Stock Code: 4167

松瑞製藥股份有限公司
Savior Lifetec Corporation

2023 Annual Report

Printed on May 3, 2024

Annual report is available on the following websites:
Information filing website as specified by the Financial Supervisory Commission: http://mops.twse.com.tw
Official website: http://www.saviorlifetec.com.tw

I. Name, title, phone number, and e-mail address of the spokesperson and the deputy spokesperson:

Spokesperson:	Lin Kuo-Wei
Title:	Assistant Vice President
Tel.:	(037)580-100
E-mail:	stock@saviorlifetec.com.tw
Deputy spokesperson:	Lin Yen-Lan
Title:	Vice President
Tel.:	(037)580-100
E-mail:	stock@saviorlifetec.com.tw

II. Address and phone number of the headquarters, branch, and factory

1. Headquarters
   Address: No. 29, Kejhong Rd., Hsinchu Science Park, Jhunan Township, Miaoli County
   Tel.: 037-580-100
2. Branch
   Address: No. 11, Dashun 9th Rd., Sinshih Dist., Tainan City, Taiwan
   Tel.: 06-505-1200
3. Factory
   Address: No. 29, Kejhong Rd., Hsinchu Science Park, Jhunan Township, Miaoli County
   Address: No. 11, Dashun 9th Rd., Sinshih Dist., Tainan City, Taiwan
   Address: No. 1, Nanke 6th Rd., Sinshih Dist., Tainan City, Taiwan
   Address: 4F. and 5F., No. 12; 4F., No. 16; 4F., No.8, Chuangye Rd., Sinshih Dist., Tainan City, Taiwan

III. Name, address, website and phone number of the stock transfer agency:

Name:	Stock Administration, Horizon Securities Corp.
Address:	3F., No. 236, Sec. 4, Sinyi Rd., Da'an Dist., Taipei City, Taiwan
Website:	http://www.honsec.com.tw
Tel.:	(02)2326-8818

IV. Name of the CPA and name, address, website and phone number of the accounting firm for the financial report in the most recent year:

Name of CPA:	Accountant Cheng Hsu-Jan, Accountant Hsieh Tung-Ju
Name of accounting firm:	Deloitte & Touche
Address:	20F., No. 100, Songren Road, Xinyi District, Taipei City, Taiwan
Website:	http://www.deloitte.com.tw
Tel.:	(02)2725-9988

V. Name of overseas exchange where securities are listed and method of inquiry: None.

VI. Official website: http://www.saviorlifetec.com.tw

Savior Lifetec Corporation

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One Letter to Shareholders

Dear Shareholders,

I. **2023 business overview**

(I) Implementation of business plan

The Company's 2023 operating revenue was NT$1,050,277 thousand, decreasing by 17.02% from 2022, primarily as a result of the Company's adjustment of operation strategies, reduction in the shipment to low-price customers, and resource reallocation to niche products, resulting in the decrease in 2023 operating revenue. However, overall gross profit was up. The decrease in non-operating revenue is primarily a result of the gain on disposal of Zhunan Plant 2 in 2022, and the gain on the difference of exchange of the U.S. dollar. The Company's net profit after tax was $30,030 thousand in 2023, specified as follows:

Unit: NTD thousand

Item / Year	2023	2022	Increase (Decrease) Amount	Increase (Decrease) %
Net operating revenue	1,050,277	1,265,749	(215,472)	(17.02)
Operating Gross Profit	220,949	130,990	89,959	68.68
Net operating profit (loss)	(2,420)	(94,255)	91,835	(97.43)
Non-operation income (expense)	29,959	130,565	(100,606)	(77.05)
Income tax expense	(42)	-	(42)	-
Current comprehensive income	27,497	36,310	(8,813)	(24.27)
Less: Net gains (losses) on non-controlling interests	(2,533)	(77)	(2,456)	3,190
The Group's current income	**30,030**	**36,387**	**(6,357)**	**(17.47)**

(II) Revenue, expense, and profitability analysis

Item/Year		2023	2022
Financial structure	Debt to assets ratio (%)	11.98	23.63
	Long-term fund to fixed assets ratio (%)	419.56	359.88
Debt servicing capability	Current ratio (%)	1,267.29	398.08
	Quick ratio (%)	812.65	250.63
Profitability	Return on asset (%)	0.92	1.09
	Shareholder's return on equity (%)	0.90	1.09
	Net profit margin (%)	2.86	2.87
	Earnings per share (NTD)	0.09	0.11

(III) Budget implementation status

The Company did not publish any 2023 financial forecast. Therefore, this is not pplicable.

(IV) Performance in research and development

Unit: NTD thousand

Item/Year	2023	2022
R&D expense (A)	110,955	119,122
Operating revenue (B)	1,050,277	1,265,749
(A)/(B)	10.56%	9.41%

The Company established the subsidiary, SLC BioPharm Co., Ltd., in February 2022, in order to continue the development of original products and also select and develop other niche preparations and medicine products. Currently, the product lines developed by the subsidiary include small molecule drugs and peptide products. SLC continues the cooperative projects with the supplier of raw materials, optimizes the existing process of penem medicines and also adds the CDMO and OEM of new antibiotics for international developers of new drugs.

II. **2024 business plan overview**

(I) Operating guidelines

Increase the global market share of Ertapenem Develop a process of new generation to lower product cost.Establish Meropenem’s operating cooperation strategic relationship with upstream partners.Collaborate with multinational pharmaceutical corporations continuously to develop the CDMO of new antibiotics for international developers of new drugs.Diversified investments to create corporate profits.

(II) Expected sales volume

The Company expects a growing trend of sales status in 2024 in comparison with 2023 based on the number of orders received, estimated sales growth trend, review progress of drug licenses in different countries, relevant indicators, and market demands.

(III) Production and marketing strategies

1. Retain existing customer groups and develop new customers to increase market share.
2. Enhance business communication with customers to understand market demands adequately.
3. Improve existing equipment and process to maximize capacity and lower cost, and make Company products more competitive in the market.
4. Pay more attention to product quality and persist in high standards and customer satisfaction.
5. Develop highly value-added products via an aseptic technique platform and increase the type of commodities to upgrade the overall competitive strength of the Company.
6. Strive for collaboration with multinational pharmaceutical corporations and enhance deployments in markets in different regions. Train internationalized talents and extend operation scale and territory stably to march toward the goal of becoming an international leading company.
7. Accelerate the investment planning for new production lines, in order to expand the Company’s production capacity and increase market share.

III. **Impact of external competitive environment, legal environment and macro economic environment**

Savior Lifetec Corporation (SLC) has long been recognized by the US FDA, EU EMA, and Taiwan FDA for our drug quality monitoring and compliance. To enhance the quality control of medicines, supervisory authorities of drugs around the world have enhanced their supervision of API manufacturers and conducted inspections more intensively in recent years. In addition, many countries announce and implement stricter regulations to ensure the quality and safety of drugs. To this end, we will continuously implement various projects to improve our internal quality monitoring capabilities and enhance the Company’s competitive niche.

IV. **Future operating plans**

SLC is the first and currently only niche pharmaceutical company in Taiwan with a vertically integrated supply chain from active pharmaceutical ingredients (APIs) to finished dosage forms (FDFs), and we have obtained our own US abbreviated new drug application (ANDA) approvals, ranking among the top three suppliers in the US in the field of penem antibiotics.

Looking ahead to the business plan for 2024, Entecavir is the Company’s main product. Currently, due to the original manufacturer’s production capacity allocation and the increase in the reimbursement price by Taiwan’s National Health Insurance Administration, the Company is actively expanding its business orders in hopes that Savior Lifetec Corporation's products will have the opportunity to become a major supplier in the Taiwanese market. In the U.S., if the long-term bids are successfully obtained in line with the schedule and planning of the U.S.-based customers, the U.S. market share will be further increased.

In addition, the market outside the U.S. has also begun to bear fruit. In 2023, we launched products in the U.K., Spain, Serbia, and U.A.E. through our European partners. From 2024, customers in Israel, Chile, and Portugal have also completed drug certification applications and have launched them to the market. In addition, it is expected that drug certification approval will complete in China and Canada by the end of 2024, and it is expected that the market share of Savior Lifetec Corporation's Ertapenem will continue to increase in the global market.

In the future, we will continue to improve our product advantages, improve the Company’s operational efficiency, and accelerate the expansion to the global market, with the aim of making SLC become the top pharmaceutical manufacturer of penem in the world. With the efforts from all our employees and your support, Savior Lifetec Corporation will certainly maintain its growth momentum on revenue and profits. We are grateful for your continuous support and wish you good health and all the best.

Chairman: President: Accounting Officer:

Two Company Profile

I. Date of establishment: January 30, 2004

II. Company History

(I) Company establishment and plant history

2004	Savior Lifetec Corporation was established. Tainan branch was established.
2005	Construction of manufacturing plant was launched in Tainan Science Park.
2006	Construction of South plant I and plant II in Tainan Science Park was completed.
2007	Construction of North Plant I in Chunan was completed.
2008	Expansion of South plant III and plant IV in Tainan Science Park was launched. Expansion of North Plant II in Chunan was launched.
2009	Construction of South plant III and plant IV in Tainan Science Park was completed. Construction of North Plant II in Chunan was completed.
2010	Construction of injection plant was launched.
2011	Construction of injection plant was completed. Construction of second campus in Tainan Science Park was launched.
2013	Construction of second campus in Tainan Science Park was completed. Construction of second campus in Chunan was launched.
2015	Savior Lifetec Corporation was officially listed on TPEx.
2016	Construction of second campus in Chunan was completed.
2018	Zhunan Plant passed the OHSAS and TOSHMS certifications, valid until March 11, 2021.
2020	The Company's name in Chinese was changed.
2022	The subsidiary, SLC BioPharm Co., Ltd., was incorporated.
2022	Disposal of the second campus in Chunan.
2022	Investment in "Ruize Biotechnology Co., Ltd."
2023	Subsidiary "Peng Rui Construction Co., Ltd." was incorporated

(II) Product development history

2006	Trial production of Imipenem and Cilastatin succeeded.
2007	Trial production of Meropenem succeeded.
2008	Bulk production of Imipenem and Cilastatin in compliance with cGMP succeeded. Bulk production of Meropenem in compliance with cGMP succeeded.
2009	Synthetic pathway of Ertapenem in laboratory was successfully constructed.
2010	Trial production of Ertapenem API on kilogram scale succeeded.
2011	Preparation of Ertapenem succeeded.
2012	Synthetic pathway of SLC-006 and SLC-007 in laboratory was successfully constructed. Bulk production of Ertapenem API in compliance with cGMP succeeded.
2013	Bulk production of Ertapenem for injection in compliance with cGMP succeeded.
2015	Peptide drugs synthesis and genetic recombinant technology were established, and four peptide APIs were successfully developed. (SLC-006, SLC-007, SLC-008 and SLC-010).
2016	Technology for sustained release of peptide was successfully developed and tested on animals. Sustained-release nano-delivery psychotropic API was successfully

	developed and scaled-up.
2017	Trial bulk production of aseptic peptide sustained-release dosage form in compliance with GMP succeeded. Nano-delivery sustained-release dosage form was successfully scaled-up. Peptide drug was successfully genetically recombined and scaled-up.
2018	Clinical trials were conducted for the aseptic peptide sustained-release dosage form.
2019	SLC-017 technology was successfully transferred and registered for batch production. Synthetic pathway of SLC-021 in laboratory was successfully constructed and trial scale-up production was successful. Synthetic pathway of SLC-028 in laboratory was successfully constructed and trial scale-up production was successful. Synthetic pathway of SLC-030 in laboratory was successfully constructed.
2020	SLC-021 was successfully registered for batch production. SLC-028 was successfully registered for batch production. Trial scale-up production of SLC-030 was successful.
2021	SLC-029 lozenge process technology was transferred. SLC-030 was successfully registered for batch production. Synthetic pathway of SLC-033 in laboratory was successfully constructed and trial scale-up production was successful.
2022	SLC-029 technology was transferred and registered for batch production. Contract manufacturing of SLC-033 lozenge process was completed.
2023	SLC-026 technology transfer and process optimization has entered trial batch/registration batch planning.

(III) cGMP inspection History

2006	GMP certificate was issued to Tainan plant by the Department of Health, Executive Yuan.
2007	GMP certificate was issued to Tainan plant by Merck Taiwan.
2008	GMP certificate was issued to Chunan plant by the Department of Health, Executive Yuan. Meropenem production line in Chunan plant was registered in Japan for accreditation.
2009	Meropenem production line in Chunan plant passed the Japan Ministry of Health, Labor and Welfare PMDA inspection.
2011	Meropenem production line in Chunan plant passed the French Afssaps inspection. Meropenem API and Sterile Buffered production lines in Chunan plant passed the UK MHRA inspection. US FDA conducted inspection at Sterile Buffered production line in Chunan plant. Sterile Buffered production line in Chunan plant passed Korea inspection and was issued the KFDA GMP Certificate. Imipenem/Cilastatin production line in Tainan plant passed Korean official inspection and was issued the KFDA GMP Certificate. US FDA conducted inspection at Imipenem/Cilastatin production line in Tainan plant. Imipenem/Cilastatin API and Sterile production lines in Tainan plant passed the UK MHRA inspection.
2012	Imipenem/Cilastatin production line in Tainan plant passed the Taiwan TFDA routine inspection. Meropenem production line in Chunan plant and Imipenem/Cilastatin production line in Tainan plant passed US FDA inspection and officially received approvals. Filling line of Tainan injection plant completed Taiwan TFDA inspection. Filling line of Tainan injection plant completed EU (France/Spain) inspection.
2013	Injection plant passed Taiwan TFDA inspection, and was certified in compliance with PIC/S GMP guideline. An approval was officially received. Tainan Injection plant passed EU (France/Spain) AEMPS inspection, and was certified in compliance with PIC/S GMP guideline. An approval was officially received. Tainan I/C plant and new production line passed UK MHRA inspection. Ertapenem (lyophilization) production line in Tainan injection plant passed Taiwan TFDA

	inspection. Tainan I/C plant and new production line passed Taiwan TFDA inspection. Chunan plant passed UK MHRA routine inspection, and was certified in compliance with PIC/S GMP guideline. An approval was officially received. Tainan I/C plant passed UK MHRA routine inspection, and was certified in compliance with PIC/S GMP guideline. An approval was officially received.
2014	Sterile Buffered and Ertapenem production lines in Chunan plant passed Taiwan TFDA routine inspection, and were certified in compliance with PIC/S GMP guideline. An approval was officially received. Imipenem/Cilastatin production line in Tainan plant passed Taiwan TFDA routine inspection, and were certified in compliance with PIC/S GMP guideline. An approval was officially received. Ertapenem (lyophilization) production line in Tainan injection plant passed Taiwan TFDA inspection, and were certified in compliance with PIC/S GMP guideline. An approval was officially received. Chunan plant completed US FDA routine inspection and officially received the approval. Imipenem/Cilastatin production line in Tainan plant passed US FDA routine inspection, and an approval was officially received. Injection plant passed US FDA inspection, and an approval was officially received. Meropenem API and Sterile Buffered production lines in Tainan second campus passed Taiwan TFDA inspection, and an approval was officially received. Injection plant passed Brazil ANVISA inspection, and an approval was officially received.
2015	Meropenem production line in Chunan plant passed Brazil ANVISA inspection, and an approval was officially received. Tainan injection plant passed the Good Distribution Practice for Medicinal Products (GDP) compliance evaluation conducted by the Ministry of Health and Welfare.
2016	Meropenem injection form was approved for sale by US FDA. Tainan injection plant passed EU AEMPS (Spain) inspection, and an approval was officially received. Tainan injection plant passed US FDA inspection, and an approval was officially received. Meropenem API, Imipenem/Cilastatin and Ertapenem productions line in Tainan plant passed US FDA inspection, and approvals were officially received. Meropenem API production line in Chunan plant passed US FDA inspection, and an approval was officially received. Meropenem API, Imipenem/Cilastatin and Ertapenem productions line in Tainan plant passed UK MHRA inspection, and approvals were officially received. Ertapenem production line in Tainan plant passed Taiwan TFDA inspection, and were certified in compliance with PIC/S GMP guideline. An approval was officially received.
2017	Tainan injection plant passed Taiwan TFDA inspection, and an approval was officially received. UK MHRA approval for Meropenem API production line in Chunan plant was officially received.
2018	Tainan injection plant passed US FDA inspection, and an approval was officially received. Meropenem API production line in Chunan plant passed US FDA inspection, and an approval was officially received. Meropenem API production line in Chunan plant passed Taiwan TFDA inspection, and an approval was officially received.
2019	Tainan injection plant passed Taiwan TFDA inspection, and an approval was officially received. Ertapenem API production line in Tainan plant passed Taiwan TFDA inspection, and an approval was officially received. Ertapenem API production line in Tainan plant passed Korea MFDS inspection.
2020	Meropenem API production line in Chunan plant passed Taiwan TFDA inspection. New Ertapenem API production line in Tainan plant was under Taiwan TFDA inspection.
2021	New Ertapenem API production line in Tainan plant passed Taiwan TFDA inspection, and an approval was officially received. Ertapenem API production line in Tainan plant passed Taiwan TFDA routine audit, and an approval was officially received. Tainan injection plant passed Taiwan TFDA routine inspection, and an approval was officially received.

	Tainan injection plant passed EU AEMPS (Spain) inspection, and an approval was officially received.
2022	Meropenem API production line in Chunan plant passed US FDA routine audit. Meropenem API production line in Chunan plant passed Taiwan TFDA routine audit. Ertapenem API production line in Tainan plant passed US FDA routine audit.
2023	Tainan injection plant accepted and passed the routine factory inspection by the US FDA. Tainan injection plant accepted and passed the routine factory inspection by the Taiwan FDA (TFDA). The TFDA's routine inspection for Ertapenem's bulk drug.
2024	Ertapenem API production line in Tainan plant passed Taiwan FDA routine audit.

(IV) Drug License Registration History

2008	A drug manufacture permit license for Meropenem by Department of Health was issued to SLC. A drug manufacture permit license for Imipenem by Department of Health was issued to SLC. A drug manufacture permit license for Imipenem and cilastatin sodium for injection by Department of Health was issued to SLC.
2009	A drug manufacture permit license for Cilastatin by Department of Health was issued to SLC. The largest ANDA manufacturers in the US and Germany filed the registration for SLC-made Imipenem/Cilastatin and Mero in the US and Europe.
2010	A drug manufacture permit license for Imibiotic Powder for IV Injection by Department of Health was issued to SLC. A drug manufacture permit license for Merobiotic Powder for IV Injection by Department of Health was issued to SLC. Registration of Imipenem and Cilastatin was completed in India.
2011	A license for export product for Ertapenem by Department of Health was issued to SLC.
2013	A drug manufacture permit license for Meropenem and Sodium Carbonate by Department of Health was issued to SLC. A drug manufacture permit license for Sterile Sodium Bicarbonate by Department of Health was issued to SLC.
2014	A drug manufacture permit license for Sterile Sodium Carbonate by Department of Health was issued to SLC. A drug manufacture permit license for Imicure Powder for I.V. Injection by Department of Health was issued to SLC. A drug manufacture permit license for Merocure Powder for I.V. Injection by Department of Health was issued to SLC. Registration application for SLC's Erta injection form was filed to the US FDA. A license for export product for Meropenem by Department of Health was issued to SLC's Tainan new plant. A license for export product for Meropenem and Sodium Carbonate by Department of Health was issued to SLC's Tainan new plant. A drug manufacture permit license for Ertapenem Sodium by Department of Health was issued to SLC.
2015	Drug sale licenses for SLC's Meropenem injection form were issued in the Netherlands, Sweden, and Austria. Registrations for SLC's Imipenem /Cilastatin injection form were filed in Portugal, Spain, France, the Czech Republic and Poland. Partnering client obtained the drug sale license for Imipenem /Cilastatin injection form in Canada. Partnering client obtained the drug sale license for Meropenem injection form in the US.
2016	Drug sale licenses for SLC's Meropenem injection form were issued in Portugal and Germany. SLC's Meropenem injection form was approved for sale by US FDA. SLC's Imipenem /Cilastatin injection form were officially registered in Portugal, Spain, France, the Czech Republic and Poland, and the sale license was issued in the Czech Republic. A sale license for SLC's Ertapenem injection form was issued by TFDA. Tainan new plant was approved by TFDA to be the second manufacturing plant under the drug manufacture permit license for Meropenem. Tainan new plant was approved by TFDA to be the second manufacturing plant under the drug manufacture permit license for Meropenem and Sodium Carbonate.

2017	A drug sale license for SLC's Imipenem/Cilastatin injection form was issued in Portugal.
2018	A drug sale license for SLC's Imipenem /Cilastatin injection form was issued in France. A drug sale license for SLC's Imipenem /Cilastatin injection form was issued in Spain. Registration for SLC's Ertapenem injection form was approved in Europe (Portugal, Italy, Spain and the UK). Ertapenem API in Tainan branch was approved by TFDA, and a domestic drug license was issued. A drug sale license for SLC's Ertapenem injection form was issued in the UK. A drug sale license for SLC's Ertapenem injection form was issued in Italy.
2019	A drug sale license for SLC's Ertapenem injection form was issued by US FDA. A drug sale license for SLC's Ertapenem injection form was issued in Spain. A drug sale license for SLC's Ertapenem injection form was issued in Portugal.
2020	A license for export product for the Company's SLC-017 Vial was issued by the Taiwan Food and Drug Administration.
2021	A drug sale license for SLC's contracted ertapenem injectables in Brazil was obtained. Drug sale licenses for SLC's contracted meropenem injectables in Finland, Israel, the Netherlands, Norway, and Sweden were obtained.
2022	A drug sale license for SLC's Ertapenem injection form was issued by Serbia. A drug sale license for SLC's Ertapenem injection form was issued by Philippines.
2023	A drug sale license for SLC's Ertapenem injection form was issued in Costa Rica. A drug permit for SLC's Ertapenem injection form was issued in Portugal. An import permit of drug contract manufacturing for SLC's Ertapenem injection form was issued in Portugal.

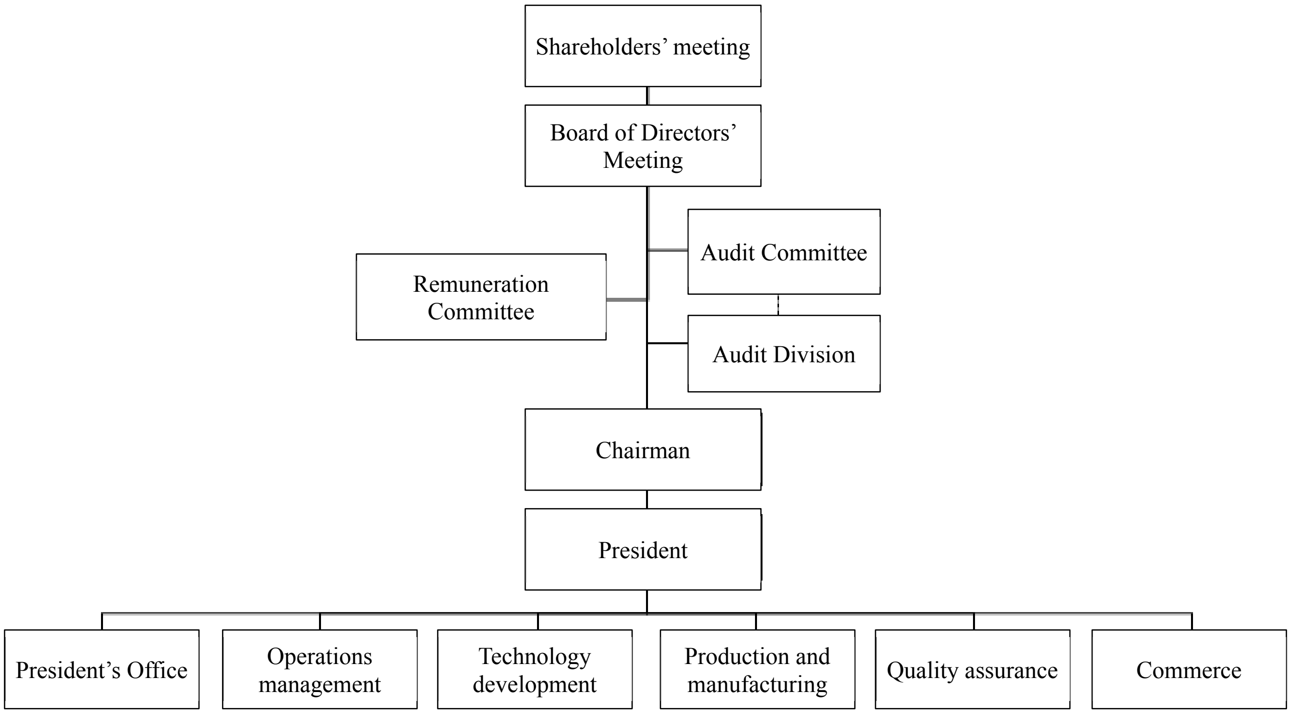
(V) Awards

2008	Meropenem won the Taiwan SMEs innovation award held by the Ministry of Economic Affairs. Meropenem was given the Hsinchu Science Park innovative product award.
2011	Ertapenem won the silver medal award under the innovation award section in the 2011 Taipei Biotech Awards. Ertapenem was given the 2011 Hsinchu Science Park innovative product award.
2012	Carbapenem products were given the 2012 Hsinchu Science Park R&D accomplishment award.

Three Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Departments and Responsibilities

Name of Department	Responsibility
Audit Division	1. Execute internal audit and optimize procedures. 2. Evaluate completeness and rationality of internal control system and effectiveness of implementation by each department.
President's Office	Environmental health and safety: 1. Operate the wastewater and sewage treatment facility and properly handle hazardous waste. 2. Be the contact window with the legal authorities regarding local, national and global environmental safety matters. 3. Prepare material safety data sheets. 4. Review and approve of EHS-related products, processes, equipment or other changes. 5. Regularly evaluate EHS-related procedures, policies, and operations of manufacturing and control. 6. Ensure proper EHS education and training are furnished to new employees before any operation. 7. Establish and manage procedures for occupational safety and health. Project management: 1. For cases that require internal or external cross-functional communication and collaboration, use project management: technique to efficiently understand information, set a plan, act, physically practice, record and close the cases. 2. Effectively monitor the progress and cost of a project, and provide timely and proper management information for decision makers.

