetic Industry Co., Ltd., and later renamed as Chunghwa Chemical Synthesis & Biotech Co. Ltd. with the consent of the shareholders' meeting in 2003.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Purchase from or sale to related parties for an amount exceeding NTD 100 million or 20% of paid-in capital

January 1 to December 31, 2023

Attached table 3

Unit: NTD thousand
(Except where otherwise stated)

			<u>Transactions</u>		<u>Trading terms different from general trade and reasons</u>		<u>Notes and accounts receivable (payable)</u>		<u>Percentage of total notes, accounts receivable (payable)</u>		<u>Remarks</u>
<u>Purchase (sale) company</u>	<u>Name of counterparty</u>	<u>Relation</u>	<u>Purchase (sale)</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>	<u>The credit period</u>	<u>Unit price</u>	<u>The credit period</u>	<u>Balance</u>	<u>Percentage of total notes, accounts receivable (payable)</u>	
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Subsidiaries	Sale	\$ 1,450,585	71%	Collection period is 60 to 90 days after delivery.	The agreed amount of the two parties	-	\$ 198,029	81%	None

Note: The disclosure is made by the income and corresponding transactions will not be disclosed additionally.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

January 1 to December 31, 2023

Attached table 4

Unit: NTD thousand
(Except where otherwise stated)

<u>The company booked in the receivables</u>	<u>Name of counterparty</u>	<u>Relation</u>	<u>Receivables from related party</u>	<u>Turnover</u> <u>rate</u>	<u>Overdue Receivables from related parties</u>		<u>Disposal</u> <u>Method</u>	<u>Receivables amount</u> <u>collected from related</u>	<u>Provision for loss allowance</u>
					<u>Amount</u>			<u>parties subsequently</u>	
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	PHARMAPORTS, LLC	Subsidiaries	\$ 198,029	6.95	\$ -		-	\$ 114,910	\$ -
"	"	"	1,165	(Note)	-		-	1,165	-

Note: As other receivables.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Significant inter-company transactions during the reporting periods
January 1 to December 31, 2023

Attached table 5

Unit: NTD thousand
(Except where otherwise stated)

<u>Transactions</u>							<u>Percentage of consolidated total operating revenues or total assets (Note 3)</u>
<u>Code (Note 1)</u>	<u>Trader's name</u>	<u>Counterparty</u>	<u>Relationship (Note 2)</u>	<u>Item</u>	<u>Amount</u>	<u>Terms and conditions</u>	
0	Chunghwa Chemical Synthesis & Biotech Co.,PHARMAPORTS, LLC Ltd.		1	Sales revenue	\$ 1,450,585	Note 4	70%
0	Chunghwa Chemical Synthesis & Biotech Co.,PHARMAPORTS, LLC Ltd.		1	Accounts receivable	198,029	Note 4	4%
0	Chunghwa Chemical Synthesis & Biotech Co.,PHARMAPORTS, LLC Ltd.		1	Other revenue	3,329	Note 4	0%
0	Chunghwa Chemical Synthesis & Biotech Co.,PHARMAPORTS, LLC Ltd.		1	Other receivable	1,165	Note 4	0%

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:

- (1) Fill in "0" for parent company.
- (2) Subsidiaries are numbered from number 1.

Note 2: The relationship with the traders is classified into three categories, which should be specified (the transaction conducted between the parent company and its subsidiaries or between two subsidiaries need not be disclosed in duplication). Such as: if the parent company has the transaction with the subsidiaries disclosed, the subsidiaries need not to have it disclosed in duplication. If one of the two subsidiaries has the transaction disclosed, the other subsidiary needs not to have it disclosed in duplication).

- (1) Parent company vs. subsidiaries.
- (2) Subsidiaries vs. parent company.
- (3) Subsidiaries vs. subsidiaries.

Note 3: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 4: Payment collection terms for sales and service provided to related parties are 60 to 90 days after shipment and provision of service, respectively.

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Names, locations and other information of investee companies (not including investees in China)

January 1 to December 31, 2023

Attached table 6

Unit: NTD thousand
(Except where otherwise stated)

<u>Investor</u>	<u>Name of investee</u>	<u>Location</u>	<u>Principal business</u>	<u>Sum of initial investment</u>		<u>Ending shareholding</u>			<u>Current period profit / loss of the investee</u>	<u>Recognized investment income</u>	<u>Remarks</u>
				<u>Current period-end</u>	<u>The end of last year</u>	<u>Quantity</u>	<u>Ratio</u>	<u>Book value</u>			
Chunghwa Chemical Synthesis & Biotech Co. Ltd.	PHARMAPORTS, LLC	U.S.	Trading of API drugs	\$ 4,925	\$ 4,925	-	100.00%	\$ 11,100	\$ 12,713	\$ 12,713	Subsidiaries
Chunghwa Chemical Synthesis & Biotech Co. Ltd.	China Chemical & Pharmaceutical Co., Ltd.	Taiwan	Manufacturing and sales of pharmaceuticals and health care products and import of the related medical equipment.	863,602	863,602	42,053,137	14.11%	961,625	323,573	36,506	Affiliate business

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Information of major shareholders

January 1 to December 31, 2023

Attached table 7

		<u>Shares of Stock</u>	
<u>Name of main shareholder</u>	<u>Number of shares held</u>		<u>Shareholding percentage</u>
China Chemical & Pharmaceutical Co., Ltd.	21,575,064		27.81

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Cash and cash equivalents
December 31, 2023

List 1

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Petty Cash		\$ 523
Cash on hand		105
Bank deposits		
Check deposits		32,929
Demand deposit - NTD		51,790
Demand deposit - Foreign currency	US\$ 5,672,664, at a rate of 1 USD = 30.71 NTD.	174,179
	EUR 1,597, at a rate of 1 EUR = 33.98 NTD.	<u>54</u>
		<u>\$ 259,580</u>

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Inventory
December 31, 2023

List 2

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Net realizable value</u>	<u>Remarks</u>
		<u>Cost</u>		
Raw materials		\$ 498,721	\$ 526,913	The replacement cost of raw materials is the net realizable value, and the work in process products and the finished products are evaluated by the net realizable value.
Work in process		136,496	251,688	
Finished products		<u>658,053</u>	<u>1,496,956</u>	
Subtotal		1,293,270	<u>\$ 2,275,557</u>	
		(<u>82,244</u>)		
Less: Allowance for inventory price decline				
		<u>\$ 1,211,026</u>		

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Investment changes using the equity method
January 1 to December 31, 2023

List 3

Unit: NTD thousand

	<u>Balance, beginning</u>		<u>Increase</u>		<u>Decrease</u>		<u>Balance, ending</u>			<u>Net market price or equity</u>		
<u>Name</u>	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Shareholding percentage</u>	<u>Amount</u>	<u>Unit price</u>	<u>Total amount</u>	<u>Collateral or pledge</u>
China Chemical & Pharmaceutical Co., Ltd.	42,053,137	\$ 964,937	-	\$ 30,331	-	(\$ 33,643)	42,053,137	14.11%	\$ 961,625	\$24.35	\$ 1,023,994	None
PHARMAPORTS,LLC	-	<u>9,131</u>	-	<u>12,882</u>	-	<u>(10,913)</u>	-	<u>100.00%</u>	<u>11,100</u>	-	<u>11,100</u>	None
		<u>\$ 974,068</u>		<u>\$ 43,213</u>		<u>(\$ 44,556)</u>			<u>\$ 972,725</u>		<u>\$ 1,035,094</u>	

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Statement of Short-term Loan
December 31, 2023

List 4

Unit: NTD thousand

<u>Type of Loans</u>	<u>Description</u>	<u>Balance, ending</u>	<u>Agreement Terms</u>	<u>Interest rate collars</u>	<u>Financing amount</u>	<u>Collateral and Mortgage</u>
Credit loan	First Commercial Bank	\$ 200,000	2023.12.15~2024.03.15	1.850%	\$ 300,000	None
"	Yushan Bank	200,000	2023.10.18~2024.01.16	1.630%	200,000	"
"	Cathay United Bank	<u>100,000</u>	2023.12.28~2024.01.26	1.620%	100,000	"
		<u>\$ 500,000</u>				