Name of Department	Responsibility
Operations management	1. Manage and maintain general affairs. 2. Assistant and secretary of senior management. 3. Set and execute human resource plan. 4. Establish and maintain management policies. 5. Execute and review human resource procedures, including appointment, dismissal, promotion, demotion, transfer, resignation, retirement, education and training, appraisal, reward, punishment, insurance, salary and welfare. 6. Design, revise, execute and review accounting policy and internal control system. 7. Manage and control annual accounting budget and financial statements. 8. Allocate operating capital, manage funds and risk. 9. Plan and manage investments. 10. Manage shareholders' affairs and taxation. 11. Plan, launch, review and improve information system. 12. Search and procure for raw materials, including arrange shipment and customs. 13. Verify supplier qualification.
Technology development	1. Develop and evaluate new products. 2. Evaluate and test new source of raw materials. 3. Analyze hazardousness of manufacturing process. 4. Set/revise/review the SOP of analysis methods. 5. Develop and establish analysis method for specific manufacturing process. 6. Draft proposal for the qualification of analysis method, and compose and review reports. 7. Assist preparation of DMF for legal department, establish and qualify analysis method, assort and update related documents. 8. File product registration domestically and globally, ensure products that comply with domestic and international pharmaceutical regulations.
Production and manufacturing	Production: 1. Undertake company goal, set facility goal, and achieve set schedule. 2. Manage overall facility operation, launch and accomplish internal and external tasks. 3. Plan and manage facility budget. 4. Manage manufacturing process, including manufacturing plan, engineering, etc. 5. Propose improvement plan, and enhance quality and efficiency to achieve cost-effective high-quality products. Facility affairs: 1. Design and build facilities and file application for related documents and licenses. 2. Design and procure manufacturing equipment and common system, and design the verification procedures. 3. Execute change of equipment, and verify maintenance. 4. Execute preventive maintenance to ensure proper management of equipment and installation. Logistic: 1. Arrange production schedule. 2. Shipment and distribution of finished products. 3. Set internal materials control procedure (Quarantine and/or labeling) to prevent misuse. 4. Manage warehouse operation of materials and finished products.
Quality assurance	1. Analyze and study quality issues, and propose prevention policy.

Name of Department	Responsibility
	2. Execute check and record of parts, products and procedures involved in production to ensure qualified products. 3. Establish quality policy and standard. 4. Control internal and external documents of the Company and jobs. 5. Handle inspections from domestic or overseas pharmaceutical authorities or drug companies.
Commerce	1. Analyze domestic and overseas markets and promote products. 2. Propose and execute brand-image-related plan. 3. Make product SWOT analysis and market planning. 4. Plan R&D trend and long-term goal of R&D team to maintain leading position in the industry. 5. Project product profit, and identify, analyze and estimate development costs. 6. Collect, assort and analyze product-relate economic intelligent, market activity, and competitive products information. 7. Establish and execute design technology standard, and further review and revise such standard.

II. Information concerning the directors, supervisors, general managers, assistant general managers, deputy assistant general managers, and the supervisors of all the divisions and branch units

(I) Directors and Supervisors

1.Background information of directors (I)

May 3, 2024; Unit: Share, %

Title	Nationality or place of registration	Name	Gender Age	Date of election (accession)	Term of contract	Commencement date of the first term	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding through nominee		Principal work experience and education	Position(s) held concurrently in the Company and/or in any other company	Executives, Directors or Supervisors who are spouses or relatives within two degrees of kinship with another		
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
Chairman	R.O.C.	Concord Consulting Inc.		2023/6/15	3 years	2014/6/10	3,667,555	1.16	3,667,555	1.16	0	0	0	0	None	● Director, Han Yu Venture Capital Corporation ● Director, Key Ware Electronics Co., Ltd. ● Director, Qbic Technology Co., Ltd. ● Director, Rong Pei Technology Corporation	None	None	None
	R.O.C.	Representative: Rebecca Lee	Female 51–60 years old				199,099	0.06	199,099	0.06	580	0	0	0	Education ● Master's in Accounting, University of Houston, USA Work Experience ● Vice President, Concord Consulting Inc.	● Vice President, Concord Consulting Inc. ● Director, Walkgame Corp. ● Director (Juristic Person Representative), Qbic Technology Co., Ltd. ● Director (Juristic Person Representative), Rong Pei Technology Corporation ● Director (Juristic Person Representative), Key Ware Electronics Co., Ltd. ● Director (Juristic Person Representative), Sheng Ding Enterprise Corporation ● Director (Juristic Person Representative), Concord Consulting Inc. ● Chairman, Ruize Biotechnology Co., Ltd. ● Supervisor (Juristic Person Representative), SLC BioPharm Co., Ltd. ● Independent Director, Dynapack International Technology Corp. ● Chairman (Juristic Person Representative), Peng Rui Construction Co., Ltd.	None	None	None
Director	Cayman Islands	SFS Venture Ltd.		2023/6/15	3 years	2020/6/5	7,393,448	2.33	7,393,448	2.33	0	0	0	0	None	None	None	None	None
	R.O.C.	Representative: Chung Hsing-Yung	Male 71–80 years old				0	0	0	0	224,341	0.07	0	0	Education ● Chemistry, Tamkang University Work Experience ● Chairman, DSM Coating Resins Ltd.	● Director (Juristic Person Representative), SLC BioPharm Co., Ltd.	None	None	None
Director	Cayman Islands	SFS Venture Ltd.		2023/6/15	3 years	2020/6/5	7,393,448	2.33	7,393,448	2.33	0	0	0	0	None	None	None	None	None
	R.O.C.	Representative: Chen Zheng	Male 61–70 years old				0	0	0	0	0	0	0	0	Education ● Ph.D. in Chemistry, University of Rochester, USA Work Experience ● Moderator, Project Novartis ● Vice President of Asia Business, Genelabs ● Chairman, QPS-Qualitix Clinical Research Co., Ltd. ● Member of the Executive Yuan Biotechnology Industry Strategy Consultation Committee (BTC)	● Chairman and Chief Strategy Officer, Genovate Biotechnology Co., Ltd. ● Juristic Person Representative (Director), Quest Pharmaceutical Services Taiwan Co., Ltd. ● Juristic Person Representative (Director), Genovate Biotechnology (Cayman) Co., Ltd. ● Chairman and Chief Strategy Officer, UniPharma Co., Ltd. ● Juristic Person Representative (Director), Reber Genetics Co. Ltd. ● Juristic Person Representative (Chairman) and Chief Strategy Officer, NaviFUS Corp. ● Juristic Person Representative (Director), Genovate-NaviFUS (Australia) Pty Ltd.	None	None	None
Director	R.O.C.	Min-Ju		2023/6/15	3 years	2020/6/5	6,221,975	1.96	6,221,975	1.96	0	0	0	0	None	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date of election (accession)	Term of contract	Commencement date of the first term	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding through nominee		Principal work experience and education	Position(s) held concurrently in the Company and/or in any other company	Executives, Directors or Supervisors who are spouses or relatives within two degrees of kinship with another		
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
		Investment Co., Ltd.																	
	R.O.C.	Representative: Chen Yung-Fa	Male 61–70 years old				641,598	0.2	641,598	0.2	0	0	0	0	Education ● Ph.D. in Chemistry, Wayne State University, USA ● Master's in Chemistry, National Taiwan University ● Chemistry, Tunghai University Work Experience ● Part-time Associate Professor in Chemistry, Tunghai University ● Project Manager, Refining & Manufacturing Research Institute, CPC Corporation ● President and Chief R&D Officer, ScinoPharm Taiwan Limited ● Director (Juristic Person Representative), ScinoPharm Taiwan Limited ● Director, SPT International, Ltd. ● Director, Scinopharm Singapore Pte Ltd. ● Director and President, ScinoPharm Pharmaceuticals Co., Ltd. (Kunshan) ● Director and President, Scino Pharm Pharmaceuticals (Changshu) Ltd. ● Director, SciAnda Shanghai Biochemical Technology, Ltd. ● President, Savior Lifetec Corporation	● Chairman (Juristic Person Representative), SLC BioPharm Co., Ltd.	None	None	None
	R.O.C.	Representative: Hsieh Jung-Cheng	Male 71–80 years old				0	0	0	0	10,000	0	0	0	Education ● Master of Law, National Chengchi University Work Experience ● Chief Prosecutor, Supreme Prosecutors Office	None	None	None	None
Director	R.O.C.	Fine Horse Investment Co., Ltd.		2023/6/15	3 years	2014/6/10	4,387,349	1.38	4,387,349	1.38	0	0	0	0	None	● Director, Key Ware Electronics Co., Ltd.	None	None	None
	R.O.C.	Representative: Chou Chia-Chu	Male 41–50 years old				62,444	0.02	62,444	0.02	0	0	0	0	Education ● MBA, National Taiwan University ● Bachelor, School of Business, New York University Work Experience ● Vice President of investment department, Concord Consulting Inc.	● Vice President of investment department, Concord Consulting Inc. ● Director (Juristic Person Representative), Key Ware Electronics Co., Ltd. ● Director (Juristic Person Representative), Kai Da Precise Industries Co., Ltd. ● Director (Juristic Person Representative), Qbic Technology Co., Ltd. ● Director, Ruize Biotechnology Co., Ltd. ● Director (Juristic Person Representative), Rei Wei Photoelectric Co., Ltd. ● Chairman, Heng Chin Construction Co., Ltd. ● Director (Juristic Person Representative), Heng Ping Construction Co., Ltd.	None	None	None
Independent Director	R.O.C.	Chang Ryh-Yan	Male 71–80 years old	2023/6/15	3 years	2014/6/10	283,458	0.09	283,458	0.09	0	0	0	0	Education ● Master's in Finance, College of Management, National Taiwan University ● Accounting, National Taipei University (previously known as College of law and business, National Chung Hsin University) Work Experience ● CEO and Director, Deloitte & Touche ● Member of Discipline Committee and Business Service Committee, Taipei CPA Association ● Director, The National Federation of CPA Associations of the R.O.C.; Chairman, Professional Ethics Committee	● Chairman, Qin Zheng Financial Management Consulting Corporation ● Independent Director, Panion & BF Biotech Inc. ● Independent Director, E.SUN Financial Holding Company ● Independent Director, E.SUN Bank ● Member of Remuneration Committee, Super Dragon Technology Co., Ltd.	None	None	None
Independent Director	R.O.C.	Lin Chih-Ming	Male 71–80 years old	2023/6/15	3 years	2020/6/5	0	0	0	0	0	0	0	0	Education ● M.D., National Taiwan University College of Medicine Work Experience ● Dean and medical consultant, Cathay General Hospital ● Associate Professor, Ministry of Education	● Medical consultant, Cathay General Hospital ● Supervisor, Cathay Life Insurance Company, Ltd.	None	None	None
Independent	R.O.C.	Cheng Chin-Hua	Female 61–70	2023/6/15	3 years	2022/6/1	0	0	0	0	0	0	0	0	Education ●Doctor of Pharmacy, Taipei Medical University	● Independent Director, ChongDah Health Co., Ltd. ● Independent Director, Prince Pharmaceutical Co., Ltd.	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date of election (accession)	Term of contract	Commencement date of the first term	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding through nominee		Principal work experience and education	Position(s) held concurrently in the Company and/or in any other company	Executives, Directors or Supervisors who are spouses or relatives within two degrees of kinship with another		
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
Director			years old												●Master's in Veterinary Medicine, Kaohsiung Medical University ●Master of Pharmacy, University of Arizona, the USA Work Experience ●Senior Research Fellow, Medical and Pharmaceutical Industry Technology and Development Center; Director-General, Industry Development Center Division; Director-General, Industry Service Division; Vice Director-General, Preparations R&D Division, Senior Specialist, President's Office; Vice Director-General Industry Service Division; Assistant Manager, Planning Division; Chief, Service Promotion Group of Planning Division; Associate Research Fellow, Planning Division. ●TBS labs,Inc. New Jersey, USA ●Department of Research & Development Group leader & Researcher, Research Associate II ●University of Arizona College of Pharmacy Research Assistant and Teaching Assistant ●Lecturer and teaching assistant, College of Pharmacy, Kaohsiung Medical University				

(1) Major shareholders of juristic person shareholders

April 16, 2024

Juristic person shareholder	Major shareholders of juristic person shareholders
Concord Consulting Inc.	NORWICH FINANCE CORP. (100%)
SFS Venture Ltd.	Chung Hsing-Yung (100%)
Min-Ju Investment Co., Ltd.	D.J. AMC INC. (94.34%)
Fine Horse Investment Co., Ltd.	D.J. AMC INC. (95.24%)

(2) Major owners of juristic person shareholder's major owner who is a juristic person

April 16, 2024

Name of Institutional shareholder	Major shareholders of the institution
NORWICH FINANCE CORP.	WALPAC INC.(30%) FIRST TROPHY INTERNATIONAL LIMITED(10%) CHOW, PONG-CHI (30%) LIU, LIEN-CHUN(10%) LEE, SHU-JUAN(8%) CHIAO, TZU-YI(7%)
D.J. AMC INC.	BLISSMORE HOLDINGS LIMITED(100%)
D.J. AMC INC.	BLISSMORE HOLDINGS LIMITED(100%)

2.Background information of directors (II)

(1)Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Criteria / Name	Professional qualifications and experience (Note)	State of Independence	Number of public companies in which also serving as independent directors
Concord Consulting Inc. Representative: Rebecca Lee	Master's in Accounting, University of Houston, USA Vice President, Concord Consulting Inc.	N/A	0
SFS Venture Ltd. Representative: Chung Hsing-Yung	Chemistry, Tamkang University Chairman, DSM Coating Resins Ltd.	N/A	0
SFS Venture Ltd. Representative: Chen Zheng	Ph.D. in Chemistry, University of Rochester, USA Chairman and Chief Strategy Officer, Genovate Biotechnology Co., Ltd.	N/A	0
Min-Ju Investment Co., Ltd. Representative: Chen Yung-Fa	Ph.D. in Chemistry, Wayne State University, USA President and Chief R&D Officer, ScinoPharm Taiwan Limited	N/A	0

Min-Ju Investment Co., Ltd. Representative: Hsieh Jung-Cheng	Master of Law, National Chengchi University Chief Prosecutor of the Supreme People's Court	N/A	0
Fine Horse Investment Co., Ltd. Representative: Chou Chia-Chu	MBA, National Taiwan University Vice President of investment department, Concord Consulting Inc.	N/A	0
Chang Ryh-Yan (Independent Director)	Master's in Finance, College of Management, National Taiwan University CPA, Chang Ryh-Yan CPA Firm As a member of the Audit Committee and with accounting or financial expertise without under any circumstances under Article 30 of the Companies Act CPA	● All of Independent Director of the Company, meeting the independence criteria. ● Whether is a director, supervisor, or employee of the Company or its affiliated companies (nor are the spouse or relatives within the second degree of kinship thereof): None. ● The number and percentage of the Company's shares held or by spouse, relatives within the second degree of kinship (or by nominee arrangement): , Independent Director Chang Ryh-Yan held 283 thousand shares, i.e. 0.09%, while the other independent directors didn't hold any shares. ● Whether serves as a director, supervisor or employee of a company with specific relations with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): None. ● Provides commercial, legal, financial, or accounting services to the Company and the amount of remuneration received accordingly in the most recent two years: None.	2
Lin Chih-Ming (Independent Director)	M.D., National Taiwan University College of Medicine Director, Cathay General Hospital Qualified physician		0
Cheng Chin-Hua (Independent Director)	Doctor of Pharmacy, Taipei Medical University Senior researcher, Medical and Pharmaceutical Industry Technology and Development Center Qualified pharmacist		2

Note: This is a summary list of professional qualifications and experience. For details, please refer to the "Background information of directors (I)" on pages 10~13 herein.

(2)Board diversity and independence:

(I) Board diversity:

The Company advocates and observes the board diversity policy. To strengthen corporate governance and facilitate the sound development of the composition and structure of the Board of Directors, it is convinced that the board diversity policy will help improve the Company's overall performance. The selection and appointment of board members are based on the principle of recruiting only outstanding talents. Our board members from different industries possess diverse and complementary capabilities, including basic composition (such as age, gender, and nationality), industry experience and relevant skills (such as accounting and medicine), as well as business judgment, business management, leadership decision-making, and crisis management capabilities. To strengthen the functions of the Board of Directors and achieve the ideal goal of corporate governance, Article 20 of the Company's Corporate Governance Best-Practice Principles clearly state that the Board of Directors shall possess have the following capabilities as a whole: 1. business judgment; 2. accounting and financial analysis; 3. operational management; 4. crisis management; 5. industry knowledge; 6. global marketing; 7. leadership; 8. decision-making.

The goal of the current board diversity policy and implementation of the policy are as follows:

(1) There are nine directors (including three independent directors) on the 8th board. They, as a whole, possess business judgment, leadership, decision-making, operational management, international marketing, and crisis management abilities with industry experience and professional abilities. Among them, directors Chung Hsing-Yung, Chen Zheng, and Chen Yung-Fa; independent directors Lin Chih-Ming and Chang Ryh-Yan, as well as Chairperson Rebecca Lee are specialized in professional accounting or finance.

(2) The average term of the Company's directors is 6 years, of which the term of independent director Cheng Chin-Hua is less than 3 years; the term of independent director Chang Ryh-Yan is 10 years, and more than a half of independent directors shall not hold the position for over three consecutive terms. The board members are all R.O.C. citizens; three members are independent directors, accounting for 33% of the total; one director serve as employees concurrently, accounting for 11%. One director is in the age group of 31–40, one 51–60, three 61–70, and four 71–80. In addition, the Company pays attention to gender equality in the composition of the board members. There currently two female members on the board, accounting for 22% of the total. In the future, we will continue to strive to increase the percentage of female directors. At least one independent director of the Company has accounting or financial expertise.

(3) The diversity policy, board member complementarity, and implementation have covered and even surpassed the standards set out in Article 20 of the Company's Corporate Governance Best-Practice Principles. In the future, we will amend the board diversity policy in a timely manner based on the operations of the Board of Directors, the type of operations, and the development needs, including but not limited to the two major standards of basic criteria and values as well as professional knowledge and skills, to ensure that board members possess the knowledge, skills, and qualities needed to perform their duties.

(II) Independence of the Board:

The Company has a total of three independent directors in place, accounting for 33% of the nine directors on the board. Pursuant to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained a written statement from each independent/non-managing director confirming their and immediate family members' independence from the Company.

The board is committed to continuously assessing the directors' independence and taking into account all relevant factors, including whether relevant directors can continue to raise constructive questions to management and other directors, whether their views expressed are independent from the management team or other directors, and whether their conduct on and off the board is appropriate. The Company's independent/non-managing directors act in alignment with the expectations where appropriate and demonstrate the above qualities. Having considered all the circumstances set out in this section, the Company regards that all independent/non-managing directors are independent from the Company.

(II) Background Information of the President, Vice Presidents, Assistant Vice Presidents, and department and branch managers

May 3, 2024; Unit: share, %

Title	Nationality	Name	Gender	Date of election (accession)	Shareholding		Shareholdings of Spouse & Minor		Shareholding through nominee		Principal work experience and academic qualifications	Position(s) held concurrently in any other company	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship	
President	R.O.C.	Chen Chih-Fang	Male	2022/2/1	85,851	0.03	3,159	0	0	0	Education ● Master's in Chemical Engineering, National Cheng Kung University ● Chemical Engineering, National Cheng Kung University Work Experience ● Vice President of Production Center and President of Changshu Factory, ScinoPharm Taiwan, Ltd. ● Senior Department Head of Manufacturing, SOC member, Department Head of manufacturing, and Manager of Manufacturing, ScinoPharm Taiwan, Ltd. ● Manager of Methods Engineering, Tuntex Petrochemical Inc.	None	None	None	None	None
Vice President	R.O.C.	Chen I-Hsiu	Male	2022/8/6	4,000	0	0	0	0	0	Education ● Master's in Microbiology, National Taiwan University ● Department of Biological Science and Technology, National Chiao Tung University Work Experience ● Nang Kuang Pharmaceutical Co., Ltd.: R&D Team Leader, R&D and QC Section Chief, R&D and QC Manager, Vice Director-General of Quality Division.	None	None	None	None	None
Vice President	R.O.C.	Lin Yen-Lan	Male	April 1, 2014	75,708	0.02	0	0	0	0	Education ● Master's in Veterinary Medicine, National Taiwan University ● IMBA, National Chengchi University ● Veterinary medicine, National Chung Hsing University Work Experience ● Senior Product Sales and Marketing Manager, Roche Products Ltd. ● Product Sales and Marketing Manager, GlaxoSmithKline Far East B.V., Taiwan Branch (Netherlands)	None	None	None	None	None
Vice president/Representative of director	R.O.C.	Chou Chia-Chu	Male	May 3, 2018	62,444	0.02	0	0	0	0	Education ● MBA, National Taiwan University ● Bachelor, School of Business, New York University Work Experience ● Vice President of investment department, Concord Consulting Inc.	● Vice President of investment department, Concord Consulting Inc. ● Director (Juristic Person Representative), Key Ware Electronics Co., Ltd. ● Director (Juristic Person Representative), Kai Da Precise Industries Co., Ltd. ● Director (Juristic Person Representative), Qbic Technology Co., Ltd. ● Director, Ruize Biotechnology Co., Ltd. ● Director (Juristic Person Representative), Rei Wei Photoelectric Co., Ltd. ● Chairman, Heng Chin Construction Co., Ltd. ● Director (Juristic Person Representative), Heng Ping Construction Co., Ltd.	None	None	None	None
Vice President	R.O.C.	Chen Ming-Hui	Male	2023/8/4	0	0	0	0	0	0	Education ● Master of Engineering Management, National Cheng Kung University Work Experience ● Production manager of Shenlong Co., Ltd., Taiwan ● Divisional Engineer, Evergreen Materials Corporation	None	None	None	None	None
Assistant Vice President/Finance Manager/Corporate Governance Manager	R.O.C.	Lin Kuo-Wei	Male	2023/8/4	0	0	0	0	0	0	Education ● Accounting, National Cheng Kung University Work Experience ● Head of Finance and Spokesperson, Kakoel Electronics Co., Ltd. ● Chief of Accounting Section, Radiant Opto-Electronics Corporation	None	None	None	None	None

III. **Remuneration paid to directors, supervisors, presidents, and vice presidents in the most recent year**

(I) Remuneration of Directors and Independent Directors

For the year ended December 31, 2023; Unit: %, NTD thousand

Title	Name	Remuneration to directors: Remuneration (A): The Company	Remuneration (A): All companies included in the financial statements	Pension (B): The Company	Pension (B): All companies included in the financial statements	Remuneration to directors (C): The Company	Remuneration to directors (C): All companies included in the financial statements	For professional practice (D): The Company	For professional practice (D): All companies included in the financial statements	Sum of A, B, C, and D and the sum as a percentage of net income: The Company	Sum of A, B, C, and D and the sum as a percentage of net income: All companies included in the financial statements	Compensation as company employee: Salary, bonuses and special allowances (E): The Company	Salary, bonuses and special allowances (E): All companies included in the financial statements	Pension (F): The Company	Pension (F): All companies included in the financial statements	Employee Compensation (G): The Company: Amount paid in cash	Employee Compensation (G): The Company: Amount paid in shares	Employee Compensation (G): All companies included in the financial statements: Amount paid in cash	Employee Compensation (G): All companies included in the financial statements: Amount paid in shares	Sum of A, B, C, D, E, F and G and the sum as a percentage of net income: The Company	Sum of A, B, C, D, E, F and G and the sum as a percentage of net income: All companies included in the financial statements	Remuneration from investees other than subsidiaries, or parent company
Chairman	Concord Consulting Inc. Representative: Rebecca Lee	120 2,156	120 2,156	0 0	0 0	230 0	230 0	30 102	30 102	380 accounting for 1.3% 2,258 accounting for 7.5%	380 accounting for 1.3% 2,258 accounting for 7.5%	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	380 accounting for 1.3% 2,258 accounting for 7.5%	380 accounting for 1.3% 2,258 accounting for 7.5%	None
Director	SFS Venture Ltd. SFS Venture Ltd. Representative: Chung Hsing-Yung Representative: Chen Zheng	0 120 600	0 120 600	0 0 0	0 0 0	156 0 0	156 0 0	0 30 21	0 30 21	156 accounting for 0.5% 150 accounting for 0.5% 621 accounting for 2.1%	56 accounting for 0.5% 50 accounting for 0.5% 21 accounting for 2.1%	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	156 accounting for 0.5% 150 accounting for 0.5% 621 accounting for 2.1%	156 accounting for 0.5% 150 accounting for 0.5% 621 accounting for 2.1%	None
Director (Note 1)	Hua Eng Wire & Cable Co., Ltd. Representative: Wu Chia-Yu	55 0	55 0	0 0	0 0	36 0	36 0	0 9	0 9	90 accounting for 0.3% 9 accounting for 0.0%	90 accounting for 0.3% 9 accounting for 0.0%	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	90 accounting for 0.3% 9 accounting for 0.0%	90 accounting for 0.3% 9 accounting for 0.0%	None
Director (Note 2)	Min-Ju Investment Co., Ltd. Representative: Chen Yung-Fa Representative: Hsieh Jung-Cheng Representative: Cheng Ching-Hsing	158 0 27 0	158 1,402 27 0	0 0 0 0	0 0 0 0	120 0 0 0	120 0 0 0	42 0 6 0	42 0 6 0	320 accounting for 1.1% 0 accounting for 0.0% 33 accounting for 0.1% 0 accounting for 0.0%	20 accounting for 1.1% 1,402 accounting for 4.7% 33 accounting for 0.1% 0 accounting for 0.0%	0 0 0 483	0 0 0 483	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	320 accounting for 1.1% 0 accounting for 0.0% 33 accounting for 0.1% 483 accounting for 1.6%	320 accounting for 1.1% 1,402 accounting for 4.7% 33 accounting for 0.1% 483 accounting for 1.6%	None
Director	Fine Horse Investment Co., Ltd. Representative: Chou Chia-Chu	120 0	120 0	0 0	0 0	78 0	78 0	24 0	24 0	222 accounting for 0.7% 0 accounting for 0.0%	22 accounting for 0.7% 0 accounting for 0.0%	0 2,634	0 2,634	0 0	0 0	0 0	0 0	0 0	0 0	222 accounting for 0.7% 2,634 accounting for 8.8%	222 accounting for 0.7% 2,634 accounting for 8.8%	None
Independent Director	Chang Ryh-Yan	600	600	0	0	0	0	30	30	630 accounting for 2.1%	30 accounting for 2.1%	0	0	0	0	0	0	0	0	630 accounting for 2.1%	630 accounting for 2.1%	None
Independent Director	Lin Chih-Ming	600	600	0	0	0	0	30	30	630 accounting for 2.1%	30 accounting for 2.1%	0	0	0	0	0	0	0	0	630 accounting for 2.1%	630 accounting for 2.1%	None
Independent Director	Cheng Chin-Hua	600	600	0	0	0	0	30	30	630 accounting for 2.1%	30 accounting for 2.1%	0	0	0	0	0	0	0	0	630 accounting for 2.1%	630 accounting for 2.1%	None

1. Please state the policies, systems, standards and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors: The Company's independent directors are paid the remuneration at fixed amount on a monthly basis and attendance fees for board meetings only.
2. Compensation received by director for providing service to all companies included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None.

Note 1: Not reappointed after the full re-election at the shareholders' meeting of Huarong Electric Wire & Cable Co., Ltd. on June 15, 2023.

Note 2: On October 10, 2023, Min-Ju Investment Co., Ltd. reappointed Hsieh Jung-Cheng as the representative instead of Cheng Ching-Hsing.

(II) Remuneration to Supervisors: On May 3, 2013, the Company established the Audit Committee, composed of all independent directors, which replaced the function of supervisors, thus, there is no remuneration to supervisors in 2023.

(III) Remuneration to President and vice presidents

For the year ended December 31, 2023; Unit: %, NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D and the sum as a percentage of net income (%)		Remuneration from investees other than subsidiaries, or parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Chen Chih-Fang	13,459	13,459	0	0	2,150	2,150	0	0	0	0	15,609 51.98%	15,609 51.98%	None
Vice President	Lin Yen-Lan													
Vice President	Chen I-Hsiu													
Vice President	Chen Ming-Hui													
Vice President	Chou Chia-Chu													

Remuneration brackets table

Range of remunerations to the President and vice presidents	Name of President and vice presidents	
	The Company	All companies included in the financial statements
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) – NT$2,000,000 (not inclusive)	-	-
NT$2,000,000 (inclusive) – NT$3,500,000 (not inclusive)	Lin Yan-Lan, Chen I-Hsiu, Chen Ming-	Lin Yan-Lan, Chen I-Hsiu, Chen Ming-

	Hui, Chou Chia-Chu	Hui, Chou Chia-Chu
NT$3,500,000 (inclusive) – NT$5,000,000 (not inclusive)	Chen Chih-Fang	Chen Chih-Fang
NT$5,000,000 (inclusive) – NT$10,000,000 (not inclusive)	-	-
NT$10,000,000 (inclusive) – NT$15,000,000 (not inclusive)	-	-
NT$15,000,000 (inclusive) – NT$30,000,000 (not inclusive)	-	-
NT$30,000,000 (inclusive) – NT$50,000,000 (not inclusive)	-	-
NT$50,000,000 (inclusive) – NT$100,000,000 (not inclusive)	-	-
NT$100,000,000 and above	-	-
Total	5	5

(IV) For company listed on the TWSE or the TPEx, remuneration paid to each of its top managerial officers of remuneration (disclosed individually)

For the year ended December 31, 2023; Unit: %, NTD thousand

Title	Name	Salary (A)(Note 2)		Pension (B)		Bonuses and Allowance (C)(Note 3)		Employee Compensation (D)(Note 4)				Sum of A, B, C, and D as percentage of net income (%)(Note 6)		Remuneration from investees other than subsidiaries, or parent company (Note 7)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Chen Chih-Fang	13,459	13,459	0	0	2,150	2,150	0	0	0	0	15,609 51.98%	15,609 51.98%	None
Vice President	Chen Ming-Hui													

Vice President	Chou Chia-Chu													
Vice President	Chen I-Hsiu													
Vice President	Lin Yen-Lan													

Note 1: The “top five managerial officers of remuneration” are managerial officers of the Company, and the definition of a managerial officer is referred to the applicatic scope stipulated in the Tai-Cai-Zheng-San-Zi letter No. 0920001301 issued by former Securities and Futures Management Committee of the Ministry of Financ on March 27, 2003. The calculation and determination principle of “the top five highest remuneration” is based on sum of a managerial officers’ salarie retirement pensions, bonuses and allowance paid by all companies included in the consolidated financial statements, plus the total number of employe remuneration (that is, sum of item A, B, C, and D). The top five officers with the highest remuneration amount shall be disclosed. If a director concurrentl serves as said managerial officer, he/she shall be included in this table and table above (1-1).

Note 2: Please fill in salary, allowance and severance pay of the top five managerial officers of remuneration, for the most recently fiscal year.

Note 3: Please fill in all bonuses, awards, transportation allowance, special allowance, benefits, housing and company car of the top five managerial officers c remuneration, for the most recent fiscal year. In the event, that housing, company car and other vehicle, or other personal expenses are provided, the nature, cos actual rent or rent at fair market price, gasoline costs, and other benefits of such assets shall be disclosed. If drivers are included, please disclose relevai compensation paid to the driver by the Company in the remark, but exclude from the remuneration. In addition, according to IFRS 2 “Share-based Payment employee share options, employee restricted stock and subscription of new issuance of share by cash shall be included in remuneration.

Note 4: Please fill-in employee remuneration approved by Board of Directors (including stock and cash) paid to the top five managerial officers of remuneration for th most recently fiscal year. If the amount cannot be estimated, a pro rata amount should be estimated applying the actual ratio paid in the past year and table 1- shall be completed.

Note 5: The sum of remuneration paid by all companies included in the consolidated financial statements (including the Company) to the top five managerial office shall be disclosed.

Note 6: Net profit refers to the net profit from the parent company only financial statement or individual financial statement for the most recent fiscal year.

Note 7: a. Please fill in the remuneration paid by investees other than subsidiaries, or parent company to the top five managerial officers of remuneration. (If n applicable, please fill in “None”)

b. Remuneration is the sum of compensation, salary (including salary paid as an employee, director and supervisor), and fees paid by investees other tha subsidiaries or the parent company to the top five managerial officers of remuneration as a director, supervisor or manager.

(V) Name of the managerial officers whom the employee remuneration was allocated to, and status of the allocation: None.

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

1. Directors', Supervisors', President's and Vice Presidents' remuneration paid in the last two fiscal years as a percentage to net income stated in the parent company only financial reports or individual financial reports.

Unit: %

Title	2022		2023	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	21.29	21.29	30.45	35.12
President and vice presidents	33.25	33.25	51.98	51.98

Description: (1) The Company's net (loss) income on standalone financial reports for the year ended December 31, 2022 and 2023 were NT$36,387 thousand and NT$30,030 thousand, respectively.

(2) The increase in the proportion of the total remuneration of the Company's directors, presidents, and vice presidents in 2023 from 2022 was mainly due to the decrease in 2023 net income from 2022.

2.Remuneration policies, standards, and packages, the procedure for determining emuneration, and its link to operating performance and future risk exposure:

(I) Policies, standards, and packages for payment of remuneration:

(1)Regarding the remuneration of the Company's directors, in accordance with Article 19-1 of the Company's Articles of Incorporation, it shall be determined by the Board of Directors based on the degree of their participation in the Company's operations and the value of their contributions, with reference to the standards of the industry domestically and internationally. Additionally, if the Company makes a profit in the current year, no more than 3% shall be allocated as remuneration for directors, and independent directors shall not participate in the distribution of directors' remuneration. The Company regularly evaluates the performance of directors in accordance with the "Procedures for Performance Evaluation of the Board of Directors," and the relevant performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors.

(2)The compensation levels of managerial officers are assessed by considering the general pay levels in the industry, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Additionally, the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company, is evaluated. Compensation is determined by the Remuneration Committee and submitted for the Board of Directors' approval.

(3)The combination of remuneration paid by the Company shall be determined in accordance with the organizational charter of the Remuneration Committee, and include cash remuneration, stock options, bonus shares, retirement benefits or severance pay, various allowances and other measures with substantial incentives.

(II) The formula for determining remuneration:

The Company regularly evaluates the salaries and remunerations to directors and managers, based on the evaluation results of the Company's "Regulations Governing Performance Evaluation of the Board of Directors" and the "Employee Performance Evaluation Regulations" applicable to managers and employees. The actual amount of remuneration to directors and managers is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

(III) Correlation between business performance and future risks:

The payment standards and system review related to the Company's remuneration policy take the Company's overall operation as the main consideration, and determine the payment standard based on the performance achievement rate and contribution, in order to improve the overall organizational efficiency. The important policies of the Company's management are based on balanced consideration of various risk factors. The performance of the relevant decisions is reflected in the Company's profitability, and the remuneration to the management is related to the performance of risk control.

IV. **Corporate Governance**

(I) Information concerning the Board of Directors

A total of nine meetings (A) were held in 2023; below are the attendance records:

Title	Name	Attendance in person B	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Concord Consulting Inc. Juristic Person Representative: Rebecca Lee	9	0	100	Re-elected
Director	SFS Venture Ltd. Representative: Chung Hsing-Yung	9	0	100	Re-elected
Director	SFS Venture Ltd. Representative: Chen Zheng	7	0	78	Re-elected
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wu Chia-Yu	3	0	100	Previously elected
Director	Min-Ju Investment Co., Ltd. Representative: Chen Yung-Fa	9	0	100	Re-elected
Director	Min-Ju Investment Co., Ltd. Representative: Cheng Ching-Hsing	7	0	100	Re-elected Representative discharged on October 10, 2023
	Min-Ju Investment Co., Ltd. Representative: Hsieh Jung-Cheng	2	0	100	Re-elected New representative appointed on October 10, 2023
Director	Fine Horse Investment Co., Ltd. Representative: Chou Chia-Chu	8	0	89	Re-elected
Independent Director	Chang Ryh-Yan	9	0	100	Re-elected
Independent Director	Lin Chih-Ming	9	0	100	Re-elected
Independent Director	Cheng Chin-Hua	9	0	100	Re-elected

Other items to be stated:

I. If the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of proposals, opinions of all independent directors, and the Company's resolution of said opinions:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act: Please refer to Table 1.

(II) Other than those described above, any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. Regarding the situation of directors' conflict of interested recusal, the name of the director with potential conflict of interest, subject matter, reason for conflict of interest recusal and deliberation participation shall be recorded:

Name of recusing director	Subject Matter	Reason for recusal	Participation in voting
Rebecca Lee, Chung Hsing-Yung, Chen Zheng, Wu Chia-Yu, Chen Yung-Fa, Chou Chia-Chu	The motion for the Company's 2022 remuneration to employees and directors.	Interests related to the case	Abstained from discussion and voting by voluntarily leaving the meeting
Rebecca Lee, Cheng Ching-Hsing	Remuneration to the Chairman of the Company	Interests related to the case	Abstained from discussion and voting by voluntarily leaving the meeting
Rebecca Lee, Chou Chia-Chu	Distribution of 2023 year-end bonuses for the Company's chairman and managerial officers	Interests related to the case	Abstained from discussion and voting by voluntarily leaving the meeting

III. The company listed on the TWSE or the TPEx shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation about the Board of Directors' self-performance evaluation (or peer evaluation), and complete Table 2(2) for the status of evaluation on the Board of Directors' self-performance evaluation. See Table 2.

IV. The objectives of strengthening the competency of the Board of Directors for the present year and the most recent year, such as establishment of the Audit Committee and improvement of information transparency, and the assessment on implementation:

1. Objectives of strengthening competency of the Board of Directors
   (1) The Company adopted the "Rules of Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors' Meetings of Public Companies" for compliance, and submitted the attendance status and material resolutions of the board of directors' meeting on the Market Observation Post System.
   (2) The Company established a Remuneration Committee on November 6, 2012 that is responsible for prescribing and periodically reviewing the overall remuneration policy of the Company, constantly reviewing directors' and managerial officers' performance, as well as the remuneration policy, system, standards, and structure; periodically evaluating and setting the remuneration of directors and managerial officers, employee stock option plan or other employee incentives. A total of four meetings were held in 2023.
   (3) The Company established the Audit Committee on May 3, 2013 to replace the supervisor system, and adopted the "Audit Committee Charter" for compliance.
2. Assessment on implementation:
   (1) Since its establishment, the Audit Committee and Remuneration Committee have functioned smoothly. The Company is consistent in its information transparency policy and regularly submitted material resolutions after each board of directors' meeting on the Market Observation Post System to protect shareholders' rights and improve transparency of the Company to investors.
   (2) The board of directors adopted the "Regulations for Performance Evaluation of the Board of Directors" and evaluates the board's performance annually. As of the publication date of the annual report, the evaluation of the board of directors is good and thus functions effectively.
   (3) In order to strengthen risk management and indirectly protect shareholders' rights, the Company has purchased the directors' liability insurance in accordance with the Articles of Incorporation.

Note: The Company's directors were fully re-elected on June 15, 2023. In the most recent year, the Board of Directors met nine times, with the 7th Board of Directors meeting three times and the 8th Board of Directors meeting six times. The actual attendance rate is calculated based on the number of Board meetings held during their respective tenures and the number of times they actually attended.

(II) Operations of Audit Committee

The Audit Committee is composed of all independent directors, and its major duties and tasks for 2023 are as follows:

1.Review financial statements
2.Examination of effectiveness of internal control system
3.Amendment of internal control system
4.Review on the appointment of and remuneration to the external auditors.
5.Appointment and dismissal of finance and accounting supervisors

A total of eight meetings (A) were held in 2023; below are the attendance records of independent directors:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Chang Ryh-Yan	8	0	100	Re-elected
Independent Director	Lin Chih-Ming	8	0	100	Re-elected
Independent Director	Cheng Chin-Hua	8	0	100	Re-elected

Other items to be stated:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the content of the objections, reservations, or material recommendations of independent directors, the Audit Committee's resolution, and how the company responded to Audit Committee's opinions:
   (I) Conditions described in Article 14-5 of the Securities and Exchange Act: Please refer to Table 3.
   (II) Other than the conditions described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. Regarding the situation of independent directors' conflict of interested recusal, the name of the independent director with potential conflict of interest, subject matter, reason for conflict of interest recusal and participation in voting shall be recorded: None.

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business position, the method of communication used, and the outcome): Please refer to the Company’s website for more information.

1. In addition to submitting internal audit reports and follow-up reports to independent directors at the end of each month and attending Audit Committee meetings, the internal audit department manager is available for discussion with independent directors.
2. External auditors thoroughly communicate with independent directors in writing or in person about their audit or review scope, or findings during audit or review, and attend the Audit Committee meetings offering opinions.

Table 1:

Board of Directors’ Meeting Date/Period	Subject Matter	Audit Committee’s opinion	The Company’s subsequent handling
2023/03/02 19th meeting of the 7th term	Approved the 2022 Assessment of the Effectiveness of the Internal Control System of the Company.	Agree	N/A
	Resolution of matters regarding the 2023 general shareholders’ meeting.	Agree	N/A
2023/03/29 20th meeting of the 7th term	Approved the motion for change of the Company’s CPA firm and external auditors since the first quarter of 2023.	Agree	N/A
	Approved the motion of CPA professional services of the Company for 2023.	Agree	N/A
2023/05/05 21st meeting of the 7th term	Approved the proposal for removal of the 8th non-competition restrictions against the Company’s directors.	Agree	N/A
	Approved the addition of the cause or subject for convening the 2023 Annual Shareholders’ Meeting of the Company.	Agree	N/A
	Passed the motion for the Company's 2022 remuneration to employees and directors.	Agree	N/A
2023/08/04 3rd meeting of the 8th term	Approved the appointment and dismissal of the Company’s finance and accounting officers.	Agree	N/A
2023/11/09 5th meeting of the 8th term	Approved the motion for amendments to the Internal Control System Statement.	Agree	N/A

Appendix 2: Implementation of the Board of Directors' Performance Evaluation: In February 2024, the company conducted a self-evaluation of the overall performance of the Board of Directors, individual directors, and functional committees (including the Audit Committee and the Remuneration Committee) for the year 2023. The evaluation results were reported to the Board of Directors on March 8, 2024.

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Result
Annually	2023/01/01-2023/12/31	Overall Board of Directors	Self-evaluation of the Board of Directors	1. Participation in the Operation of the Company 2. Improvement of decision quality by the board 3. Composition and Structure of the Board of Directors 4. Election and Continuing Education of the Directors 5. Internal Control	Overall average score of 4.95 (Total Score 5)
Annually	2023/01/01-2023/12/31	Individual Board Member	Self-evaluation of directors	1. Understanding of the Goals and Mission of the Company 2. Awareness of the Duties of a Director 3. Participation in the Operation of the Company 4. Management of Internal Relationships and Communication 5. Director's Professionalism and Continuing Education 6. Internal Control	Overall average score of 4.9 (Total Score 5)
Annually	2023/01/01-2023/12/31	Audit Committee	Committee's self-evaluation	1. Participation in the Operation of the Company 2. Awareness of Functional Committees' Responsibilities 3. Improvement of the decision-making quality of the Audit Committee 4. Composition of Audit Committee and election of members 5. Internal Control	Overall average score of 4.78 (Total Score 5)
Annually	2023/01/01-2023/12/31	Remuneration Committee	Committee's self-evaluation	1. Participation in the Operation of the Company 2. Awareness of Functional Committees' Responsibilities 3. Improving the quality of the Remuneration Committee's decision-making 4. Composition of Remuneration Committee and election of members	Overall average score of 4.84 (Total Score 5)

Table 3:

Audit Committee Date/Session	**Subject Matter**	**Independent directors' objection, reservations,or major suggestions**	**Audit Committee's resolution**	**The Company's subsequent handling to Audit Committee's opinion**
2023/3/2 17th meeting of the 4th term	Approved the 2022 Assessment of the Effectiveness of the Internal Control System of the Company.	None	All members present passed the motion unanimously upon review, and the motion was reported to the Board of Directors.	N/A
	Approved the Company's 2022 business report and financial report.	None	All members present passed the motion unanimously upon review, and the motion was reported to the Board of Directors.	N/A
2023/3/29 18th meeting of the 4th term	Approved the motion for change of the Company's CPA firm and external auditors since the first quarter of 2023.	None	All members present passed the motion unanimously upon review, and the motion was reported to the Board of Directors.	N/A
2023/8/4 2nd meeting of the 5th term.	Approved the appointment and dismissal of the Company's finance and accounting officers.	None	All members present passed the motion unanimously upon review, and the motion was reported to the Board of Directors.	N/A
2023/8/24 3rd meeting of the 5th term	Approved the cash capital increase of the subsidiary, Peng Rui Construction Co., Ltd.	None	All members present passed the motion unanimously upon review, and the motion was reported to the Board of Directors.	N/A
2023/11/9 4th meeting of the 5th term	Approved the revision of the sales and payment collection cycle under the internal control system.	None	All members present passed the motion unanimously upon review, and the motion was reported to the Board of Directors.	N/A

(III) The status of the Company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance

Item of evaluation	Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
I. Has the Company established and disclosed the corporate governance practice principles according to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established the "Corporate Governance Practice Principles" and disclosed on the Company's website and the Market Observation Post System.	No major difference
II. Equity structure and shareholders' rights of the Company				
(I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	✓		(I) The Company has the spokesperson, deputy spokesperson and stock administration unit available to handle shareholders' suggestions and disputes.	No major difference
(II) Has the Company possessed the list of the major shareholders and the list of the ultimate controllers of the major shareholders?	✓		(II) The Company has delegated the professional stock administration agency and assigned a specialist for its stock affairs, so it has possessed the list of the major shareholders.	No major difference
(III) Has the Company established and implemented risk management and firewalls on companies it is affiliated with?	✓		(III) The Company has adopted the "Operating Procedure for Transactions with Related Parties, Specific Companies and Group Companies" and "Regulations Governing Supervision of Subsidiaries" to expressly distinguish the assets, finance and business between the Company and its affiliates. Meanwhile, the Company did implement the risk assessment strictly and establish adequate firewalls.	No major difference
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	✓		(IV) The Company has established the internal control policy of "Operation governing prevention of insider trading."	No major difference
III. Composition and responsibilities of board of directors:				
(I) Has the Board of Directors formulated a diversity policy, set specific management goals and implemented them accordingly?	✓		(I) The Company has adopted the "practical guidelines for corporate governance" that specified the policy for the diverse composition of the board members and put it into practice. (See Table 4) The Company's board of directors is composed of nine directors, including three independent directors. Each director comes from different professional background and is equipped with more than five years of working experience in commerce, legal, finance or fields relevant to the Company's business. Directors actively attend board meetings, provide the Company professional opinions for its operational development and communicate with the Company's management with regard to corporate governance.	No major difference
(II) Has the Company voluntarily established other functional committees in addition to the	✓		(II) The Company only established the Remuneration Committee and Audit Committee in compliance with relevant rules, and relevant committee charters were approved by the	No major difference

Item of evaluation	Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
Remuneration Committee and the Audit Committee?			board of directors' meeting.	
(III) Has the Company established a standard to measure the performance of the Board, and implement it annually? Has the Company submitted results of performance evaluation to the board of directors as reference in determining the compensation of individual directors and nomination for successive term?	✓		(III) The Company has established the "Policy for Performance Evaluation on the Board of Directors" and evaluation method, and distributed the self-evaluation questionnaire to the board members each year to evaluate the performance of the board of directors. If deemed necessary, external assessment of board performance is conducted every three years. In addition to the assessment of performance of the board of directors, the Company also conducts self-evaluations on board member and functional committee members. The evaluation of board performance includes the following five indicators: (1) The extend of participation in the Company's operation. (2) Improvement of decision quality by the board. (3) Composition and structure of the board. (4) Election and continuing education of directors. (5) Internal control. The evaluation on performance of an individual board member includes the following six indicators: (1) Comprehension of the Company's targets and missions. (2) Directors' duty awareness. (3) The extend of participation in the Company's operation. (4) Management and communication of internal relations. (5) Professionalism and continuing education of directors. (6) Internal control. The evaluation on performance of an individual functional committee member includes the following 5 indicators: (1) The extend of participation in the Company's operation. (2) Comprehension of the functional committee's duty. (3) Improvement of functional committee's decision quality. (4) Composition of functional committee and election. (5) Internal control. The implementation unit has submitted the evaluation result of 2023 Board of Directors' performance to the Board of Directors' meeting on March 8, 2024. The 2023 evaluation result was good, and the evaluation functioned effectively.	No major difference
(IV) Does the Company conduct regular assessments regarding the independence of its independent external auditors?	✓		(IV) The Company's Audit Committee assesses the independence and competency of the external auditors each year, and demands that the external auditors should provide "Statement of Independence" and "AQIs", and also conduct the assessment in accordance with the norms and 13 AQIs specified in Table 5. Upon confirmation, it	No major difference

Item of evaluation	Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Summary	
			was found that, except the fees for certification and taxation affairs, the CPAs had no financial interests or business relationship with the Company. The CPAs were also found free from any violations of the independence requirements. Meanwhile, in reference to the AQI indicators, the CPAs and their firm were also confirmed to outperform the average level among the peers in the same trade in terms of the experience in audit and training hours, which will also continue to implement the digital audit tools to improve their audit quality. The assessment results for the most recent year have been discussed and approved by the Audit Committee on March 8, 2024, and reported to the Board of Directors on March 8, 2024 for resolution on the assessment on independence and competence of the CPAs. For the assessment criteria, please refer to Table 5.	
IV. Whether the TWSE/GTSM Listed Company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of the Board of Directors meetings and shareholders’ meetings, and preparation of board meeting and shareholders’ meeting minutes, etc.)?	✓		The Company’s Finance Department is the delegated unit responsible for the corporate governance affairs, and the board of directors has approved and appointed the Company’s Assistant Vice President of the Finance Department as chief corporate governance officer. Duties of the Chief Corporate Governance Officer: handling of matters related to board meetings and shareholders’ meetings according to laws, production of the minutes of board meetings and shareholders’ meetings, assistance to directors in assumption of the position and continuing education, provision to directors the information needed by them to perform their duties, assistance to directors in compliance, and any other matters required by the Articles of Incorporation or contract. For the continuing education programs attended by the Chief Corporate Governance Officer in the current year, please refer to Table 6.	No major difference
V. Has the Company set up any means to communicate with stakeholders (including but not limited to shareholders, employees, customers and suppliers etc.)? Has a stakeholders’ area available on the Company’s website that properly addresses material corporate social responsibility issues concerned by its stakeholders?	✓		The “Stakeholders” section has been set up on the Company’s website, and relevant contact information is provided for stakeholders’ communication.	No major difference
VI. Has the Company delegated professional stock administration agency to handle affairs regarding the shareholders’ meeting?	✓		The Company has assigned the Stock Administration of Horizon Securities Corp. to handle its shareholders’ meeting affairs.	No major difference
VII. Information Disclosure (I) Has the Company built a website to disclose its financial and corporate governance information? (II) Has the Company adopted other means to disclose	 ✓ ✓		 (I) The Company has built a website to disclose its financial and corporate governance information. (II) The Company has set up the Chinese and English website, disclosed Company	 No major difference No major difference