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Statement of long-term borrowings
December 31, 2023

List 5

Unit: NTD thousand

<u>Creditor</u>	<u>Summary</u>	<u>Loan amount</u>	<u>Agreement Terms</u>	<u>Interest rate</u>	<u>Collateral and Mortgage</u>
Hua Nan Commercial Bank	Credit loan	\$ 400,000	2023.11.27~2025.11.27	1.885%	None
Bank of Taiwan	"	200,000	2023.09.26~2025.05.05	1.910%	"
Chang Hwa Bank	"	100,000	2023.06.27~2025.06.27	1.880%	"
		<u>\$ 700,000</u>			

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Operating revenues

January 1 to December 31, 2023

List 6

Unit: NTD thousand

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Remarks</u>
Biotechnology products	7,493 KG	\$ 757,529	
Non-biotechnology products	181,902 KG	1,279,907	
Labor revenue		<u>1,194</u>	
Net operating income		<u>\$ 2,038,630</u>	

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Operating cost

January 1 to December 31, 2023

List 7

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Beginning raw materials	\$	289,037	
Add: Incoming materials delivered for the period		1,176,566	
Transfer-in of finished products		592	
Sales of raw materials	(	33)	
Less: Raw materials at the end of period	(	498,721)	
Transferred to R&D expenses	(	10,489)	
Scrapped raw materials	(	4,660)	
Direct material usage		952,292	
Direct labor		74,958	
Manufacturing overhead		480,189	
Manufacturing cost		1,507,439	
Add: Opening balance of work in process products		168,141	
Transfer-in of finished products		1,566,376	
Less: Ending balance of work in process products	(	136,496)	
Cost for finished goods		3,105,460	
Add: Opening balance of finished products		439,639	
Less: Ending balance of finished products	(	658,053)	
Transfer-in of work in process products	(	1,566,376)	
Raw materials transferred in	(	592)	
Transferred to R&D expenses	(	10,180)	
Finished products scrapped	(	2,192)	
Cost of goods sold		1,307,706	
Less: Income from sales of scrap	(	2,687)	
Add: Inventory disposition losses		6,852	
Falling price of inventory		5,380	
Labor service cost		272	
Total operating cost	\$	1,317,523	

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Manufacturing overhead
January 1 to December 31, 2023

List 8

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Depreciation		\$ 152,333	
Salaries		71,013	
Utilities expenses		67,288	
Garbage and sludge cleaning and transportation fees		43,734	
Consumables		35,047	
Fuel expenses		24,450	
Other expenses		<u>86,324</u>	The amount of each item did not exceed 5% of this account.
		<u>\$ 480,189</u>	

Chunghwa Chemical Synthesis & Biotech Co., Ltd.

Marketing expenses

January 1 to December 31, 2023

List 9

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Commission expense		\$ 60,777	
Transportation expenses		16,610	
Salaries		14,383	
Insurance expenses		7,277	
Other expenses		15,387	The amount of each item did not exceed 5% of this account.
		<u>\$ 114,434</u>	

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Administrative expenses
January 1 to December 31, 2023

List 10

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salaries		\$ 48,019	
Professional service expenses		19,078	
Directors' remuneration		10,145	
Depreciation		5,062	
Other expenses		<u>22,323</u>	The amount of each item did not exceed 5% of this account.
		<u>\$ 104,627</u>	

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Research and development expenses
January 1 to December 31, 2023

List 11

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salaries		\$ 108,712	
Depreciation		30,692	
Consumables		29,352	
Technology licensing fee		10,808	
Trial production expense		9,934	
Other expenses		<u>53,190</u>	The amount of each item did not exceed 5% of this account.
		<u>\$ 242,688</u>	