Item of evaluation	Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company's website)?			information on the Market Observation Post System as regulated, assigned and filed the Company spokesperson and deputy spokesperson, and uploaded the summary of investor conference on the Company's website.	
(III) Whether the Company announces and reports the annual financial report within 2 months after the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?		✓	(III) Pursuant to Article 36 of the Securities and Exchange Act, the Company announces and reports the annual financial report within 3 months after the end of fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit. No early report was made.	The item is considered to be improved with the accommodation of the Company's accounting firm.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of the Company's directors and supervisors)?	✓		1. Employee rights and employee care: The Company has established the Employees' Welfare Committee responsible for employee welfare, and operated by committee members elected by employees, and estimated and appropriated pension pursuant to the Labor Standards Act and Labor Pension Act. The Company's measures regarding the labor relations are handled in accordance with relevant laws and regulation and effectively implemented. Any addition or revision of labor relations measures shall be made over a thorough mutual communication for win-win labor relations. 2. Investor relations: The Company organizes the shareholders' meeting annually in accordance with the Company Act and relevant laws and regulations, and furnishes opportunities of inquiry and proposal to its shareholders. The spokesperson system can handle shareholders' suggestions, queries and disputes. Meanwhile, the Company discloses and reports relevant information as stipulated by authorities to ensure timely delivery of material decision-making information to its investors. 3. Supplier relations: The Company pays attention to the reasonableness of purchase price, so the purchase decision is made after the procurement personnel's careful price inquiry, comparison, negotiation with various suppliers by taking into consideration of price, specification, payment term, delivery date, product and service quality or other information. The Company has built long-term close relation, collaborated, trusted, benefited and grown together with its suppliers. 4. Stakeholders' rights: The Company keeps its communication means with banks, employees, customers and suppliers opened, and respects and maintain their legitimate rights. It has set up the spokesperson system to answer questions from investors aiming to provide highly transparent financial information to its investors and stakeholders. 5. Continuing education of directors and supervisors: The Company's directors are required to attend continuing education courses in corporate governance, and the Company will occasionally arrange proper courses for its directors in the future: See Table 7.	No major difference

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>6. Implementation of risk management policies and risk measurements: The Company has adopted the “Procedures for the Acquisition and Disposal of Assets,” “Procedures for Making of Endorsements/Guarantees,” “Procedures for Loaning of Funds” and “Procedures for Engaging in Financial Derivatives Trading” as the basis of risk management and standard of risk measurement while engaging in relevant businesses for the execution unit and internal auditors.
7. Implementation of customer policy: For a full-dimensional service and protection to its customers, the Company delivers prompt response to customer complaints, communicates to understand customer needs, and increases mutual interaction between company and customers. Improvements are discussed and made in the internal meetings from time to time.
8. Insuring against liabilities of the Company’s directors: The Company has insured against liabilities of its directors, and reviewed the policy on an annual basis in order to eliminated risk of liabilities posed to its directors and company and build a complete corporate governance system.</td><td></td></tr>
<tr><td colspan="5">IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies.
As per the results of the 2022 (9th) Corporate Governance Evaluation published by the Corporate Governance Center, the Company ranked among the top 21%–35% of the companies listed on Taipei Exchange. The Company will continue to improve and strengthen unqualified areas.</td></tr>
</table>

Table 4: Implementation of diversify policy for the board members

Title	Core diversity criteria / Name of Directors	Basics									Professional qualification								
		Nationality	Gender	Employee of the Company	Age			Years of service as an independent director			Operational decision making	Accounting and financial analysis	Operational management	Risk management	Industrial knowledge	Global marketing	Leadership	Decision-making	Medicine, pharmacy and chemistry
					Below 60	60 to 70	Over 70	Less than 3 years	3–9 years	Over 9 years									
Chairman	Concord Consulting Inc. (Juristic Person Representative: Rebecca Lee)	R.O.C.	Female		✓						✓	✓	✓	✓	✓	✓	✓	✓	
Director	SFS Venture Ltd. (Juristic Person Representative: Chung Hsing-Yung)	R.O.C.	Male				✓				✓		✓	✓	✓	✓	✓	✓	✓
Director	SFS Venture Ltd. (Juristic Person Representative: Chen Zheng)	R.O.C.	Male			✓					✓		✓	✓	✓	✓	✓	✓	✓
Director	Min-Ju Investment Co., Ltd. (Juristic Person Representative: Chen Yung-Fa)	R.O.C.	Male			✓					✓		✓	✓	✓	✓	✓	✓	✓

Title	Core diversity criteria / Name of Directors	Basics									Professional qualification								
		Nationality	Gender	Employee of the Company	Age			Years of service as an independent director			Operational decision making	Accounting and financial analysis	Operational management	Risk management	Industrial knowledge	Global marketing	Leadership	Decision-making	Medicine, pharmacy and chemistry
					Below 60	60 to 70	Over 70	Less than 3 years	3–9 years	Over 9 years									
Director	Min-Ju Investment Co., Ltd. (Juristic Person Representative: Hsieh Jung-Cheng)	R.O.C.	Male				✓				✓		✓	✓	✓	✓	✓	✓	
Director	Fine Horse Investment Co., Ltd. (Juristic Person Representative: Chou Chia-Chu)	R.O.C.	Male	✓	✓						✓		✓	✓	✓	✓	✓	✓	
Independent Director	Chang Ryh-Yan	R.O.C.	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	Lin Chih-Ming	R.O.C.	Male				✓		✓		✓		✓	✓	✓	✓	✓	✓	✓
Independent Director	Cheng Chin-Hua	R.O.C.	Female			✓		✓			✓		✓	✓	✓	✓	✓	✓	✓

Table 5: Criteria for the independence of independent external auditors

Item	Criteria	Result	Independence status
1.	The independent external auditor has served as the Company's independent external auditor for less than 7 years.	Not applicable	Qualified
2.	Independent external auditors and member of the external audit team have not, in the most recent two years, served as the Company's directors or managers, or any other position that may materially affect the audit service.	Not applicable	Qualified
3.	Independent external auditors and member of the external audit team are not relatives of the Company's directors or managers, or any other position that may materially affect the audit service.	Not applicable	Qualified
4.	Independent external auditors have not, within one year after dismissal, served as the Company's directors or managers, or any other position that may materially affect the audit service.	Not applicable	Qualified
5.	There exists no direct or indirect material financial interest between the auditors and the Company.	Not applicable	Qualified
6.	Auditors does not overly depend on the fees sourced from single client (the Company).	Not applicable	Qualified
7.	There exists no material business relation between auditors and the Company.	Not applicable	Qualified
8.	There exists no employment relation between auditors and the Company	Not applicable	Qualified
9.	Auditors have not had any contingent fees related to the audit cases.	Not applicable	Qualified
10.	Non-audit services provided by auditors to the Company may not directly affect any significant account of the Audit service.	Not applicable	Qualified
11.	Auditors do not represent the Company in a legal case against a third party or in any other dispute.	Not applicable	Qualified
12.	Auditors do not promote or intermediate stocks or securities issued by the Company.	Not applicable	Qualified
13.	Auditors do not receive valuable gifts or preferential treatments from the Company or its directors, manager or major shareholders.	Not applicable	Qualified
14.	Auditors and member of the external audit team are not entrusted by the Company with money.	Not applicable	Qualified

Table 6: Continuing education programs attended by the Chief Corporate Governance Officer in 2023

Course date	Organizer	Name	Course hours	Total course hours in the current year
2023/04/10	Taiwan Investor Relations Institute	Business opportunities and challenges under the net zero boom	3	18
2023/04/11	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	
2023/05/22	Taipei Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx Listed Companies	3	
2023/06/16	Taiwan Corporate Governance Association	Explanation of Directors' and Supervisors' Responsibilities under Corporate Governance and Case Studies	3	
2023/06/16	Taiwan Corporate Governance Association	Defects or operational risks of the Company identified from the financial statements	3	
2023/09/06	Taipei Exchange	TPEx/Emerging Market Listed Company Insider Stock Ownership Seminar	3	

Table 7: Directors' continuing education in 2023

Title	Name	Course date	Organizer	Course Title	Course hours
Director	Concord Consulting Inc. Representative: Rebecca Lee	2023/09/06	Securities & Futures Institute	Business Judgment Principles and Case Studies	3 hours
		2023/09/12	Taiwan Corporate Governance Association	Corporate growth strategy and external innovation	3 hours
Director	SFS Venture Ltd. Representative: Chung Hsing-Yung	2023/09/20	Securities & Futures Institute	Analysis of Common Illegal Cases of Securities and Exchange Act	3 hours
		2023/10/18	Securities & Futures Institute	Post-pandemic talent sustainability challenge	3 hours
Director	SFS Venture Ltd. Representative: Chen Zheng	2023/05/29	Securities & Futures Institute	The importance of trade secret protection and compliance to corporate governance	3 hours
		2023/11/10	Securities & Futures Institute	Sustainable Finance and ESG-based Trends in Investments	3 hours
Director	Min-Ju Investment Co., Ltd. Representative: Chen Yung-Fa	2023/08/15	Taiwan Science Park Association of Science and Industry	Corporate Governance 3.0, Capital Market Blueprint and Green Financing	3 hours
		2023/12/22	Securities & Futures Institute	Points of note for directors, supervisors and senior executives of TWSE/TPEX listed companies to supervisors	3 hours
Director	Min-Ju Investment Co., Ltd. Representative: Hsieh Jung-Cheng	2023/10/04	Taiwan Corporate Governance Association	Risks are everywhere. How can they be effectively managed?	3 hours
		2023/10/04	Taiwan Corporate Governance Association	Corporate M&A strategy and planning	3 hours
		2023/11/21	Taiwan Corporate Governance Association	The understanding of directors and senior management of listed companies on the current supervision of the competent authorities	3 hours
		2023/12/05	Taiwan Corporate Governance Association	2024 Global Economic Outlook and Industry Trends	3 hours
Director	Fine Horse Investment Co., Ltd. Representative: Chou Chia-Chu	2023/08/15	Taiwan Science Park Association of Science and Industry	Corporate Governance 3.0, Capital Market Blueprint and Green Financing	3 hours
		2023/10/04	Taiwan Corporate Governance Association	Corporate M&A strategy and planning	3 hours
Independent Director	Chang Ryh-Yan	2023/08/11	Taiwan Corporate Governance Association	How the board of directors monitors ESG risks and builds sustainable competitiveness	3 hours
		2023/11/14	Securities & Futures Institute	How should directors and supervisors supervise enterprise risk management and crisis management	3 hours

Title	Name	Course date	Organizer	Course Title	Course hours
Independent Director	Lin Chih-Ming	2023/11/10	Taiwan Corporate Governance Association	Corporate Governance in the USA: History and Recent Developments	3 hours
		2023/11/22	Securities & Futures Institute	Sustainable Supply Chain and Circular Economy	3 hours
Independent Director	Cheng Chin-Hua	2023/01/18	Securities & Futures Institute	Corporate Governance and Securities Laws & Regulations	3 hours
		2023/10/18	Securities & Futures Institute	Post-pandemic talent sustainability challenge	3 hours

(IV) Composition, responsibility and operation of Remuneration Committee:

1.The Remuneration Committee consists of three persons appointed by the board of directors, one of whom is the convenor.

(I) Information about remuneration committee members

May 3, 2024

<table>
<tr><th colspan="2">Criteria
Identity
Name</th><th>Professional qualifications and experience (Note)</th><th>State of Independence</th><th>Number of positions as a Remuneration Committee Member in other public listed companies</th></tr>
<tr><td>Independent director (convener)</td><td>Chang Ryh-Yan</td><td>● Master's in Finance, College of Management, National Taiwan University
● President and director, Deloitte Taiwan, for 10 years; CPA, Chang Ryh-Yan CPA Firm, for 9 years
● CPA</td><td rowspan="3">● All of Independent Director of the Company, meeting the independence criteria.
● Whether is a director, supervisor, or employee of the Company or its affiliated companies (nor are the spouse or relatives within the second degree of kinship thereof): None.
● The number and percentage of the Company's shares held or by spouse, relatives within the second degree of kinship (or by nominee arrangement): , Independent Director Chang Ryh-Yan held 283 thousand shares, i.e. 0.09%, while the other independent directors didn't hold any shares.
● Whether serves as a director, supervisor or employee of a company with specific relations with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): None.
● Provides commercial, legal, financial, or accounting services to the Company and the amount of remuneration received accordingly in the most recent two years: None.</td><td>3</td></tr>
<tr><td>Independent Director</td><td>Lin Chih-Ming</td><td>● M.D., National Taiwan University College of Medicine
● Attending Physician and medical consultant, Cathay General Hospital, for 45 years
● Qualified physician</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Cheng Chin-Hua</td><td>● Doctor of Pharmacy, Taipei Medical University
● Lecturer, School of Pharmacy, Kaohsiung Medical University for 3 years; Senior Research Fellow, Medical and Pharmaceutical Industry Technology and Development Center, for 29 years
● Qualified pharmacist</td><td>1</td></tr>
</table>

Note: This is a summary list of professional qualifications and experience. For details, please refer to the "Background information of directors (I)" on pages 10~13 herein.

2.Responsibilities of Remuneration Committee: On a professional and objective perspective, evaluate remuneration policy and system for the Company's directors and managers and make suggestion to the board of directors for its decision.

Scope of Remuneration Committee's duties: The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion.

(1)Periodically reviewing Remuneration Committee's Charter and making recommendations for amendments.

(2)Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of the Company.

(3)Periodically assessing the degree to which performance goals for the directors and managerial officers of the Company have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

3.Operation of Remuneration Committee

(1)Total of three members on the Remuneration Committee.

(2)Term of Service: from June 15, 2023 to June 14, 2026.
A total of four meetings (A) were held by the Remuneration Committee in 2023:

Title	Name	Actual attendance (B)	Attendance by proxy	Rate of attendance in person (%) (B/A)	Remarks
Convener	Chang Ryh-Yan	4	0	100	Re-elected
Member	Lin Chih-Ming	4	0	100	Re-elected
Member	Cheng Chin-Hua	4	0	100	Re-elected
Other items to be stated: I. If the Board of Directors does not adopt or decide to revise the recommendation of the Remuneration Committee, the Board shall record the date and term, subject matter, resolution, and measures taken concerning the recommendation of the Remuneration Committee (for example, if the compensation passed by the Board of Directors is higher than the recommendation proposed by the Remuneration Committee, the Board shall explain the differences and reasons): None. II. In the resolutions of the Remuneration Committee, if any member expresses objections or has reservations, then the Remuneration Committee shall record the date, term, subject matter, opinions of its members and the measures taken: None.					

(3)Date, subject matter, resolution result of the Remuneration Committee's meeting in the most recent year and the Company's measures taken concerning the recommendation of the Remuneration Committee.

Remuneration Committee Date/Period	Subject Matter	Resolution Result	The Company's handling of the opinion from the Remuneration Committee
2023/03/02 9th meeting of the	Promotion and salary of the Company's managerial	All of the Committee members agreed to	N/A

5th term	officers.	pass the motion unanimously, and the motion was reported to the Board of Directors.	
2023/05/05 10th meeting of the 5th term	The motion for the Company's 2022 remuneration to employees and directors.	All of the Committee members agreed to pass the motion unanimously, and the motion was reported to the Board of Directors.	N/A
2023/08/04 1st meeting of the 6th term	Remuneration to the Company's managerial officers. Promotion and salary of the Company's managerial officers. Remuneration to the Chairman of the Company.	All of the Committee members agreed to pass the motion unanimously, and the motion was reported to the Board of Directors.	N/A
2023/12/29 2nd meeting of the 6th term	Distribution of 2023 year-end bonuses for the Company's chairman and managerial officers.	All of the Committee members agreed to pass the motion unanimously, and the motion was reported to the Board of Directors.	N/A

(V) Discrepancies between the promotion of sustainable development and the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Item of evaluation	Implementation status (Note 1)			Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Summary	
I. Has the company established exclusively (or concurrently) dedicated units to promote sustainable development, and has the Board of Directors put personnel at the senior management in charge of the promotion and monitored the promotion?	✓		The Company’s Board of Directors approved the establishment of Corporate Sustainable Development Committee subordinated to the Board of Directors on August 5, 2022. The Committee shall consist of 5 members, and the Chairman serves as the Committee’s chairman, the President as the Committee’s vice chairman, and the Chief Corporate Governance Officer, SHE managers and HR managers as the ex officio members of the Committee. The Corporate Governance and Partner Co-Prosperity Group, Environment and Climate Change Group and Society & Workplace Friendliness Group subordinated to the Committee are responsible for coordinating related departments to identify, evaluate, control and supervise risks, and reporting the implementation status to the Board of Directors regularly. In addition to holding regular meetings to track the progress of achieving the goals, the Corporate Sustainable Development Committee is arranged to report the annual implementation status to the Board of Directors at least once a year. The contents of the motions include (1) identification of sustainability issues requiring attention and formulation of corresponding action plans; (2) goals and policy amendments for sustainability-related issues; (3) supervision of the implementation of sustainability matters and evaluation of implementation. The Company’s Board of Directors regularly listens to reports from the management team (including ESG reports) every year. The management must propose corporate strategies to the Board of Directors. The Board of Directors must evaluate the likelihood of success for these strategies, constantly review the progress of the strategies, and urge the management team to make adjustments when necessary.	No major difference
II. Does the Company conduct a risk assessment on environment, society and corporate governance issues related to the Company’s operation and adopt related risk management policies or strategies, pursuant to the materiality principle? (Note 2)	✓		The Company is committed to manufacturing high-quality products to satisfy global needs; meanwhile, it aims to create value for its employees, shareholders and pharmacy industry in Taiwan, furnish a healthier environment and practice corporate social responsibility under materiality principle. It emphasizes stakeholders’ rights, cares for environmental, social and corporate governance issues. The disclosed data cover the sustainable development performance of the Company’s main business locations from January 1, 2023 to December 31, 2023. The risk assessment boundary is primarily based on the Company, including SLC headquarters in Chunan, Tainan Plant, Tainan Injection Plant, Taipei Office, and the subsidiary, SLC BioPharm Co., Ltd..	No major difference

Item of evaluation	Implementation status (Note 1)			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			112 years of risk management implementation results	

Risk category	Risk factors	Precaution	112 years of operation
operational Risk	corporate governance risks	Promote regularly to directors and senior executives.	In order to comply with laws and prevent insider trading, directors and senior executives are regularly arranged to attend courses to strengthen publicity.
	HR risks	1.Employee benefits and wages. 2.Talent recruitment and retention. 3.Employee development and education training.	1.Promote good cooperative relations between labor and management, create high-quality corporate culture and employee value. The Employee Welfare Committee convenes meetings on time to maximize benefits for colleagues. 2. Provide three-section bonuses, year-end

Item of evaluation	Implementation status (Note 1)							Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary					
						bonuses, employee bonuses, birthday gifts, health examinations, labor insurance, national health insurance, labor pensions, and employee/dependent group insurance. 3.Encourage employees to further their studies regularly and participate in domestic and foreign courses and lectures.		
				Important domestic and foreign policy and legal changes	Frequently pay attention to important domestic and foreign policy and legal changes.	1.Comprehensive assessment and development of relevant plans regarding domestic and foreign policies, laws and regulations and relevant developments of competent authorities, so as to provide timely		

Item of evaluation	Implementation status (Note 1)							Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary					
						consideration to relevant personnel of the company. 2.When necessary, consult the competent authority or external professional opinions to confirm the appropriateness of relevant legal opinions.		
			Financial risk	Exchange rate and interest rate risk	1.Strengthen the group's capital control and reduce the risk of financial losses. 2. Control the group's foreign currency positions to reduce the risk of exchange rate losses.	1. Continue to pay close attention to changes in interest rates and global economic development trends. 2. In terms of financing transactions with financial institutions, in addition to actively seeking coordination to reduce the increase in interest rates, we will continue to repay part of the bank loans every year to reduce		

Item of evaluation	Yes	No	Summary					Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
						the loan balance and reduce interest expenses. 3. For bulk materials, strengthen research and analysis of domestic and foreign market trends, propose favorable procurement principles, and reduce expenditures and costs.		
				Derivatives Trading Risks	Comply with the company's handling regulations.	It has not engaged in derivatives trading this year, and it has been announced on the Gaokai Information Observation Station every month in accordance with regulations.		
				Accounts Receivable Risk	1.Limit customer transaction limit. 2.The trading	1.Adjust credit limits for existing customers based on past		

Item of evaluation	Yes	No	Summary					Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
					conditions are modified to LC and T/T in Advanced.	transaction records. 2.Modification of trading conditions for high-risk customers. 3.Hold regular financial accounting meetings, track accounts receivable, and carry out effective financial planning and fund scheduling.		
				investment risk	It shall be implemented in accordance with the company's disposal regulations and subsidiary supervision regulations.	The invested company of long-term investment provides monthly financial reports to facilitate the operation and management of the parent company.		
			Operational risks	investment risk	1.The contract must undergo legal review before signing. 2.Regularly and irregularly maintain and update the impact of changes in the	1.The company signs a lawyer consultant. 2.The signing process must be approved by legal affairs. 3.The annual legal affairs replaces physical		

Item of evaluation	Implementation status (Note 1)						Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary				
					competent authority on the company and business, and strengthen regulatory consultation, coordination, communication channels and processing of legal amendments and follow up on legal research, education and training.	education and training with the promotion of legal instructions.	
				information security risks	1. Execute the functions of anti-virus software and firewall. 2. Conduct information security education and training.	1.Implement information security defense tools to avoid information security hazards. 2.Conduct information security education and training for all employees within the company to enhance information security awareness.	
				Occupational	1.Promote safety	1.Occasional safety	

Item of evaluation	Implementation status (Note 1)							Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary					
				safety and health management risks	education messages on a daily basis. 2.Firefighting and occupational safety education and training management. 3.Implement daily independent inspection, testing, maintenance and maintenance of fire protection equipment. 4.Labor health management and construction safety management.	promotion reminders. 2.Basic fire protection occupational safety training for new personnel. 3.Regular independent inspections (escape equipment, fire extinguishers/month) and outsourced maintenance of fire protection equipment. 4.Implement safety and health education and training (construction site hazards, labor safety meetings), and strengthen publicity in pre-work education and inspection management meetings. 5.Implement the employee health care system, arrange on-site professional medical		

Item of evaluation	Implementation status (Note 1)			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			care services (monthly), implement employee health examinations in accordance with laws, care for the health of colleagues, and provide a friendly workplace.	
III. Environmental topic (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	✓		The Group is engaged in R&D and manufacturing of APIs for antibiotics, small molecule drugs and peptide products, and the consistent manufacturing process for vertical integration of sterile APIs to finished injection preparations. The high-standard factory premises & equipment satisfy the cGMP and standards of the government health agencies of Japan, Europe and the United States. The Group's employees acknowledge that respect for life, care for health, energy conservation and carbon reduction, promotion of environmental harmony, and creation of a safe and healthy working environment are the common goals to be pursued by all of us. In order to ensure the safety and health in the working environment and prevent personnel injuries, diseases, property loss, environmental pollution and damage, all of the Group's employees need to participate in the activities to improve environmental hygiene more proactively. In order to achieve said targets, we commit to keep improving and upgrading the targets for environmental protection and ESG, and also implement the following strategies: Social responsibility: Fulfill social responsibility and care for the environment - maintain the resources on the earth and mitigate the impact posed by carbon emissions. Accountability: Responsible for promotion and communication-counseling, communication, and awareness toward personal responsibility. Vocation: Education and training of the sense of mission - the concept about education and safety, and culture of proactivity. Improvement: Continuous improvement-improvement of the safety and health performance to ensure the sustainability. Observation: Care for health-mitigation of the risk over safety and health to promote the workplace health. Regulation compliance: Legal compliance-practicing the full participation and compliance with environmental, health and safety laws.	No major difference

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>No confirmation or guarantee opinion has been obtained from the verification unit of the third party.</td><td></td></tr>
<tr><td>(II) Does the Company endeavor to upgrade the energy use efficiency and use environmentally-friendly materials?</td><td>✓</td><td></td><td>The "Sustainable Development Committee" established by the Company to integrate and promote the Company's environmental protection, safety and health, energy conservation, water conservation, and GHG management proposes sustainable management plans and reviews the implementation results each year, as the basis for internal inspection.

In 2023, SLC’s energy consumption totaled 44,945,852.53 GJ, down 8% from 2022, primarily a result of a decrease in the consumption of power, natural gas, steam and diesel. The energy intensity was 250,798.7 GJ/million output value in 2023, down 4.13% from the 261,597.2 GJ/million output value in 2022.

The existing practices include recycling of garbages, use of recycled materials posing low impact to the environmental load, recycling the water discharged from RO water purifiers and air-conditioning condensate to the cooling tower, adoption of hand-washing faucets to limit the water consumption, domestic water conservation, and implementation of the eco-friendly and green energy concept into the process and equipment, promotion of green environmental protection, and focus on ecological balance, etc..
The goal is to reduce annual energy consumption and energy intensity, and thereby reduce the environmental impact.</td><td>No major difference</td></tr>
<tr><td>(III) Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues?</td><td>✓</td><td></td><td>First of all, in terms of the Company's business overview and future market condition, the Group evaluates the 17 climate change-related risks and 20 climate change-related opportunities proposed by TCFD, and discusses and prioritizes them subject to the possibility and urgency (for short term, medium term, and long term), in order to produce the matrix for the risks and opportunities.

In order to further evaluate the financial impact that might be posed by the climate change risk, the Group determines and prioritizes the most important climate-related risk issues through the matrix of risk, and then perform the related financial evaluation and responsive strategies. It aims to ensure the business continuity free from any interruption, so as to realize the corporate sustainability.
<table><tr><th>Category</th><th>climate related risks</th><th>potential financial impact</th></tr><tr><td>physical risk</td><td>short term:
Extreme changes in precipitation and climate</td><td>short term:
The Tainan factory of Songrui Pharmaceutical Co., Ltd., a subsidiary</td></tr></table></td><td>No major difference</td></tr>
</table>

Item of evaluation	Implementation status (Note 1)						Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Summary				
				patterns lead to an increase in company operating costs **medium to long term：** Rising sea levels have affected the company's operations, resulting in reduced revenue and increased operating costs.	of Songrui Group, is located in a water-stressed area with droughts in autumn and winter, and heavy rains in spring. If phased water restrictions are imposed, our approach and related financial impacts will be as follows: (1) The first stage: off-peak and reduced pressure water supply during specific periods ● Impact: Temporarily supplied by the factory storage tank, so it will not be affected (2)Phase II: Non-industrial water users who use water more than 1,000 kilowatt-hours per month will have their water supply reduced by 20%, and industrial users will have their water supply reduced by 5 to 20%. However, this does not apply to those with medical or other special needs. ● Countermeasures a. Start the depressurized water supply for people’s livelihood in the factory area. b. Increase the concentration ratio of		

Item of evaluation	Implementation status (Note 1)						Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary				
					the cooling water tower to reduce emissions (increase from 1500 to 2000). ● Financial impact: Only equipment maintenance costs (3) The third stage: Offer five and stop two ● Countermeasures: a. Wastewater plant discharged water is recycled and used for sludge dewatering machines. b. Waste water plant discharged water is recycled and installed with a water purifier to supply cooling water tower used. c. Recycle the existing ROR wastewater and add a RORR wastewater recovery device. d. Enable the backup water storage tank in the factory area to store water. e. Start the water truck to transport water. **medium to long term：** Rising sea levels will increase factory risks and may directly affect company		

Item of evaluation	Implementation status (Note 1)					Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary			
					operations.	
			Transition risk	**medium to long term：** Rising raw material costs 1. The high price of greenhouse gas emissions increases company costs 2. Strengthen greenhouse gas emission reporting obligations 3. Mandate/legislate disclosure of carbon emissions for existing products and services 4.Average temperature rises, leading to rising costs	**medium to long term：** Because climate change has led to shortages in the supply of raw materials, the supply of raw materials exceeds demand, which in turn leads to an increase in procurement costs. Ultimately, manufacturing costs rise. 95% of Songrui Group's products are exported internationally. If domestic regulations are revised and international greenhouse gas emission costs increase, operating costs will increase if the average temperature rises. Songrui conducts greenhouse gas inventories in each factory every year and considers how to reduce carbon emissions from all aspects of operations and management. If the average temperature rises, the cost of air conditioning and process temperature control in the company's factory will increase, which will increase operating costs	
			climate	**short term:**	**short term:**	

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td rowspan="2">opportunities</td><td>Recycle and reuse to increase resource efficiency</td><td>Recycling can reduce costs and improve company reputation.</td></tr><tr><td>short term:
Reduce water usage and consumption to increase resource efficiency</td><td>short term:
Use more efficient production and distribution processes to increase resource efficiency Short-term: Reduce costs and improve company reputation through recycling.</td></tr></table></td><td></td></tr>
<tr><td>(IV) Has the Company gathered statistics on the greenhouse gas emissions, water usage, and total waste weight over the past two years, and has the Company established policies for carbon reduction, greenhouse gas emission reduction, reduction of water usage, or other waste management?</td><td>✓</td><td></td><td>● GHG emission management<table><tr><th>Item</th><th>2022</th><th>2023</th></tr><tr><td>Total GHG emission</td><td>8,150.37 tons CO2e</td><td>8,539.15 tons CO2e</td></tr><tr><td>Direct emission (Scope 1)</td><td>1,317.57 tons CO2e</td><td>1,372.59 tons CO2e</td></tr><tr><td>Indirect energy emission (Scope 2)</td><td>6,832.79 tons CO2e</td><td>7,166.56 tons CO2e</td></tr></table>The greenhouse gas emissions of SLC in 2023 were estimated to be 1,372.59 metric tons of carbon dioxide equivalent for Scope 1 and 7,166.56 metric tons of carbon dioxide equivalent for Scope 2, totaling 7,166.56 metric tons, an increase of 4.77% compared to 2022. The greenhouse gas emission intensity for the Zhunan Plant was 14.13, an increase of 28.72% compared to 2022 (due to the adjustment of operating strategy, reduction in product output, resulting in an increase in intensity), while for the Tainan Science Park Plant it was 15.32, a decrease of 23.63% compared to 2022.

Note 1: The greenhouse gas emission coefficient required for the inventory of greenhouse gas emissions is mainly based on the “Greenhouse Gas Emission Coefficient Management Table Version 6.0.4.”
Note 2: Based on the global warming potential data provided by the United Nations Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report (2013) as the basis of calculation.
Note 3: The Company adopts the operational control approach, consolidating the Scope 1</td><td>No major difference</td></tr>
</table>

Item of evaluation	Implementation status (Note 1)			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			and Scope 2 greenhouse gas emissions from each production area. The greenhouse gases inventoried include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. Note 4: As Scope 3 is not a "self-owned or controlled emission source" and it is more difficult to aggregate and obtain relevant emission information, it is exempted from the scope of inspection in the first place. ● **Water resource management** <table><tr><td>Item</td><td>2022</td><td>2023</td></tr><tr><td>Water consumption</td><td>89.87 million liters</td><td>85.55 million liters</td></tr></table> 100% tap water is used by Sungray Group. In 2023, the Zhunan and Tainan production sites with a total water intake of 85.55 million liters. This represented a decrease of 4.81% from 2022. Tainan plant has successfully completed process optimization to significantly reduce energy consumption, water consumption, and energy intensity. With respect to the industrial wastewater that needs to be discharged ultimately, the Company plans the wastewater treatment facilities with care, based on the characteristics of its process wastewater source, and implements the reduction in and classification of the process wastewater sources, and combine appropriate treatment equipment and technology, in order to enable the wastewater treatment system to mitigate the pollutants effectively. Meanwhile, the Company will contract external agencies to collect water for testing periodically or conduct the test independently in accordance with the standards announced by the competent authority, in order to ensure the industrial wastewater emission quality. The domestic wastewater and industrial wastewater generated by various factory premises are all included into the sewage sewer systems of the relevant industry parks or the municipal sewage pipe network. The various control indicators about the emission quality all satisfy the inclusion standards adopted by the sewage treatment plants in various areas. In 2022, SLC's two production bases, Chunan Plant and Tainan Plant, have both passed the water quality test, delivering the 100% wastewater treatment coincidence rate. As the company engaged in the pharmaceutical manufacturing industry, SLC is not allowed to use recycle water as its process water, according to the GMP. Meanwhile, Hsinchu	

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Science Park Bureau also agrees that SLC does not need to recycle wastewater.

No confirmation or guarantee opinion has been obtained from the verification unit of the third party.

● Waste Treatment
<table>
<tr><th>Item</th><th>2022</th><th>2023</th></tr>
<tr><td>Total hazardous waste weight</td><td>130.61 mt</td><td>305.84 mt</td></tr>
<tr><td>Total non-hazardous waste weight</td><td>197.02 mt</td><td>300.32 mt</td></tr>
</table>
In accordance with government regulations on waste disposal and the company’s established “Waste Management Procedures,” the industrial waste generated is outsourced for recycling and reuse, incineration, or landfill disposal, among other primary methods. Some hazardous industrial waste (mainly waste solvents) is self-incinerated, with the steam recovered for internal use and reverse recycling with suppliers. All disposal methods have been fully outsourced to qualified national professional disposal agencies (without any export, import, or transit disposal activities), and the waste management process is properly executed. The measures currently adopted include on-site classification, storage, and labeling of waste, evaluation and contracting of disposal companies, weighing of waste and tracking of transportation vehicles, online reporting and confirmation of disposal manifests, regular audits and random inspections of disposal companies (irregular follow-ups to ensure proper disposal of all types of waste by outsourced companies), and emergency response measures. These measures are taken to avoid additional environmental burden and pollution risks caused by waste.

No confirmation or guarantee opinion has been obtained from the verification unit of the third party.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?</td><td>✓</td><td></td><td>The Group upholds the management philosophy respecting human values, values human right-related issues and keeps modifying its work rules in line with domestic and foreign laws and regulations. Meanwhile, in response to the latest Labor Standards Act amended by the government, the Group modifies the requirements about working hours, wages and leave in the work rules to enable each employee to work safely and enjoy the protection at work and also to build a friendly and fine-quality workplace.</td><td>No major difference</td></tr>
</table>

Item of evaluation	Implementation status (Note 1)			Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Summary	
			We convene labor–management meetings and employee welfare committee meetings on a quarterly basis as required by law. These allow management and employee representatives to discuss company operations, important decisions, and issues of concern to employees. Provide an open platform where employees can ask questions, express opinions and suggestions. The Company also adopted the “Regulations Governing Employee Opinions and Complaint Mailboxes” and the “Sexual Harassment Prevention Measures Complaints and Disciplinary Regulations” to conduct positive communication with employees. The Company does not have a labor union. In response to the world trend and corporate governance tendency, the Company prepared its human rights policy based on the four core principles and rights for the workplace upheld by the International Labor Organization (ILO), SLC’s corporate culture core, management philosophy and foundation of a happy enterprise, and the local laws and regulations applicable in the jurisdiction where the Company's business locations are situated in the world, upon multiple discussions by the decision makers and management meetings, in 2020, expressly stating that SLC: I. Provide a safe and healthy workplace in accordance with related laws and regulations. II. Stop discrimination to ensure equal Job opportunity. III. Respect the human rights at workplace. IV. Diversified communication channels: Set up the employees’ opinion mailbox and grievance channel, as well as the channel via which employees may propose any suggestions, in order to enhance the labor-management cooperation. V. Forbid child labors and forced labors. VI. Engage in the labor-management negotiation, keep the labor-management communication channels uninterrupted and convene the labor-management meetings regularly to ensure the rights and interests of labors and the management. VII. VII. Personal data protection: Establish the “Personal Data Protection Management Act” pursuant to laws, in order to practice the personal data protection and management.	
(II) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits), and reflects the operating performance or results to the remuneration to employees adequately?	✓		The Group upholds the good faith principle. Meanwhile, in order to protect the rights and interests of its employees, its management procedures and work rules are formulated in accordance with the principles of the Labor Standards Act in order to provide our employees with good remuneration and a safe working environment. In addition to national health insurance and labor insurance, the Company provides group insurance for all employees and annual health check-ups in accordance with various laws and regulations. A Employee Welfare Committee has been established and relevant welfare	No major difference

Item of evaluation	Implementation status (Note 1)			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			funds have been allocated to increase employee welfare funding for the purpose of implementing the various welfare initiatives and activities that have been planned. In 2022, SLC received the Happy Workplace Awards-Silver Award from Job Bank. ● **Composition of the Company's Employees** In 2023, the Group had 312 full-time employees, 65% for male employees and 35% for female employees. The proportion of male employees is higher than that of female employees. Because most of the production sites provide the heavy work that need physical strength, the employees working at the production units are mostly male, while the administrative paperwork is processed primarily by female employees. The overall average service age of the Company is 38.35 years old and the average tenure is 6.48 years. The structure of manpower is stable. There are 13 non-employees, mainly cleaning, contractors and security personnel. ● **Salary Policy** The Group believes that the remuneration mechanism not only provides employees with the salary enough to support their livelihood, but also ensure the external competitiveness and internal balance. We also provide the variable remuneration, such as bonuses, subject to the individual employees' performance and achievement rate of organizational goals (or the degree of profit), additionally and regardless of gender, in order to reward employees for their excellent performance and share the operating results with all colleagues. According to the "Instructions for the Declaration of Salary information for Full-time Non-managerial Employees" promulgated by TWSE, it calculates the average salary of employees hired by various business locations. According to the CPA's review and verification, the number of full-time employees who hold non-managerial positions was 230 persons in 2023, the average salary of full-time employees who hold non-managerial positions was NT$684 thousand, up NT$20 thousand compared to the previous year, and the median salary of employees was NT$620 thousand. Both the average salary and median salary have increased by NT$75 thousand from 2022. ● **Performance Appraisal** The Group established the "Employee Performance Appraisal Management Regulations" as the reference for employees' cultivation and training, counseling to employees, communication between supervisors and employees, raise, promotion and year-end bonus of employees, employees' subscription for stocks and distribution of stock dividends. For twice per two years, the President is responsible for authorizing the staff throughout the Company. The UR unit is responsible for executing, maintaining and amending	

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>regulations. Various unit supervisors are responsible for performance appraisal on, interview with and assessment on their staff. At the end of 2023, the performance appraisal on the whole formal employees has been completed 100%.</td><td></td></tr>
<tr><td>(III) Does the Company provide a safe and healthy work environment for its employees? Does the Company regularly provide its employees with health and safety education?</td><td>✓</td><td></td><td>(I) The Company provides employees a safe and healthy work environment and regularly furnishes training courses on safety and health issues, summarized as follows:
1. The Company holds employee health check on an annual basis, and, through diverse online health seminars and health education information, it allows employees taking control over their health condition and equipped with self-health management knowledge and method.
2. For work safety, the Company, through continuous training courses and promotion, strengthens employees’ knowledge to reduce unsafe acts and prevent accidents.
3. The Company promotes smoke-free environment that allows its employees to work under a comfortable and healthy environment.
4. Maintenance and disinfection have been done to water dispensers regularly.
5. For emergencies caused by nature disasters or human negligence, the Company held fire and earthquake drills from time to time enabling employees to handle these emergencies following the emergency procedure and eliminate impacts on employees.
(II) Occupational Accident Statistics and Occupational Safety and Health Management Statistics in 2023<table><tr><th>Management indicators</th><th></th></tr><tr><td>Lost Time Injury Frequency Rate</td><td>0</td></tr><tr><td>Disabling Injury Frequency Rate</td><td>0</td></tr><tr><td>Disabling Injury Severity Rate</td><td>0</td></tr><tr><td>Occupational Disease Rate</td><td>0</td></tr><tr><td>Death rate caused by occupational accidents</td><td>0</td></tr><tr><td>Severe occupational injury rate</td><td>0</td></tr><tr><td>Recordable occupational injury rate</td><td>0</td></tr><tr><td>Total death accidents</td><td>0</td></tr></table></td><td>No major difference</td></tr>
<tr><td>(IV) Does the Company establish an effective career development and training program for employees?</td><td>✓</td><td></td><td>In order to improve the professional skills of our staff and enhance their research and development capabilities, we encourage our staff to attend diverse education and training courses, including new recruit training, on-the-job training courses, as well as various job-related training courses, in order to help employees to develop professional skills.</td><td>No major difference</td></tr>
</table>

Item of evaluation	Implementation status (Note 1)			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			Employee education and training is very important to the Group. In addition to the education and training for new employees and professional training required by laws and regulations, the Company requires employees to complete the education and training corresponding to their duties. PIC/S GMP and GDP quality education and training are crucial for enterprises. This training ensures that employees fully understand and comply with relevant quality management regulations and standards, thereby ensuring the safety, quality, and efficacy of products during the production and distribution processes. This is critical to protecting the health and safety of consumers, and is also an important guarantee for companies to maintain a good reputation and brand image. Secondly, quality education and training help to improve the professional knowledge and skills of employees, so that they are better able to deal with various challenges and problems in the complex manufacturing and distribution process. This not only helps improve production efficiency and product quality, but also helps reduce the occurrence of errors and accidents, reducing business risks and costs. Education and training hours will reach 9,233 hours in 2023. ● **Orientation Training** SLC provides new employees with the orientation training, in order to enable them to understand the Company's overview, organization, regulations & systems and operating procedures rapidly. The training includes the basic training and professional training. The training program includes: ● Get to know SLC: Company introduction, business philosophy, corporate mission and prospect, industry direction, action standard, behavioral example, group relationship, and career prospects. ● Organizational status: organizational structure, organizational functions, current status, and future development. ● Work rules: employment, transfer, service rules, salary policy, work and rest, talent cultivation, performance evaluation, rewards, punishments and subsidies, insurance benefits. ● Payment requisition: petty cash request, item collection, procurement requisition process, general payment request process. ● Safety and health: safety and health regulations, safety and security work rules, automatic inspections, emergency response, fire and first aid knowledge, etc. ● Plant introduction: manufacturing plants, sales, R&D, quality assurance, management, finance. ● QA required document study. ● Department-specific projects.	

Item of evaluation	Implementation status (Note 1)			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			The basic training program includes: ● Introduction to the Company's history, organization & human resource, regulations & systems, and related benefits. ● Quality system introduction & training ● Basic principles for integrity of data ● Promotion of labor safety Professional training: The training for job contents and work skills to be executed and exercised by new employees or colleagues who are new to some operation in the future.	
(V) Has the Company complied with laws and international standards with regard to the customer health and safety of products and services, customer privacy, marketing and labeling of products and services, and has the Company established policies and reporting procedure to protect consumers' or customers' rights and interests?	✓		The Company has adopted the rules for handling customer complaints. Customers can enjoy after-sale inquiry service and the complaint channel. There is specialist available to answer customer question hotline. In addition, the Company has insured its products to protect customers' rights; all products of the Company are certified, and product labels are in compliance with relevant regulations. (See Table 8)	No major difference
(VI) Has the company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational safety and health or labor rights etc. and the implementation status thereof?	✓		The Group demands that all suppliers should satisfy the GMP requirements, provide the product quality in line with the plant's specifications, and execute the "Code of Corporate Responsibility and Conduct for Suppliers." Before initiating relation with a supplier, the Group would collect related information to conduct the risk assessment and execute the "Code of Corporate Responsibility and Conduct for Suppliers." Nevertheless, in the current business environment, the Company cannot state such clause in a contract with suppliers, provided that if any supplier materially breaches its corporate social responsibilities, the Company will cease relation with such a supplier and terminate the contract.	No major difference
VIII. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared a sustainability report, and reports for disclosing non-financial information of the Company? Have the aforementioned reports obtained the assurance or guarantee opinions from a third-party verification	✓		The Company's ESG report was prepared in accordance with the GRI (Global Reporting Initiative) Standards and SAAB (Sustainability Accounting Standards Board) Standards. Said report has not yet been certified by a third-party certification unit.	No major difference

Item of evaluation	Implementation status (Note 1)			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
unit?				
IX. If the Company has established sustainable development best-practice principles based on Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the principles and their implementation: None.				
X. Other important information that facilitates the understanding of the promotion of sustainable development: (I) The Company has established, pursuant to the Regulations Governing Occupational Safety and Health, the occupational safety and health unit and personnel based on the Company's scale and nature to manage safety and health affairs. (II) The Company is environmentally friendly and requires employees to maintain digital documents instead of paper files and reuse the blank side of used paper. The Company is committed to energy saving and constantly pays attention to other social responsibilities and social welfare wishing to give back to the public.				

Note 1: If you check "Yes" for the implementation status, please specify the important policies, strategies, and measures adopted and the implementation status; if you check "No," please state the discrepancies and reasons in the column of "Discrepancies between the promotion of sustainable development and the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons"; and specify relevant policies, strategies, and measures to be adopted in the future. Notwithstanding, with respect to the Items 1 and 2, the TWSE/TPEx listed company shall specify the governance and supervision framework of the sustainable development, including but not limited to, the enactment of management policies, strategies and targets, and review on the measures, etc.. Further, please state the Company's risk management policies or strategies on the environment, society and corporate governance issues, and the assessment thereon.

Note 2: Materiality principle is the environmental, social and corporate governance issues that may materially impact the Company's investors and other stakeholders.

Note 3: For the method by which such information shall be disclosed, please refer to the sample annual report disclosed on the website of TWSE Corporate Governance Center.

Table 8: The Company's product certificates.

Year	Description
2006	GMP certificate was issued to Tainan plant by the Department of Health, Executive Yuan.
2007	GMP certificate was issued to Tainan plant by Merck Taiwan.
2008	GMP certificate was issued to Chunan plant by the Department of Health, Executive Yuan. Meropenem production line in Chunan plant was registered in Japan for accreditation. A drug manufacture permit license for Meropenem by Department of Health was issued to SLC. A drug manufacture permit license for Imipenem by Department of Health was issued to SLC.
2009	Meropenem production line in Chunan plant passed the Japan Ministry of Health, Labor and Welfare PMDA inspection, and obtained the GMP certificate.
2010	Registration of Imipenem and Cilastatin was completed in India.
2011	Meropenem production line in Chunan plant passed the French Afssaps inspection and obtained the GMP certificate. Meropenem API and Sterile Buffered production lines in Chunan plant passed the UK MHRA inspection, and obtained the GMP certificate. A license for export product for Ertapenem by Department of Health was issued to SLC. Sterile Buffered production line in Chunan plant passed Korea KFDA inspection and was issued the GMP Certificate. Imipenem/Cilastatin production line in Tainan plant passed Korean KFDA official inspection and was issued the GMP Certificate. Imipenem/Cilastatin API and Sterilem production line in Tainan plant passed UK MHRA inspection, and obtained the GMP certificate.
2012	Meropenem production line in Chunan plant and Imipenem /Cilastatin production line in Tainan plant passed US FDA inspection and officially received the approval. Imipenem/Cilastatin production line in Tainan plant passed the Taiwan TFDA routine inspection. Filling line of Tainan injection plant completed Taiwan TFDA inspection. Filling line of Tainan injection plant completed EU (France/Spain) inspection.
2013	Tainan injection plant passed Taiwan TFDA inspection, and were certified in compliance with PIC/S GMP guideline. An approval was officially received. Tainan injection plant passed EU (France/Spain) AEMPS inspection, and was certified in compliance with PIC/S GMP guideline. A GMP certificate was officially received. Tainan I/C plant and new production line passed UK MHRA inspection and obtained the GMP certificate. Ertapenem (lyophilization) production line in Tainan injection plant passed Taiwan TFDA inspection, and obtained the GMP certificate. Tainan I/C plant and new production line passed Taiwan TFDA inspection, and obtained the GMP certificate. Chunan plant and Tainan I/C plant passed the UK MHRA routine inspection, and was certified in compliance with PIC/S GMP guideline. A GMP certificate was officially received.
2014	Sterile Buffered and Ertapenem production lines in Chunan plant and Imipenem/Cilastatin production line in Tainan plant passed the Taiwan TFDA routine inspection, and was certified in compliance with PIC/S GMP guideline. A GMP certificate was officially received. Ertapenem (lyophilization) production line in Tainan injection plant passed Taiwan TFDA inspection, and was certified in compliance with PIC/S GMP guideline. A GMP certificate was officially received. Chunan plant completed US FDA routine inspection and officially received the approval. An approval was officially received. Imipenem/Cilastatin production line in Tainan plant passed US FDA routine inspection, and an approval was officially received. Injection plant passed US FDA inspection, and an approval was officially received. Meropenem API and Sterile Buffered production lines in Tainan second campus passed Taiwan TFDA inspection, and obtained the GMP certificate. SLC injection plant passed Brazil ANVISA inspection, and obtained the GMP certificate.
2015	Meropenem production line in Chunan plant passed Brazil ANVISA inspection, and an approval was officially received. Tainan injection plant passed the Good Distribution Practice for Medicinal Products (GDP) compliance evaluation conducted by the Ministry of Health and Welfare.
2016	Chunan plant completed Taiwan TFDA routine inspection. Chunan plant completed US FDA routine inspection and officially received the approval. Tainan first and second campuses completed US FDA routine inspection and officially received the approval. Tainan first and second campuses completed MHRA routine inspection; Meropenem API, Sterile Buffered and Ertapenem (lyophilization) production lines passed the inspection, and approvals were received. Tainan first campus completed the Taiwan TFDA routine inspection. Ertapenem (lyophilization) production line in Tainan second campus completed the Taiwan TFDA inspection and received the approval. Injection plant passed AEMPS routine inspection, and an approval was officially received. Injection plant completed US FDA routine inspection and officially received the approval. Drug sale licenses for SLC's Meropenem injection form were issued in Portugal and Germany. SLC's Meropenem injection form was approved for sale by US FDA. SLC's Imipenem /Cilastatin injection form were officially registered in Portugal, Spain, France, the Czech Republic and Poland, and the sale license was issued in the Czech Republic. A sale license for SLC's Ertapenem injection form was issued by TFDA.
2017	A drug sale license for SLC's Imipenem/Cilastatin injection form was issued in Portugal.
2018	SLC Ertapenem injection product was permitted for sale by the UK official. SLC's injection plant was certified with the good manufacturing practices for western medicinal products (Chapter 3: Distribution) adopted by the Taiwan Food and Drug Administration. SLC's Chunan plant completed the TFDA PIC/S GDP compliance evaluation, and is verified in compliance with the

Year	Description
	Western Pharmaceuticals Good Distribution Practice Regulations. SLC's Chunan plant completed the TFDA PIC/S GDP routine inspection, and its production permit was extended.
2019	Tainan injection plant passed Taiwan TFDA inspection, and an approval was officially received. Ertapenem API production line in Tainan plant passed Taiwan TFDA inspection, and an approval was officially received. Ertapenem API production line in Tainan plant passed Korea MFDS inspection.
2020	Meropenem API production line in Chunan plant passed Taiwan TFDA inspection. Tainan injection plant passed Taiwan TFDA inspection, and were certified in compliance with PIC/S GMP guideline. An approval was officially received. Tainan Ertapenem API production line (B-Line) received the license for export product from TFDA.
2021	Tainan Ertapenem API production line (A-Line) received completed the TFDA PIC/S GMP's routine audit, and its production permit was extended. Tainan Ertapenem API production line (B-Line) received passed the evaluation by TFDA PIC/S GMP for plant expansion. Tainan injection plant completed the TFDA PIC/S GDP's routine audit, and its production permit was extended. Tainan injection plant completed AEMPS's official routine audit and obtained an approval letter.
2022	Meropenem API production line in Chunan plant passed US FDA routine audit. Meropenem API production line in Chunan plant passed Taiwan TFDA routine audit. Ertapenem API production line in Tainan plant passed US FDA routine audit.
2023	Nanke injectables factory passed the U.S. FDA inspection and obtained an EIR. Tainan injection plant passed the routine inspection by Taiwan TFDA and obtained PIC/S GMP and GDP certificates.
2024	Tainan injection plant's bulk drug Ertapenem passed the routine factory inspection by Taiwan TFDA and obtained PIC/S GMP and GDP certificates

(VI) Implementation of ethical management and deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof

Item of evaluation	Status			Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
I. Enactment of ethical management policy and program				
(I) Has the company established ethical operation policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	✓		(I) The Company has established procedures for ethical operation and behavioral guidelines approved by the board of directors. Members of the board of directors and senior management have signed the Declaration of Good Faith while on-board.	No major difference
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish a prevention program accordingly with the inclusion of the preventive measures against each behavior specified in Article 7 Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) The Company has established procedures for ethical operation and behavioral guidelines to regulate all company employees and management and prevent unethical conducts.	No major difference
(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary actions for violation, and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company review and modify the program mentioned above regularly?	✓		(III) .The operational procedures, disciplinary actions and complaint systems have been clearly stated in the Company's procedures for ethical operation and behavioral guidelines, up to the date of publication, there is no occurrence of violation of ethical operation policy in the Company	No major difference
II. Implementation of ethical operation				
(I) Has the Company assessed a trading counterpart's ethical operation record, and expressly states the ethical operation clause in the contract to be signed with the trading counterpart?	✓		(I) Before doing business with a trading counterpart, the Company has assessed its legality, and record of unethical conduct to ensure it trades fairly and transparently, and does not request, provide or accept any bribery.	No major difference
(II) Has the Company established a dedicated unit for promoting the corporate ethical operation under the board of directors and reporting its ethical management policy and plan for preventing unethical conducts as well as the supervision of implementation status to the	✓		(II) The Company's administration department is assigned as the dedicated unit for promoting the corporate ethical operation.	No major difference

Item of evaluation	Status: Yes	Status: No	Status: Summary	Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
board of directors periodically (at least once annually)?				
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	✓		(III) The Company has regulated that if a director or a juristic person that the director represents is an interested party in relation to the subject matter, that may damage the Company's interest, the director can state their opinion and answer to questions, but that director may not participate in discussion or voting on that subject matter and shall recuse themselves from the discussion or the voting on the item. In any business practice, if any employee has conflict of interest, he or she shall report such conflicting interest to his/her direct manager and the Company's dedicated unit.	No major difference
(IV) Has the company implemented effective accounting system and internal control system for the purpose of maintaining ethical operation? Has the internal audit unit established relevant audit plan according to the assessment result of unethical conduct risk and audit the status of compliance with the prevention against unethical conduct plan, or entrust CPA to perform audit?	✓		(IV) In order to implement ethical operation, the Company has adopted effective accounting system and internal control system. Effectiveness of these systems are reviewed regularly by internal auditors and reported to the board of directors.	No major difference
(V) Has the Company organized internal/external education training program for ethical operation periodically?	✓		(V) The Company periodically organizes training courses regarding GMP and EHS, and arranges external education training programs for directors and managerial officers. In 2023, the Company has organized internal/external education training programs relating to ethical operation (including courses such as compliance for ethical operation, GMP, EHS, accounting system and internal control) with a total participation time of 3,306 persons and 4,690 hours.	No major difference
III. Status of the Company's complaint system			.	
(I) Has the Company provided incentives and easy access for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?		✓	The Company has established the Employee Appraisal and Rewards Policy. In circumstance of violation of ethical operation by employees, the competent supervisors jointly discuss and decide the punishment and notify that employee about the punishment through a personnel order. The handling process is highly confidential in order to protect whistleblower against any misconduct	No major difference
(II) Has the Company established any investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?		✓		No major difference

Item of evaluation	Status			Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(III) Has the Company provided proper whistleblower protection against any misconduct?	✓			No major difference
IV. Enhancing Information Disclosure Has the Company disclosed its ethical operation policy and progress thereof on its website and the Market Observation Post System?	✓		The Company has disclosed its procedures for ethical operation and behavioral guidelines on its website and the Market Observation Post System.	No major difference
V. If the Company has established "Ethical Corporate Management Best-Practice Principles" in accordance with "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies," please describe the current practices and any deviation from the principles: The Company has established the procedures for ethical operation and behavioral guidelines, and remained disciplined with aforementioned procedures. There is no major difference between current practices and the procedures.				
VI. Other information material to the understanding of ethical business operation (e.g. the discussion and amendment to the ethical business best-practice principles defined by the Company) The Company has established the procedures for ethical operation and behavioral guidelines in accordance with "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" that clearly stipulate matters to be considered during business practice for the Company's personnel.				

(VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

The Company has adopted corporate governance best-practice principles and related bylaws, these can be searched through the following means:

"Corporate Governance Section" of the Market Observation Post System (http://mops.twse.com.tw/)

"Corporate Governance Section" of the Company's website (http://www.saviorlifetec.com.tw/zh/careers-129)

(VIII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed:

The Company has set up the "Corporate Governance Section" on the Company's website to disclose relevant corporate governance policies and information.

(IX) The section on the status of implementation of the company's internal control system shall furnish the following:

1.Internal Control System Statement

Savior Lifetec Corporation
Internal Control System Statement

Date: March 8, 2024

We make the following statement based on the results of the self-inspection of the internal control system in 2023:

I. We acknowledge that the Board of Directors and managers are responsible for the establishment, operation and maintenance of the internal control system. We have established such a system. to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.

III. We judge the design and operation of the internal control system for their effectiveness with reference to the items to be judged for the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the Regulations are divided into the following five constituent elements according to the management control process: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communications; and 5. monitoring operations. Each constituent element contains a number of items. Refer to the provisions of the above-mentioned "Regulations."

IV. We have adopted the judgment items of the internal control system to assess the effectiveness of the design and implementation of the internal control system.

V. Based on the results of the abovementioned assessment, we confirm that our internal control system on December 31, 2023 (including monitoring and management of subsidies) was effective in terms of its design and operation with respect to understanding the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws in order to reasonably ensure that these objectives are achieved.

VI. The Statement will be the major part of our annual reports and prospectuses, and will be open to the public. If there is any misrepresentation, nondisclosure or other illegality in the contents open to the public referred to in the previous sentence, legal responsibility specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.

VII. The statement was approved by the Board of Directors at the meeting held on March 8, 2024. None of the 9 directors present expressed any dissent and all of them agree on the Statement. This information is declared as an addition.

Savior Lifetec Corporation

Chairman: Concord Consulting Inc. (Signed)

Representative: Rebecca Lee (Signed)

President: Chen Chih-Fang (Signed)

2.If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report shall be disclosed: None.

(X) Punishment of the Company or its internal personnel in accordance with law, the Company's punishment against internal personnel violating internal control system regulations, main deficiencies, and improvements during the most recent year and up to the date of the publication of this annual report:

1.There were no penalties for violation of internal control regulations in 2023.
2.The violation of Article 15 of the Fire Protection Act in 2024 was subject to a fine of NTD 40,000 in accordance with Article 42 of the Fire Protection Act, and a deadline for improvement.

(XI) Shareholder meeting(s) and significant board resolutions during the most recent year and up to the date of publication of this annual report

1.Important resolutions made by the general shareholders' meeting in 2023, and execution thereof.

Date of the meeting	Important resolution		Implementation status
General Shareholders' Meeting on June 15, 2023	Ratification	1. Acknowledged 2022 business report and financial statement.	Announce the resolution to the public per the requirement.
		2. Acknowledged 2022 distribution of earnings.	The proposal has been resolved at the Annual General Meeting on June 15, 2023. It shall be announced to the public per the requirement. The cash dividends amounted to NT$32,747,899 were approved and the distribution was completed on August 3, 2023.
	Election	1. Approved the election of the 8th Board of Directors of the Company.	1. List of the elected Board members: (6 members) (1) Concord Consulting Inc. (2) SFS Venture Ltd. Representative: Chung Hsing-Yung (3) SFS Venture Ltd. Representative: Chen Zheng (4) Representative of Min-Ju Investment Co., Ltd.: Chen Yong-Fa (5) Representative of Min-Ju Investment Co., Ltd.: Cheng Ching-Hsing (6) Fine Horse Investment Co., Ltd. 2. List of the elected Independent Directors: (3 members) (1) Chang Ryh-Yan (2) Lin Chih-Ming (3) Cheng Chin-Hua
	Discussions	1. Approved the proposal for removal of the 8th non-competition restrictions against the Company's directors.	The proposal has been resolved at the Annual Shareholders' Meeting on June 15, 2023. It shall be publicized and completed in accordance with the regulations.

2.Major resolutions of Board of Directors meetings

Meeting Name	Meeting Date	Important resolution
Board of Directors' Meeting	2023/03/02	(1) Approved the 2022 Assessment of the Effectiveness of the Internal Control System and the "Internal Control System Statement" of the Company. (2) Approved the Company's 2022 business report and financial report. (3) Approved the setting of a record date for the issuance of new shares for subscription by employee stock warrant holders. (4) Approved the election of the directors (including independent directors) of 8th Board of Directors of the Company. (5) Approved the Company's 2023 general shareholders' meeting
Board of Directors' Meeting	2023/03/29	(1) Approved the motion for change of the Company's CPA firm and external auditors.
Board of Directors' Meeting	2022/05/05	(1) Approved the consolidated financial statements of the Company for the 1st quarter of 2023. (2) Approved the Company's 2022 distribution of earnings. (3) Approved the setting of a record date for the issuance of new shares for subscription by employee stock warrant holders. (4) Approved the list of candidate directors (including independent directors) of 8th Board of Directors of the Company. (5) Approved the proposal for the 8th non-competition restrictions against the Company's directors. (6) Approved the addition of the cause or subject for convening the 2023 Annual Shareholders' Meeting of the Company. (7) Passed the motion for the Company's 2022 remuneration to employees and directors
Board of Directors' Meeting	2023/06/15	(1) Election of Chairman of the Company's 8th board of directors. (2) Approved the appointment of members of the 6th Remuneration Committee of the Company.
Board of Directors' Meeting	2023/08/04	(1) Approved the consolidated financial statements of the Company for the 2nd quarter of 2023. (2) Approved the appointment and dismissal of the Company's corporate governance officer, spokesperson, financial officer and accounting officer. (3) Approved the motion for promotion of the Company's managerial officers.
Board of Directors' Meeting	2023/08/24	(1) Approved the cash capital increase of the subsidiary, Peng Rui Construction Co., Ltd.
Board of Directors' Meeting	2023/11/09	(1) Approved the consolidated financial statements of the Company for the 3rd quarter of 2023. (2) Approved the motion for amendments to the Company's internal control system. (3) Approved the setting of a record date for the issuance of new shares for subscription by employee stock warrant holders.
Board of Directors' Meeting	2023/12/29	(1) Approved the Company's 2024 Audit Plan.
Board of Directors' Meeting	2024/03/08	(1) Approved the 2023 Assessment of the Effectiveness of the Internal Control System and the "Internal Control System Statement" of the Company. (2) Passed the motion for the Company's 2023 remuneration to employees and directors. (3) Approved the Company's 2023 business report and financial report.

Meeting Name	Meeting Date	Important resolution
		(4) Approved the proposal for the appointment and remuneration of the Company's 2024 financial report CPAs and their independence and suitability assessment. (5) Approved the proposal for removal of the non-competition restrictions against the Company's directors. (6) Approved the Company's 2024 general shareholders' meeting (7) Approved the setting of a record date for the issuance of new shares for subscription by employee stock warrant holders. (8) Approved the motion for the Company to loan funds to subsidiaries. (9) Approval of the proposal for adjustments of the Company's financial and accounting managers
Board of Directors' Meeting	2024/05/03	(1) Approved the 2024 first quarter consolidated financial statements. (2) Approved the 2023 Annual Earnings Distribution Proposal. (3) Approved the relocation of the Company's and Zhunan factory suspension case. (4) Approved the disposal case of the company's Zhunan real estate buildings and their ancillary equipment. (5) Discussion on partial amendments to the Operational Procedures for Amendments to the corporate charter. (6) Approved the addition of reasons for convening the company's 2024 ordinary shareholders meeting. (7) Approval for apply for banking credit line. (8) Approved the remuneration adjustment proposal for the company's directors. (9) Approved the change of chief internal auditor.

(XII) Recorded or written statements made by any director which specified dissent to important resolutions passed by the Board of Directors meetings during the most recent year and up to the date of publication of the annual report, the main content: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer and head of R&D in the most recent year up till the publication date of the prospectus:

Resignation of Personnel Related to the Company

May 3, 2024

TITLE	NAME	DATE OF APPOINTMENT	DATE DISMISSED	REASON OF RESIGNATION OR DISMISSAL
Accounting Manager Financial Supervisor Corporate Governance Officer	Emma Wang	2017/01/13	2023/05/12	Personal career planning
Accounting Manager	HUANG,CHU-YUAN	2023/05/12	2024/03/08	Position adjustment

Internal audit officer	XU FANG ZHEN	2022/08/05	2024/05/03	Position adjustment

Note: "Personnel Related to the Company" refer to the Company's Chairman, President, accounting manager, financial manager, internal audit officer, corporate governance officer, and R&D manager.

V. **Information on Independent Auditors' Fee**

Information on Independent Auditors' Fee

Unit: NTD thousand

Accounting firm name	Name of accountant	Audit period	Audit Fee	Non-Audit Fees	Total	Remarks
Deloitte & Touche	Cheng Hsu-Jan Hsieh Tung-Ju	2023.01.01 – 2023.12.31	2,060	210	2,270	(Note 1)
PricewaterhouseCoopers Taiwan	Liu Chien-Yu Lin Yu-Kuan	2023.01.01 – 2023.12.31	0	40	40	(Note 2)

Note 1: Non-audit service fees include consulting and legal services; bonding fees; execution of industrial and commercial registration of new shares issued by employees.

Note 2: The contents of non-audit services are for the execution of industrial and commercial registration of new shares issued by employees. The Company voluntarily terminated the appointment on March 29, 2023.

(I) When the securities firm changes its accounting firm and audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of audit fees before and after the change and the reason shall be disclosed: Not applicable.

(II) When audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: Not applicable.

VI. **Information on the Replacement of Independent Auditors:**

If the Company changed its CPAs in the most recent two years and subsequently, please disclose the following:

(I)About the predecessor CPAs

<table>
<tr><td>Date of Change</td><td colspan="3">March 29, 2023</td></tr>
<tr><td>Cause of change, and explanation</td><td colspan="3">To satisfy the internal management needs.</td></tr>
<tr><td rowspan="3">To specify whether the client or CPA terminates or rejects the appointment</td><td>Related parties / Status</td><td>CPA</td><td>Client</td></tr>
<tr><td>Voluntary termination of the appointment</td><td></td><td>V</td></tr>
<tr><td>No longer accept (continue) the appointment</td><td></td><td></td></tr>
<tr><td>Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof</td><td colspan="3">None</td></tr>
<tr><td rowspan="2">Any disagreement with the issuer</td><td rowspan="2">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial report</td></tr>
</table>

			Audit scope or steps
			Others
	None	V	
	Description		
Other disclosures (To be disclosed under the subparagraphs 6.1(4)–(7) of Article 10 of the Regulations.)	None		

（II)About the successor CPAs

Name of accounting firm	Deloitte & Touche
Name of accountant	Cheng Hsu-Jan, Hsieh Tung-Ju
Date of appointment	March 29, 2023
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	None
Written disagreements from the successor CPA against opinions of the predecessor CPA	None

(III)The predecessor CPA’s response to the items referred to in the subparagraphs 6(1) and (2)3 of Article 10 of the Regulations: Not applicable.

VII. Auditing firm or its affiliates at which the Company’s Chairman, President, or managerial officers are responsible for financial or accounting matters once being an employee thereof over the past year: None.

VIII. **Change of shares transferred and pledged for directors, managerial officers, and any shareholder who holds more than 10% of the company's shares during the most recent year until the date on which the annual report was printed:**

(I)Changes in shareholdings of directors, managers or shareholders holding more than 10 % of the shares:

IUnit: shares

Title	Name	2023		2024 Up to May 3	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Concord Consulting Inc.	0	0	0	0
	Representative: Rebecca Lee	0	0	0	0
Director	SFS Venture Ltd.	0	0	0	0
	Representative: Chung Hsing-Yung	0	0	0	0
Director	SFS Venture Ltd.	0	0	0	0
	Representative: Chen Zheng	0	0	0	0
Director (Note 1)	Hua Eng Wire & Cable Co., Ltd.	(250,000)	0	0	0
	Representative: Wu Chia-Yu	0	0	0	0
Director	Min-Ju Investment Co., Ltd.	0	0	0	0
	Representative: Chen Yung-Fa	157,500	0	0	0
Director (Note 2)	Min-Ju Investment Co., Ltd.	0	0	0	0
	Representative: Cheng Ching-Hsing	0	0	0	0
	Representative: Hsieh Jung-Cheng	0	0	0	0
Director	Fine Horse Investment Co., Ltd.	0	0	0	0
	Representative: Chou Chia-Chu	0	0	0	0
Independent Director	Chang Ryh-Yan	0	0	0	0
Independent Director	Lin Chih-Ming	0	0	0	0
Independent Director	Cheng Chin-Hua	0	0	0	0
President	Chen Chih-Fang	(20,000)	0	0	0
Vice President	Chou Chia-Chu	0	0	0	0
Vice President	Chen I-Hsiu	0	0	4,000	0
Vice President	Chen Ming-Hui	0	0	0	0
Vice President	Lin Yen-Lan	(19,000)	0	0	0

Title	Name	2023		2024 Up to May 3	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Assistant Vice President	Emma Wang (Note 4)	0	0	0	0
Financial Supervisor Accounting Manager	Lin Kuo-Wei (Note 3)	0	0	0	0
Accounting Manager	Huang Chu-Yuan (Note 3)	(5,000)	0	0	0

Note 1: The directors were not re-elected during the full re-election on June 15, 2023.
Note 2: On October 10, 2023, Ming Ju Investment Co., Ltd. reappointed Hsieh Jung-Cheng as the representative.
Note 3: On March 8, 2024, the Board of Directors approved the adjustment of the position of Head of Accounting to Assistant Vice President Lin Kuo-Wei.
Note 4: The employee has resigned.

(II)Information on transfer of equity from a director, manager or major shareholder holding more than 10% of the shares to a related party: None.

(III)Information on a counterparty to a pledge of equity interests as related parties: None.

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

April 16, 2024; Unit: share, %

Name	Own Shareholding		Shareholdings of Spouse & Minor		Shareholding using other's name		Relationship characterized as spouse or relative of second degree or closer among the top 10 shareholders.		Remarks
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Title (or name)	Relationship	
Key Ware Electronics Co., Ltd. (Key Ware) Responsible person: Chou Pang-Chi	12,821,035	4.04	0	0	0	0	Fine Horse, Concord Consulting	Responsible by the same person	None
							Min-Ju	The person-in-charge are spouses	
Yizheng Investment Management Limited, under the custody of CTBC Bank	7,393,448	2.33	0	0	0	0	None	None	None
Min-Ju Investment Co., Ltd. ("Min-Ju")	6,221,975	1.96	0	0	0	0	Key Ware, Fine Horse, Concord Consulting	The person-in-charge are spouses	None
Representative: Chen Yung-Fa	641,598	0.20	0	0	0	0	None	None	None
Han Yu Venture Capital Co. Responsible person: Huang Hui-Ling	5,624,290	1.77	0	0	0	0	None	None	None
Fine Horse Investment Co., Ltd. (Fine Horse)	4,387,349	1.38	0	0	0	0	Key Ware, Concord Consulting	Responsible by the same person	None
							Min-Ju	The person-in-charge are spouses	None
Representative: Chou Chia-Chu	62,444	0.02	0	0	0	0	None	None	None
Chengshih Investment Management Limited, under the custody of CTBC Bank	3,969,777	1.25	0	0	0	0	None	None	None
Shen Kun	3,911,223	1.23	0	0	0	0	None	None	None
JPMorgan Chase Bank in custody for Vanguard Total International Stock Index	3,838,851	1.21	0	0	0	0	None	None	None
Chase Custodianship for Vanguard Group Emerging Markets Fund Investment Account	3,677,325	1.16	0	0	0	0	None	None	None
Concord Consulting Inc. (Concord)	3,667,555	1.16	0	0	0	0	Key Ware, Fine Horse	Responsible by the same person	None
							Min-Ju	The person-in-charge are spouses	None
Representative: Rebecca Lee	199,099	0.06	580	0	0	0	None	None	None

X. The total number of shares and total equity stake held in the same investee by the Company, its directors and managerial officers, and any companies controlled either directly or indirectly by the Company:

Unit: shares; %

Invested enterprise (Note)	Invested by the Company		Held by directors, supervisors, managers, and businesses directly or indirectly controlled		Consolidated investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
SLC BioPharm Co., Ltd.	6,000,000	100%	0	0%	6,000,000	100%
Ruize Biotechnology Co., Ltd.	1,000,000	33.33%	530,000	17.67%	1,530,000	51%
Peng Rui Construction Co., Ltd.	24,100,000	100%	0	0%	24,100,000	100%
Heng Ping Construction Co., Ltd.	0	0%	14,700,000	35%	14,700,000	35%

Note: It is the investment using equity method.

Four Fundraising Status

I. Corporate Capital and Shares

(I)Equity Capital sources

1.Capital formation

May 3, 2024; Unit: NTD thousand, thousand shares

Date	Issue price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against equity capital by property other than cash	Others (Note 1)
2023/03	16.5	350,000	3,500,000	317,216	3,172,166	NT$1,860 thousand for employee stock options exercised.	None	Note 2
2023/05	16.5	350,000	3,500,000	317,231	3,172,316	NT$150 thousand for employee stock options exercised.	None	Note 3
2023/11	16.5	350,000	3,500,000	317,389	3,173,891	NT$1,575 thousand for employee stock options exercised.	None	Note 4
2024/03	16.5	350,000	3,500,000	317,399	3,173,991	NT$100 thousand for employee stock options exercised.	None	Note 5

Note 1: Represents the information for the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report.
Note 2: Zhu-Shang-Zi No. 1110008101 dated on 2023/03/16.
Note 3: Zhu-Shang-Zi No. 1110016354 dated on 2023/05/22.
Note 4: Zhu-Shang-Zi No. 1120038932 dated on 2023/11/28.
Note 5: Zhu-Shang-Zi No. 1130008062 dated on 2024/03/21.

2.Types of shares

April 16, 2024; Unit: share, %

Shares Type	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total (Note)	
Nominal common shares	317,399,107 (Note)	32,600,893	350,000,000	The Company has an authorized capital of NT$3.5 billion in 350 million shares. Each share has a par value of NT$10. The Board of Directors is authorized to issue the shares at different phases. 18 million shares of these shall be reserved for issuance of employee stock warrants.

(II)Shareholder structure

April 16, 2024; Unit: person, share and %

Shareholder structure / Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign Institute and others	Total
Number of person (person)	-	8	205	49,360	77	49,650
Number of shares held (share)	-	1,011,921	47,945,105	226,493,744	41,948,337	317,399,107
Shareholding ratio (%)	-	0.32	15.10	71.36	13.22	100.00

(III)Distribution of equity

Par value: NT$10/share; April 16, 2024; Unit: person, share and %

Shareholding level	Number of shareholders (person)	Number of shares held (share)	Shareholding ratio (%)
1 to 999	23,074	718,514	0.23
1,000 to 5,000	18,943	39,202,709	12.35
5,001 to 10,000	3,628	26,684,967	8.41
10,001 to 15,000	1,380	16,528,723	5.21
15,001 to 20,000	673	12,217,194	3.85
20,001 to 30,000	665	16,296,750	5.13
30,001 to 40,000	340	11,889,032	3.75
40,001 to 50,000	214	9,759,501	3.07
50,001 to 100,000	406	29,016,165	9.14
100,001 to 200,000	189	26,744,379	8.43
200,001 to 400,000	79	20,751,357	6.54
400,001 to 600,000	17	8,331,980	2.63
600,001 to 800,000	10	6,786,309	2.14
800,001 to 1,000,000	4	3,418,120	1.08
Over 1,000,001	28	89,053,407	28.04
Total	49,650	317,399,107	100

(IV)Major Shareholder List

Name, number and percentage of shareholdings for shareholders with more than 5% of shareholdings or for the top 10 shareholders

April 16, 2024; Unit: share, %

Shares / Major Shareholders	Number of shares held (share)	Shareholding ratio (%)
Key Ware Electronics Co., Ltd.	12,821,035	4.04
Yizheng Investment Management Limited, under the custody of CTBC Bank	7,393,448	2.33
Min-Ju Investment Co., Ltd.	6,221,975	1.96
Han Yu Venture Capital Co.	5,624,290	1.77
Fine Horse Investment Co., Ltd.	4,387,349	1.38
Chengshih Investment Management Limited, under the custody of CTBC Bank	3,969,777	1.25
Shen Kun	3,911,223	1.23
JPMorgan Chase Bank in custody for Vanguard Total International Stock Index	3,838,851	1.21
Chase Custodianship for Vanguard Group Emerging Markets Fund Investment Account	3,677,325	1.16
Concord Consulting Inc.	3,667,555	1.16

(V)Market value per share for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information

Unit: NTD, thousand shares

<table>
<tr><th colspan="3">Year / Item</th><th>2022</th><th>2023</th><th>Up to March 31, 2024 for the current year</th></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>29.00</td><td>27.00</td><td>24.2</td></tr>
<tr><td colspan="2">Lowest</td><td>15.40</td><td>16.75</td><td>18.10</td></tr>
<tr><td colspan="2">Average</td><td>24.16</td><td>21.38</td><td>20.22</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before distribution</td><td>10.57</td><td>10.56</td><td>10.78</td></tr>
<tr><td colspan="2">After distribution (Note 1)</td><td>Note 3</td><td>Note 3</td><td>10.78</td></tr>
<tr><td rowspan="2">Earnings Per Share</td><td colspan="2">Weighted average number of shares</td><td>317,024</td><td>317,296</td><td>317,399</td></tr>
<tr><td colspan="2">Earnings per share (Note 2)</td><td>0.11</td><td>0.09</td><td>0.22</td></tr>
<tr><td rowspan="5">Dividends per share</td><td colspan="2">Cash dividend</td><td>0.1032</td><td>Note 3</td><td>-</td></tr>
<tr><td colspan="2">Cash dividends distributed from capital surplus</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Stock dividends from retained earnings</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Stock dividend from capital surplus</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated, unpaid dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">ROI analysis</td><td colspan="2">P/E ratio</td><td>N/A</td><td>N/A</td><td>NA</td></tr>
<tr><td colspan="2">P/D ratio</td><td>N/A</td><td>N/A</td><td>NA</td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>N/A</td><td>N/A</td><td>NA</td></tr>
</table>

Note 1: The distribution is based on the resolution of the shareholders' meeting in the following year.

Note 2: Earnings per share = Net income (loss) after tax / Weighted average number of shares outstanding.

Note 3: It is pending approval by the 2024 Annual Shareholders’ Meeting.

(VI)Stock dividend policy and execution thereof

1.Stock dividend policy

Articles 21 and 22 of the Articles of Incorporation provide that the Company shall distribute at least 3% of its profit for the year as remuneration to its employees and not more than 3% of its profit for the year as remuneration to its directors. However, the profit must first be used to cover the Company’s cumulative loss, if any. Employee remuneration, as mentioned above, shall be paid in shares or cash to employees of affiliated companies that satisfy certain criteria in level and performance. The criteria shall be defined by the Board of Directors. The report on remuneration to employees and directors shall be submitted to the shareholders’ meeting.

If the Company has a net profit at the year’s final accounting, it shall first be used to pay the income tax and then a 10% contribution of the balance shall be made to the legal reserve, unless the legal reserve reaches the amount of the Company’s paid-in capital, and provision/reversal of special reserves shall also be made pursuant to laws and regulations. The residual balance shall be added to undistributed earnings. The Board of Directors shall draft a motion for allocation of the residual balance and submit the same to a shareholders’ meeting to resolve whether shareholder bonus shall be allocated.

According to the dividend policy, the Company shall set aside no less than 50% of the distributable earnings for allocation of shareholder bonus. However, shareholder bonus may not be distributed if the accumulated distributable earnings are less than 3% of the paid-in capital. The payment may be made in cash or shares and the dividend in cash shall not be less than 5% of the total dividend. If the earnings referred to in the preceding paragraph are distributed in the form of cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders' meeting.

2.The allocation of stock dividends proposed by the shareholders' meeting:

At the Board of Directors' meeting held on May 3, 2024, the Company resolved to appropriate the legal surplus reserve from the net profit after tax for the year 2023 in accordance with the law, and to distribute a cash dividend of NT$27,027,002 from the remaining distributable surplus after the appropriation, which is approximately NT$0.0851 per share. For the aforementioned cash dividend distribution, where the distribution rate must be changed and modification must be conducted due to amendments of regulations, instructions of the competent authority, or changes in the number of outstanding shares, the Chairman is fully authorized to handle the matters. The same is applicable to any other matters that are not addressed appropriately.

3.If there is a significant change in the expected dividend policy, an explanation should be provided: None.

(VII)Effect of the allocation of bonus shares proposed at the shareholders' meeting to the Company's business performance and Earnings per share: there were no bonus shares; therefore, it is not applicable.

(VIII)Remuneration for employees and directors

1.Please refer to the above-mentioned paragraph (6) 1. Description of the Company's dividend policy, for the percentage or scope of the remuneration of employees and directors as provided in the Articles of Incorporation.

2.The accounting treatment for any differences between the estimated amount, the basis for calculating the remuneration of employees and directors, the number of shares for employee remuneration distributed in shares and the actual amount distributed during the period

(1)Articles 21 and 22 of the Articles of Incorporation provide that the Company shall distribute at least 3% of its profit for the year as remuneration to its employees and not more than 3% of its profit for the year as remuneration to its directors. The Company has distributed 2023 employee remuneration and directors' remuneration in accordance with the Company's Articles of Incorporation.

(2)The estimates of remuneration for employees and directors of the Company are defined in the Articles of Incorporation.

(3)If there is a material change in the amount of payment resolved by the Board of Directors after the end of the year, such change shall be adjusted against the original amount recognized for the year. Any changes in the amount at the date of the shareholders' meeting are accounted for as changes in accounting estimates and are recognized as adjustments in the year resolved at the shareholders' meeting.

(4)If the shareholders' meeting resolves to remunerate the employees in stock, the number of shares shall be determined by the amount of remuneration resolved divided by the market value of the stock, which shall be the closing price (after taking into account the impact of ex-rights and ex-dividends) on the day before the date of the shareholders' meeting.

3.Information on distribution of bonuses resolved by the Board of Directors:

(1)The amount of any employee remuneration distributed in cash or stocks and remuneration for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: The amounts of employee remuneration and directors' remuneration distributed by the Company are the same as the annual estimated amounts as recognized in expenses.

(2)The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: None.

(3)Any differences between the actual distribution of employees' and directors' remuneration (including the number, amount and price of shares distributed) and recognition of employees' and directors' remuneration in the previous year, the difference in amount, the reasons and the treatment should be disclosed: The Company has distributed the remuneration to employees and directors in accordance with the Articles of Incorporation in 2023, and there were no differences between distributed remuneration and recognized remuneration.

(IX)Company repurchased shares: None.

II. **Issuance of Corporate bonds: None.**

III. **Issuance of Preferred Shares: None.**

IV. **Issuance of Overseas Depository Receipts: None.**

V. Information on employee stock warrants and restricted employee shares

(I)The annual report shall disclose unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report, and shall explain the effect of such warrants upon shareholders' equity.

May 3, 2024

Types of Employee Stock Warrants	6th (issue) Employee Stock Warrants 2018	
Effective date	December 19, 2018	
Issue (Processing) Date	2019/8/15	2019/11/5
Issue unit (1000 shares per unit)	1,586 units	320 units
Ratio of subscribable shares to total issued shares (%)(Note 1)	0.50	0.10
Subscription period	Warrants may be exercised two years after the grant date of the employee stock warrants.	
Exercise method	Delivery of newly issued shares	
Period and ratio in which subscription is restricted (%)	Two years from the issue date: 50%; three years from the issue date: 100%	
Number of shares that have been obtained through exercise of subscription rights	635,000	0
NT dollar amount of the shares subscribed	10,477,500	0
the number of unsubscribed shares	150.5 units	0 units
Subscription price per share of the unsubscribed shares	NTD 16.5	NTD 0
Unexecuted ratio of subscribed shares to total issued shares (%)	0.05	0.00
Effect on shareholders' equity	The Company is committed to attracting and retaining talent, as well as encouraging and motivating its employees for the benefit of both the Company and the shareholders, all of which will have a positive effect on shareholder interests.	

Note 1: As of the date of publication of the Prospectus, there were 317,399,107 shares outstanding.
Note 2: Number of shares lapsed 1,120,500 (employees resigned).

(II)Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, cumulative to the date of publication of the annual report

May 3, 2024; Unit: thousand shares, %, NTD thousand

Title		Name	Number of options acquired	Ratio of acquired options to total issued shares	Exercised				Not exercised			
					Number of subscribed shares	Subscribed price	Amount of subscription	Ratio of subscribed shares to total issued shares	Number of subscribed shares	Subscribed price	Amount of subscription	Ratio of subscribed shares to total issued shares
Managerial offic	Vice President	Chou Chia-Chu	2,703	0.85	510.5	16.5~24.9	10,063	0.16	80	16.5	1,320	0.03
	Vice President	Lin Yen-Lan										

	Title	Name	Number of options acquired	Ratio of acquired options to total issued shares	Exercised				Not exercised			
					Number of subscribed shares	Subscribed price	Amount of subscription	Ratio of subscribed shares to total issued shares	Number of subscribed shares	Subscribed price	Amount of subscription	Ratio of subscribed shares to total issued shares
er	Former CEO (Note)	Man-Chin Ku										
	Former President (Note)	Chen Yung-Fa										
	Former Vice President of Quality Assurance (Note)	Shih Yu-Nan										
	Former President (Note)	Pan Shih-Hsien										
	Former Vice President (Note)	Ming-Fa Lin										
	Former Assistant Vice President (Note)	Bang-Liang Liu										
	Former Assistant Vice President (Note)	Su Wei-Wen										
	Former Assistant Vice President (Note)	Liu Yen										
	Former Assistant Vice President (Note)	Liu Chia-Wen										
	Former Assistant Vice President (Note)	Emma Wang										
	Former Vice President (Note)	Kuo Lung-Huang										
	Former Assistant Vice President (Note)	Lo Yu-Wen										
Employee	Senior Manager	Hu Yu-Cen	770	0.24	213	16.5~24.8	4,791	0.07	0	0	0	0
	Manager	Hsueh He-Sheng										
	Manager	Chang Sheng-Chi										
	Former Senior Manager (Note)	Lin Yu-Nung										
	Former Senior Manager (Note)	Chen Wen-Ren										

Title	Name	Number of options acquired	Ratio of acquired options to total issued shares	Exercised				Not exercised			
				Number of subscribed shares	Subscribed price	Amount of subscription	Ratio of subscribed shares to total issued shares	Number of subscribed shares	Subscribed price	Amount of subscription	Ratio of subscribed shares to total issued shares
Former Senior Manager (Note)	Chen Cheng-Te										
Former Manager (Note)	Chu Hsueh-Wen										
Former Manager (Note)	Chang Yuan-Kang										
Former Manager (Note)	Wang Chiu-Kuei										
Former Manager (Note)	Jeffrey Wang										

Note: The manager and employee have resigned.

(III)For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, the annual report shall disclose the status up to the date of publication of the annual report and the effect on shareholders' equity: None.

(IV)Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, cumulative to the date of publication of the annual report: None.

VI. Issuance of new shares in connection with mergers or acquisitions of, or succession to shares of other companies

(I)If,during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company**:** None.

(II)Where the board of directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company**:** None.

VII. Implementation of Capital Utilization Plan

For the quarter preceding the date of printing of the annual report, with respect to each uncompleted public issue or private placement of securities or corporate bonds, or to such issues and placements that were completed in the most recent three fiscal years but have not yet fully yielded the planned benefits: None.

Five Overview of Operations

I. A description of the business

1. Scope of business

The Company is specialized in the development, production and sale of sterile APIs (Active Pharmaceutical Ingredients, also known as APIs, which are the therapeutic components of the medicines) and injectables.

(1)Main content of the business operated

A. Basic Chemical Industrial
B. Precision Chemical Materials Manufacturing
C. Manufacture of Drugs and Medicines
D. Biotechnology Services
E. Wholesale of Western Pharmaceutical
F. Retail Sale of Western Pharmaceutical
G. International Trade

[Research, development, design, manufacture, and sale of the following products:

1. Carbapenem generics
2. Injection generics
3. controlled-release generics
4. Development of new dosage forms
5. Development of new drugs
6. APIs, excipients, intermediates and dosage forms for the above-mentioned products
7. Medicine manufacture technology and service.
8. Import and export trades related to the aforementioned products.]

(2)Operating revenue percentages for Main Products

Unit: NTD thousand, %

Year / Item	2022		2023	
	Amount	Operating revenue percentage (%)	Amount	Operating revenue percentage (%)
Antibiotics	972,345	76.82%	880,961	83.88%
Others	293,404	23.18%	169,316	16.12%
Total	1,265,749	100.00%	1,050,277	100.00%

(3)Present product items of the Company

Our current products are the broad-spectrum antibiotics Meropenem and Ertapenem which are new broad spectrum β-lactam antibiotics containing carbapenem, and which have the broadest antibacterial spectrum and the strongest antibacterial activity to date. These antibiotics play an important role as the last defense in the fight against severe clinical infections.

(4)New products planned for development

A. API and injections for new Carbapenem antibiotics

Ertapenem has a broader spectrum of antibacterial activity than Meropenem in fighting a wide range of Gram-positive and Gram-negative aerobic and anaerobic bacteria. This product has been in mass production since Q4 2017 and Ertapenem injection was granted license for sale by the US FDA at the end of Q1 2019.

In addition to Ertapenem, the Company has also started a collaboration with an international pharmaceutical research and development company to develop the new penem type antibiotics known as SLC-017 and SLC-029. The new drug is now in the registration and batch manufacturing stages, and the Company will become a new drug manufacturing company when the new drug has been successfully developed and granted a marketing license in the future.

B. Small moleculeAPI and injections

The new product selected by Savior Lifetec is SLC-033: a drug for treating constipation with a market size of approximately USD 80 million.

C. APIs for sterile peptides and nanomedicines and injections

(A) Market for Peptide Drugs

Peptide drugs are drugs consisting of fewer than 50 amino acids and are classified as biotechnological drugs. Peptide drugs are highly effective with specificity. Their molecular structure is larger than that of small molecule drugs and they have a partial granular structure, so they bind strongly to the target organ and are generally more effective than small molecule drugs; they are also less likely to have non-specific effects with other non-target organs and therefore have fewer side effects than small molecule drugs. In addition, according to an analysis of the global drug market estimates provided by IMS, the global market for peptides has reached USD 14 billion and is estimated to be growing rapidly around 9% annually.

Therefore, based on global drug market sales, original drug analysis, and design around and manufacturing technology analysis, Savior Lifetec Corporation has selected a few drug products as candidates and decided to move up from API manufacturing to high margin and high technology injection manufacturing and sales, in order to reduce exploitation by middle agents and pharmaceutical fillers and to maximize profit.

Savior Lifetec's initial selection of new product candidates is supported by a detailed technical analysis in a proposal analysis report; each product is listed below with niche product characteristics.

(a) SLC-028: A drug to treat infertility; current US market size is approximately USD 70 million
(b) SLC-030: A drug to treat infertility; current US market size is approximately USD 50 million
(c) SLC-033: A drug for treating chronic idiopathic constipation in adults; the current US market size is approximately USD 0.8 billion.

(B) The Nanotechnology Drug Market

Most conventional drugs are "immediate release drugs", which are rapidly absorbed by the body after administration, resulting in high drug levels in the blood; due to metabolic effects, the drug only remains in effective concentration for a short period of time, so patients need to increase the dosage frequently and may suffer from toxic side effects caused by high drug concentration in the blood. In recent years, with the development of nanotechnology, "controlled release technology" has been rapidly developed to enhance the efficacy of drugs, reduce the toxicity and side effects of drugs, and decrease the frequency of drug administration so that patients' suffering can be minimized.

The long-acting nano-controlled release injection takes an important place in treating mental illness because patients with mental illness require long-term and frequent medication, but their compliance with medical advice is relatively poor; their primary caregivers need to make a lot of effort to confirm whether the patient is taking medication or not, which often results in increased tangible and intangible costs to society. The long-acting nano-controlled release injection drug can last for more than a month, which not only achieves better drug efficacy control, but also significantly reduces the social cost; as a result, major pharmaceutical companies in Europe and the United States are actively developing relevant dosage forms, and the drugs we expect to develop are all nano-controlled release injections with the highest market share for schizophrenia.

The new product selected by Savior Lifetec is SLC-021: a drug for schizophrenia with a market size of approximately USD 2.1 billion.

The economic scale of these drugs is very large; in addition, the patent for the original pharmaceutical products will expire from 2016 to 2025, which is the best time for us to enter the market and obtain maximum profit. Since 2014, we have been working on the process of patent avoidance and development, trial production, applying for plant use license, making process amplification and trial runs, confirming the efficacy and applying for registration. The whole process takes about 5–7 years, so Savior Lifeteccan quickly take over the market of the original drug after the expiry of the original patent to obtain the highest profit to gain a position in the generic drug market of this drug.

2.Industry Overview (For mass production items)

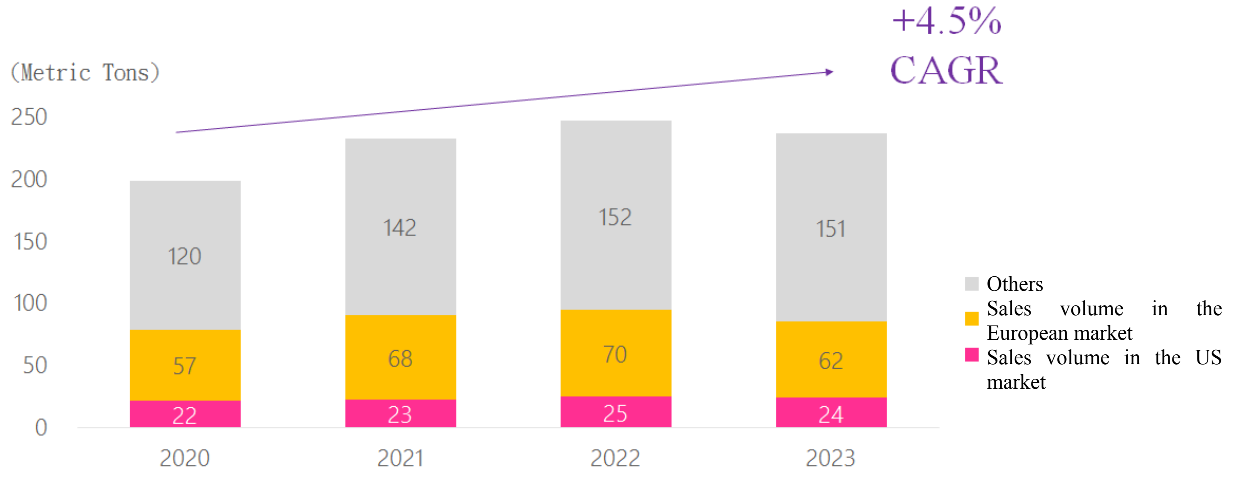
(1)Industry Current Status and Development

A generic drug is a drug with the same chemical composition that is manufactured by a qualified pharmaceutical company after the patent of the original drug has expired, based on the information disclosed in the patent application of the original drug, which should be identical or biosimilar in terms of use, dosage form, safety, efficacy and administration route, quality and efficacy characteristics; furthermore, the price of a generic drug is usually lower than that of a patented drug.

Although the global market for generic drugs is limited by patent and quality regulation risks, generic drugs have the advantage of lower prices so that when there are two or more generic drugs competing with the same patent drug, the price of the drug will drop rapidly. Government policies also play an important role as the FDA's strict review of new drugs has led to a stagnation in the quantity of new drugs produced in recent years, resulting in increasing costs of new drug development for international pharmaceutical companies. As the world's population ages, countries are spending more on health care than ever before, so they are actively pursuing health care reform and encouraging the use of generic drugs to reduce health care costs.

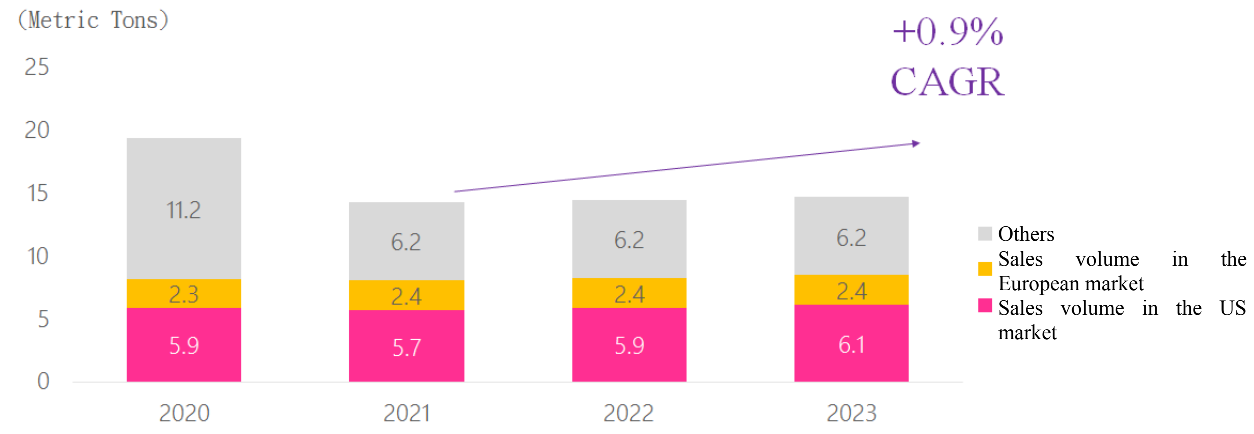
Our current products are the broad spectrum antibiotics Meropenem and Ertapenem which are new broad spectrum β-lactam antibiotics containing carbapenem, and which have the broadest antibacterial spectrum and the strongest antibacterial activity to date. These antibiotics play an important role as the last defense in the fight against severe clinical infections. According to IMS global statistics, the global market for Meropenem is estimated at a compound annual growth rate of approximately 8.4% from 2019 to 2022, based on the sales volume of Meropenem. Based on the sales of Ertapenem, the global market for Ertapenem is estimated at a compound annual growth rate of approximately 1.2% from 2019 to 2022.

The global market scale for Meropenem is approximately USD 1,574million in 2023.



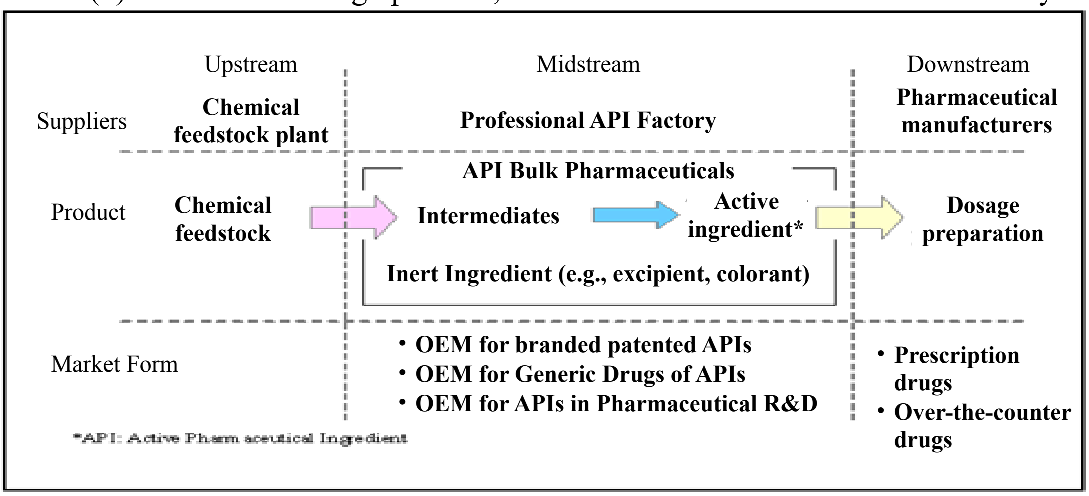
Source: New Port, 2023 Q1 MAT

The global market scale for Ertapenem is approximately USD 283million in 2023.



Source: New Port, 2023 Q1 MAT

(2)Correlation among upstream, midstream and downstream in the industry



Source: ITRI IEK (2006/2)

The upstream raw materials of the pharmaceutical industry are mainly general chemicals; the midstream is mainly the API (including intermediates); and the downstream is the processing of raw materials and excipients into easy-to-use preparations.The following is a summary of the upstream, midstream and downstream of the pharmaceutical industry:

D. Upstream

The upstream of the pharmaceutical industry is raw material for the preparation of pharmaceuticals, which consists of natural plants, animals and general chemicals, mainly from synthetic chemicals or other intermediates; other APIs may also be obtained from minerals, animal organs and microbial strains and related tissue cells. In recent years, thanks to advances in biotechnology, the use of gene transfer, tissue culture or direct cultivation of plants or animals for the production of drugs is a major breakthrough in upstream production technology.

E. Midstream

The majority of pharmaceutical industries are organic chemical industries, the mainstay of which is chemical synthesis, which is convenient, fast and inexpensive. In addition, there are different production methods available depending on the source of raw materials. For those obtained from natural substances, apart from the preparation of raw materials such as fermentation and cultivation, the main process techniques are extraction, hydrogenation by separation, alcoholysis, esterification, saponification, alkylation and purification (e.g. distillation, extraction, crystallization, etc.). The production process for APIs is very complex, and the synthesis technology is the most sophisticated, among which the production technology of APIs and intermediates is the most crucial for production.

F. Downstream

The downstream sector is the pharmaceutical industry, which mainly processes APIs and pharmaceutical excipients such as excipients, disintegrants, adhesives, lubricants, emulsifiers, and so on, into easy-to-take dosage forms.

Savior Lifetec Pharma has integrated upstream, midstream and downstream into a full-service pharmaceutical company. This double-A strategy (API to ANDA) will ensure a stable supply and competitive market advantage for the Company.

(3)Product trends

Antibiotics have been available for more than 80 years. In the past, when medicine was not well developed, many countries and pharmaceutical companies invested heavily in research and development to produce a wide range of antibiotics. However, in the past decade, many pharmaceutical companies and research units in Europe, the United States and Japan have shifted their research focus to other areas such as cardiovascular and psychotropic drugs, resulting in very few new antibiotics being introduced in the past decade. In addition, as most antibiotics are fermented products, which generate pollution during the production process, and due to concerns about the cost of production, the main production of antibiotics has shifted to Asian countries such as China and India in the last decade. The few new products have made it difficult for small pharmaceutical companies to survive, resulting in a situation where big antibiotic manufacturersare getting bigger and bigger. Today, most of the world's fermentable antibiotics are concentrated in a few large factories in mainland China (previously, they were all government-owned companies).

Carbapenem is a synthetic antibiotic; European, US, and Japanese regulations require that Carbapenem must be completely separated from existing antibiotic production lines to avoid cross-contamination; therefore, these Chinese antibiotic manufacturers cannot compete with Carbapenem API manufacturers with their existing advantages because these Chinese manufacturers alternately manufacture Penicillin, Cephalosporin, and other antibiotics resulting in cross-contamination, and it is not easy to pass inspection from regulatory countries.

Based on past experience with cephalosporins and other medicines, once the patents of the original medicines have expired, relatively low-priced generic drugs are introduced into the market and the demand for them grows considerably as a result of the decrease in the price for drugs that were previously expensive, so countries or hospitals that previously could not afford these drugs can now benefit from the introduction of generic drugs. In addition, Carbapenem is a backline antibiotic that is not easily replaced by other antibiotics in treating infections and therefore has great potential for market demand.

Ertapenem, the latest generation of Ertapenem, has been growing in global sales. The patent for Ertapenem in the US Orange Book expired at the end of 2017, the Company obtained US FDA marketing authorization for Ertapenem injection at the end of the first quarter of 2019, and it is expected that generic Ertapenem will gradually replace the market share of the original drug. In addition, as the standard of drug use has improved in recent years, the healthcare system has begun to pay attention to the use of broad-spectrum antibiotics such as carbapenem. In order to improve the effectiveness of antibiotics in fighting disease and to avoid the occurrence of drug resistance in bacteria, the use of antibiotics has been divided into those for minor or community-origin infections and those for major infections in hospitals. Ertapenem is recommended for infections of community origin or for less severe cases, while Meropenem, Imipenem/Cilastatin or Doripenem are recommended for severe cases at high risk of infection with drug-resistant strains. As a result, the relationship between products may appear to be competitive, but they do not actually compete with each other.

(4)Competition

The global pharmaceutical market can be roughly divided into a Regulated Market and a Semi-regulated Market. Regulated markets are usually referred to in countries in Europe, the United States and Japan, where regulations are more stringent in terms of complexity, enforcement and penalties.

There are currently only a very small number of qualified manufacturers in the regulated market and the main suppliers of APIs are listed below:

Product	Regulated Market
Meropenem	* ACS Dobfar SPA (Italy, OEM of the original pharmaceutical manufacturer) * Shenzhen Haibin Pharmaceutical Co., Ltd. (China) * Aurobindo (India) * *Savior Lifetec Corporation (Taiwan)
Ertapenem	* Merck (the original pharmaceutical manufacturer, U.S.A) * ACS Dobfar SPA (Italy) * Aurobindo (India) * *Savior Lifetec Corporation (Taiwan)

Source of information: the Company

The Carbapenem produced by the Company is exclusively manufactured by proprietary plants, of which plant inspections for Meropenem have been passed in Europe, the US, Japan and Korea; cGMP approvals have been obtained in Europe, the US, Japan and Korea. Ertapenem has also passed plant inspections in Europe and the US and has successfully obtained cGMP approvals in Europe and the US. With Savior Lifetec's high quality products, global registrations and partnerships with customers, Savior Lifetec is well positioned in the global antibiotics market.

3.Technology and Research and Development Overview

(1)Research and development costs

Unit: NT$ thousand, %

Item	2023	For the current year ending in the 1st quarter of 2024
R&D expenses (A)	110,955	20,740
Operating revenue (B)	1,050,277	259,192
Ratio (A)/(B)	10.56	8.00

(2)Skill level and research development of the company's business

Our product manufacturing process is a fully organic synthesis with complex manufacturing process, all process technology including the development for synthesis pathway, process technology, column purification technology, RO concentration technology, crystallization research, crystallization purification technology, freeze-drying technology, peptide solid phase synthesis, biofermentation, nanoparticle preparation, long-lasting slow release dosage form, process scaling parameters research, aseptic manufacturing technology, solvent recovery process, cGMP trial and mass production, etc. These processes are all self-developed by our R&D team with over 300 million in R&D funds over five years. There are currently about 22 R&D staff who are continuously improving relevant process technology as well as developing new products in the research phase.

The six core technologies currently in the control of the Company are as follows:

A. Aseptic Manufacturing Technology: The Company develops its own (a) design of aseptic production equipment which is suitable for the production of aseptic APIs, (b) sterilization technology, and (c) aseptic surveillance technology and standard operating procedures to ensure the sterility of the product.

B. Aseptic operation: Through long-term testing, review and training, we have a team of highly qualified and experienced operators, and have established standard operating procedures and an international standard microbiology laboratory for aseptic testing in compliance with regulations and validation to ensure product stability and consistency. Our aseptic operation has a nearly 100% successful production rate.

C. Process Amplification Technology: Chromatography can be used to purify products;we have successfully amplified this technology to a mass-production scale, effectively improving the quality and yield and reducing overall production costs.

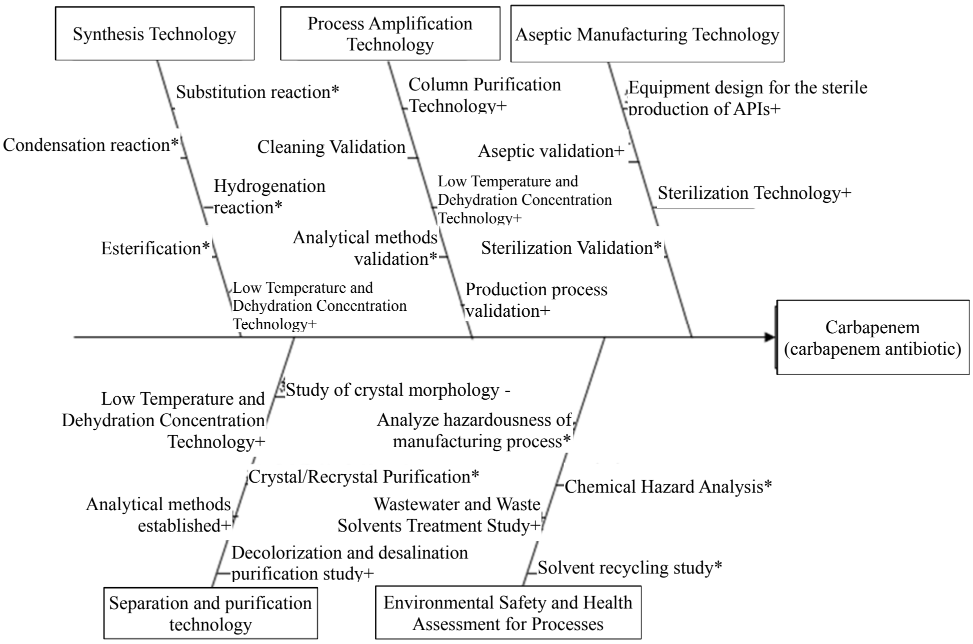
D. Low temperature dehydration technology: The products produced are not stable during the production process and therefore need to be kept at a low temperature at all times. The challenge is how to cure the products that are dissolved in large amounts of water at low temperatures while maintaining product quality, efficiency and productivity. Through our own research and development, we have the technology to not only meet the requirements, but also to significantly reduce production times.

E. Synthesis technology: There are many patent traps for this type of product. We have been able to innovate our synthesis technology and break through the limits of the patents to shorten production time, increase yield and improve operational stability. We have applied for patents for critical raw material processes and new crystal forms.

F. Patent matters: As there are hundreds of patents for these antibiotic products and processes, we need to dedicate a considerable amount of professional staff to search, analyze and break through patent restrictions and work with the patent office.

In addition, we have established a cGMP system that complies with European, American and Japanese regulations to standardize our aseptic production procedures. This allows us to differentiate ourselves from mainland or Indian pharmaceutical companies that are unable to obtain certification from European, American and Japanese manufacturers; thus, we are able to more effectively remove our competitors from the market.

In summary, the key technologies that the Company has in place are as follows:



Source of information: the Company

(3)Technology and products developed successfully in the last five years:

A summary of successful products developed by the Company in the last five years is as follows:

2019	SLC-017 technology was successfully transferred and registered for batch production. Synthetic pathway of SLC-021 in laboratory was successfully constructed and trial scale-up production was successful. Synthetic pathway of SLC-028 in laboratory was successfully constructed and trial scale-up production was successful. Synthetic pathway of SLC-030 in laboratory was successfully constructed.
2020	SLC-021 was successfully registered for batch production. SLC-028 was successfully registered for batch production.

	Trial scale-up production of SLC-030 was successful.
2021	SLC-029 lozenge process technology was transferred. SLC-030 was successfully registered for batch production. Synthetic pathway of SLC-033 in laboratory was successfully constructed and trial scale-up production was successful.
2022	SLC-029 technology was transferred and registered for batch production. Contract manufacturing of SLC-033 lozenge process was completed.
2023	SLC-026 technology transfer and process optimization has entered trial batch/registration batch planning.

(4)Long-term and Short-term Business Development Plan:

(1)Short-term: Increasing the global market share for Ertapenem

Since the fourth quarter of 2017, Savior Lifetec has been manufacturing Ertapenem in commercial production and selling APIs and injections; both the Company and its customers have been obtaining sales licenses in Europe and South America. In January 2018, the Company also signed a sales agreement with a leading international pharmaceutical company for the sale of ertapenem in the US and obtained US FDA sales license at the end of the first quarter of 2019. The ertapenem products have been rolled out in the US and its market share has been growing. Ertapenem injectable is a generic drug whose patent has just expired. Its unit price and profitability are higher than those of other generic drugs in the penem category; as the market continues to grow and the company continues to obtain drug licenses, ertapenem will bring more room for future sales and profit growth for Savior Lifetec.

(2)Mid-term: Partnership Development for the New Penem Drugs

Carbapenem is a fully synthetic antibiotic; European, American and Japanese regulations require Carbapenem to be exclusively manufactured in its own plant to avoid cross-contamination. Savior Lifetec is one of the few companies in the world that can manufacture Meropenem injection products that meet US regulations, making Savior Lifetec a major target for cooperation with biotechnology companies in Europe and the US. In 2018, the Company signed a product research services contract with a European and US pharmaceutical company to perform pre-production process validation services for new antibiotic products. The Company also signed a contract with another European and US new drug development company to invest USD 7 million in a plant for oral tablets. There will be further research and development collaboration for new drugs, and the Company will be responsible for the production of oral tablets once the new drugs are available on the market. The construction of the plant has been completed. The product has also entered the pre-production process validation stage. In the future, Savior Lifetec will have the opportunity to enter the new drug manufacturer industry, bringing another opportunity for the Company to grow and profit.

(3)Long Term: Highly profitable specialty and niche generic drugs launch

Based on global drug market sales, original drug analysis, design around and manufacturing technology analysis, the Company has selected drug products as candidates and decided to move up from API manufacturing to high-margin and high-technology manufacturing and sales, in order to maximize profits.

At the same time, we will work together with our business partners to participate in R&D, production and sales. This is another new opportunity for Savior Lifetec Corporation.

II. Market and Production/Sales Overview

1.Market Analysis

(1)Sales region of the Company’s main productions

About 90% of our products are sold overseas, including Europe, the Middle East, America and Asia.

Unit: %

Sales region	2022	2023
Europe	19	14
America	44	51
Asia	30	35
Others	7	0
Total	100	100

(2)Market Share

We are currently one of the top three suppliers of Penem products in the United States.

(3)Market future supply and demand status and growth

The patents for Meropenem and Ertapenem, the Company’s main products, have both expired. Based on past experience with the growth of other antibiotics, demand for Meropenem and Ertapenem is expected to grow rapidly after the patents on these products expire. The Company's Meropenem and Ertapenem API and injection filling plants have been inspected by the US FDA and the EU, and have obtained the drug licenses, which will help the Company's market share in the US and European regulated markets to continue to grow. The Company has also been actively negotiating with a number of pharmaceutical companies for the supply of APIs and injections to increase the Company's global market share.

(4)Competitive niche

We are the only manufacturer in Taiwan with the capability to produce sterile APIs; we are the pioneer in the manufacture of sterile APIs (for injections) in Taiwan, and we are also one of the few manufacturers in the world with the capability to produce sterile APIs, making our products the world's leading generic pharmaceuticals, not only replacing the original manufacturers' sales, but also exporting to Europe, the United States and Japan and other leading countries.

Unlike other APIs for injection, Penem's API must be produced as a powder by aseptic crystallisation in a dust-free, sterile and isolated environment. The sterile powder is used as the API and then filled into glass bottles by the pharmaceutical manufacturer. Therefore, the company has vertically integrated not only the production of this sterile API, but also expanded the injection filling plant to produce injection products. Other general API manufacturers are not equipped with a dust-free and sterile manufacturing quality control system, so vertical integration is a challenge. Since the completion of our Tainan injection plant, we have passed GMP inspections in Taiwan, Europe and the Americas since 2013 and are now shipping products to Europe, Asia and the Americas.

We have accumulated a lot of experience in cGMP for aseptic and dust-free operation through the development of a Meropenem aseptic raw material plant, which has been approved by Taiwan (2008), Japan Ministry of Health and Welfare (2009), Korea KFDA (2011), France Afssaps (2011), UK MHRA (2011) and US FDA (2012). The remaining major competition niches are described below:

A. Relevant technologies are leading the way.

   (a) aseptic processing technology, (b) chromatography technology, (c) low temperature dehydration technology, (d) synthesis technology, (e) aseptic freeze-drying technology

B. We have a stable source of customers, and our cGMP system is compliant with European, American and Japanese regulations.

C. All certification documents for the production line are available.

D. We have injection plants that are vertically integrated to provide better service to our customers.

E. The new synthesis technology provides a process cost advantage.

F. The demand for generic drugs is high while the production capacity for APIs is low. The increase in production capacity cannot meet the increase in demand in the short term.

G. In the short term, there are only a few specialized injection manufacturers qualified to supply the European and US markets.

H. We have a complete sales channel, selling to non-regulated markets such as Asia, the Middle East, Central and South America, as well as regulated markets such as Europe, the USA and Japan.

   Through this dust-free and sterile manufacturing quality system platform, we are also planning to develop highly effective, difficult and patent-challenged long-acting injection products that are not based on Penem.

In addition, our product is a specialized Penem drug. There are very few reputable pharmaceutical companies in the world that can compete for this type of product; besides the stringent plant requirements, the production technology is particularly difficult, including complex chemical synthesis, harsh conditions and difficult control, special chemical equipment, difficult chemical technology and difficult aseptic technology. We have invested a great deal of money and manpower over the years and have integrated many difficult technologies to produce products that meet international pharmacopoeial specifications, so we are proud to say that our technology is as good as the original manufacturer's and that our technical specifications lead the way.

(5)The company’s competitive advantages and positive and negative factors in future development, and the company's response strategies

A. Positive factors

(a) Patented drugs expired

Carbapenem is in high demand worldwide and has a high unit price. The price of the brand drugs is still high while the market is dominated by European and American countries where people have higher incomes, resulting in demand being expected to multiply in the future as the price decreases due to generic drugs entering the market with lower prices.

(b) Carbapenems are less drug resistant.

Since the existing first and second line antibiotics are highly resistant, the Carbapenem group of antibiotics is the least highly drug resistant and has a broad spectrum of activity against over 80% of bacteria, so hospitals have started to use them for immediate effect.

(c) Fewer suppliers worldwide

Due to the high technical threshold, there are only a limited number of pharmaceutical companies that can be subject to inspection by national pharmaceutical authorities, so the market is characterized by moderate competition.

(d) Population structure is aging and the population with chronic diseases is increasing

With the population structure aged, the demand for various related drugs is expected to increase, leading to an increasing market for APIs.

(e) Government’s Medical Policy

The increase in the number of deaths caused by heart disease, cerebrovascular disease, cancer and respiratory disease has led to more countries actively promoting healthcare, adopting policies or legislation to control drug prices and medical expenditure, and improving the overall quality of healthcare; this will lead international pharmaceutical companies to look for lower cost manufacturers with quality systems that meet international quality standards, which will benefit future development of Company sales.

(f) Government Incentives and Counselling

The government has made the API industry a key development project. In addition to investing in research and development on industrial technology, the government has also provided various incentives to manufacturers in terms of rent, tax and financing, such as the “Regulations for Providing Assistance in the Development of New Leading Products”, the “Statute for Upgrading Industry” and the “Action Plan for Biotechnology Industry” These are all favorable factors for domestic API manufacturers to explore opportunities in the global market. It is also beneficial to the Company's development in the international API market.

B. Negative factors and responsive strategy

(a) Increasing competition in the API industry

Chinese and Indian pharmaceutical companies have low-cost labor and raw materials, but the quality of their products and regulations is questionable. However, due to the low cost, they often compete with low-grade products and disrupt the market in non-regulated markets. In addition, both China and India are currently looking to expand their facilities and production capacity, which is expected to lead to increased competition in the API industry.

Response Strategy:

The manufacture of Carbapenem is difficult because of high technical hurdles, chemical technical difficulties, dedicated plants, special chemical equipment, special drug classes, chemical engineering difficulties, many raw material combinations, long manufacturing processes and key technologies in process amplification, so there are not many API manufacturers in the world capable of providing APIs that meet international pharmacopeial specifications. In addition, the quality of our pharmaceutical products has been certified by many countries in Europe, the United States, Japan and Korea. Therefore, through vertical integration, we have established consistent production operations from APIs to injections, and cooperated with major international manufacturers, which will effectively differentiate our products from the low-price competition in China and enable us to quickly introduce our products into the international market.

(b) Over-concentrated product line

Our main products include Meropenem and Ertapenem, which are APIs for antibiotics.

Response Strategy:

The patent for our new product, Ertapenem, expired in 2017. Litigation between the original manufacturer and the Company over the process patent (which expires in 2020) has been withdrawn. The Company commenced commercial production of Ertapenem API in late 2017 and will continue to enhance its manufacturing processes to improve its product competitiveness. The Company has also submitted applications for drug licenses in several countries and has successfully obtained licenses in the United Kingdom and the United States; we expect to continue to obtain additional licenses in other countries to expand our sales market.

In addition, the Company is actively developing peptide products and will use its existing sterile technology platform to develop SLC-021 injections and niche generics with high technology and high unit cost. In the development of peptide products, we have utilized our existing technologies, including synthetic pathway development, process technology, column purification technology, RO concentration technology, crystalline form research, crystalline purification technology, freeze-drying technology, peptide solid phase synthesis, process amplification parameters research, aseptic manufacturing technology, solvent recovery process development, cGMP trial production and mass production, and so on. In addition to the development of the peptide synthesis technology platform, we have also developed an advanced technology platform and applied for a patent to protect the intellectual property rights for Savior Lifetec. In addition to self-development, we also collaborate with other companies in the industry to conduct multi-product research and development in order to increase our product range and enhance our market value and operational flexibility.

2.Key purpose and manufacturing process of main products

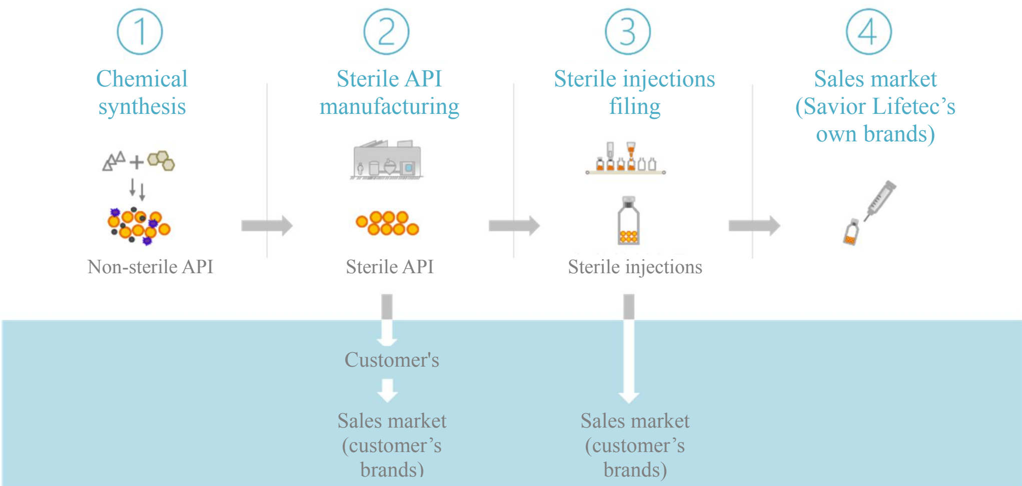
(1)Key purpose of main products:

Main products	Main purpose
Meropenem	Used to treat pneumonia, skin infections, urinary tract infections, gynecological infections, sepsis, meningitis, and so on.
Ertapenem	For complicated intra-abdominal infections, complicated skin and skin tissue infections, diabetic foot infections without osteomyelitis, infectious pneumonia, complicated urinary tract infections including pyelonephritis, acute pelvic infections including postpartum endometritis, septic abortion and post-surgical gynecological infections, etc.

(2)Manufacturing process for main products

The Company's production process is now vertically integrated in a one-stop solution.

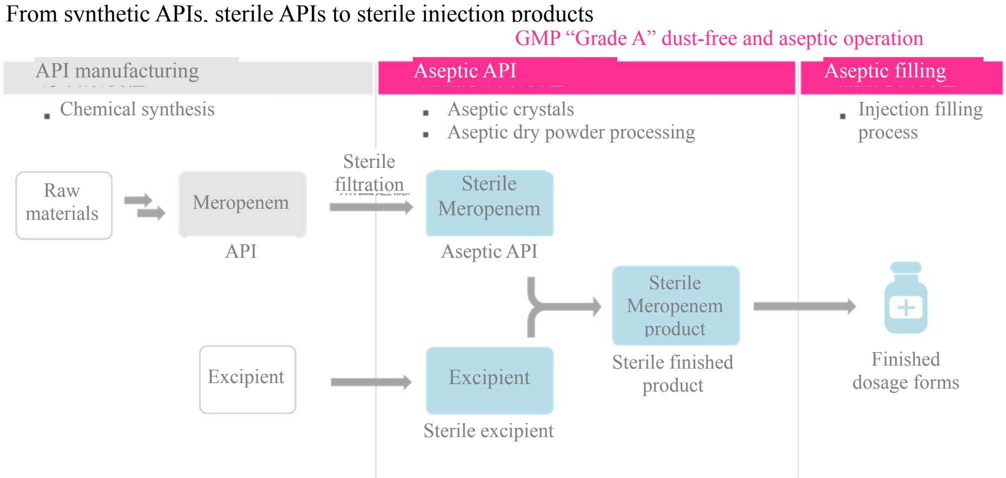
One-stop solution for niche drugs



Production process for Meropenem injection

Technical niche – Vertically integrated aseptic crystal technology platform

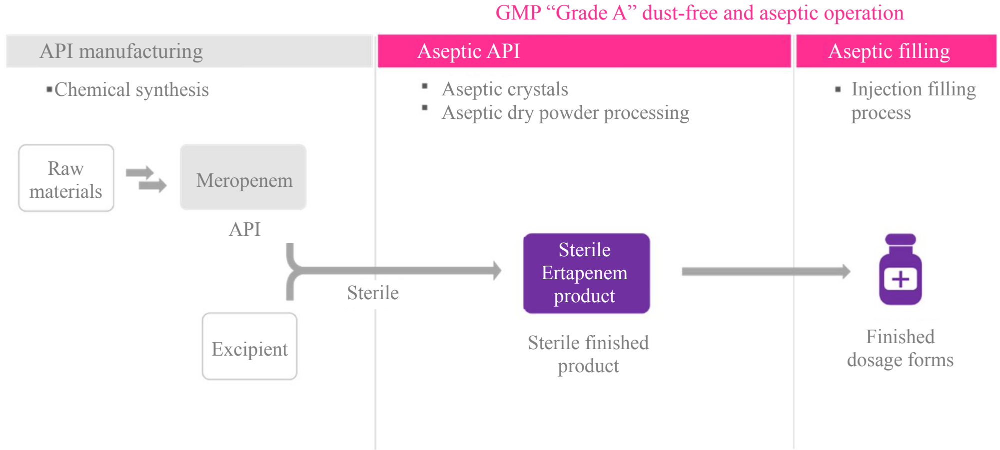
From synthetic APIs, sterile APIs to sterile injection products



Production process for Ertapenem injection

Technical niche – Vertically integrated aseptic crystal technology platform

From synthetic APIs, sterile APIs to sterile injection products



(3)Primary raw material supply status

Primary raw material	Primary supplier	Supply status
Chemicals and catalysts	1002090, 1001001, 1002085	Normal

(4)Name of customers a for more than 10% of total purchase (sales) amount of the company in the last two years or in any year and the purchase (sales) amount and ratio thereof

Information of main customers of sales of the Company in the last two years

Unit: NTD thousand

	2022				2023				1st quarter of 2024			
Item	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer
1	A02C001	322,347	25.47	None	A02C001	298,865	28.46	None	E01C002	76,197	29.40	None
2	C12C002	181,463	14.34	None	A01C005	99,613	9.48	None	A02C001	52,237	20.15	None
	E01C002	159,951	12.64	None					A01C005	24,957	9.63	None
	Others	601,988	47.55	None	Others	651,799	62.06	None	Others	105,801	40.82	None
	Net sales amount	1,265,749	100		Net sales amount	1,050,277	100		Net sales amount	259,192	100	

A02C001 remained one of the top three major customers in 2022 and 2023. No significant changes occurred.

E01C002 was the third largest customer in 2022 and the fifth largest customer in 2023, with no significant change.

A01C005 was the third largest customer in 2022 and the second largest customer in 2023, with no significant change.

Note 1: The names of customers with more than 10% of the total sales in the last two years and the amounts and percentages of their sales are listed, except that if the names of the customers are not disclosed in accordance with the contract or if the customers are individuals and not related parties, they may be listed under the code.

Information about main suppliers of the Company in the last two years

Unit: NTD thousand

Item	2022				2023				1st quarter of 2024			
	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	1002049	129,622	33.75	None	1002090	35,422	21.27	None	1002104	13,532	24.67	None
2	1001001	91,209	23.75	None	1001001	30,089	18.06	None	1002090	12,227	22.29	None
3	1002090	55,309	14.40	None	1002085	26,468	15.89	None	1002084	10,284	18.75	None
4					1002116	26,433	15.87		1002085	6,122	11.16	None
5	Others	107,914	28.10	None	Others	48,163	28.91		Others	12,697	23.13	None
	Net purchase amount	384,054	100.00		Net purchase amount	166,575	100.00		Net purchase amount	54,862	100.00	

1001001 is a supplier of palladium catalysts; we have been among the top three importers from 2022 to 2023, without much change.

1002090 is a supplier of specialized intermediate raw materials, as the third supplier from 2022 to 2023. Therefore no significant change has occurred.

1002085 is the material supplier; it was the 5th largest supplier in 2022, and the 3rd largest supplier in 2023.

Note 1: The names of suppliers with more than 10% of the total purchases in the last two years and the amounts and percentages of the purchases are listed, except that if the names of the suppliers are not disclosed in accordance with the contract or if the suppliers are individuals and not related parties, they may be listed under the code.

(5)Production quantity table for the most recent two years

Unit: package, NTD thousand

Quantity & Value/ Product	2022			2023		
	Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Antibiotics (Note)	2,440	1,717	708,576	2,040	1,405	710,332
Total	2,440	1,717	708,576	2,040	1,405	710,332

Note: Antibiotics include APIs such as Meropenem and Ertapenem and their injections.

(6)Sales quantity table for the most recent two years

Unit: package/box, NTD thousand

Quantity & Value/ Product	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Antibiotics (Note 1)	197	68,752	1,667	903,593	168	98,187	1,029	782,673
Others	Note 2	36,042	Note 2	257,362	Note 2	73,273	Note 2	96,144
Total		104,794		1,160,955		171,460		878,817

Note1: Antibiotics include APIs such as Meropenem and Ertapenem and their injections.

Note 2: Sales of other items are not analyzed as they are complicated and vary in units.

III. Number of workers, average length of service, average age and educational profile of the employees in service for the last two years and up to the date of printing of the annual report

Data date: May 3, 2024 Units: persons, age, year, %

Year		2022	2023	Up to May 3, 2024
Number of employees (person)	Marketing management personnel	45	43	44
	R&D personnel	27	17	14
	Technical personnel	239	252	232
	Total	311	312	290
Average age (age)		39.5	38.55	
Average service years (year)		6.06	6.19	
Education background distribution ratio (%)	PhD	1.6	0.32	0.34
	Masters	23.47	22.76	23.1
	College	71.38	72.11	72.41
	Senior High School	3.22	4.49	4.14
	Under Senior High School	0.32	0.32	0

IV. Information on Environmental Protection Expense

1. The amount of losses and penalties that the Company suffered as a result of nvironmental pollution for the year 2023 up to the date of printing: None.
2. Future responses (including improvement measures) to major environmental capital expenditure:

(1)Air pollution prevention: The cost of equipment maintenance and consumables replacement was approximately NT$446 thousand.

(2)Wastewater pollution prevention: The cost of equipment maintenance, consumables replacement and the treatment of wastewater in the Science Park was approximately NT$4,320 thousand.

(3)Waste disposal: The cost of waste disposal was approximately NT$12,774 thousand.

The total amount was approximately NT$17,540 thousand.

V. Labor-management relationship

1. The Company's various staff welfare measures, education, training and retirement systems and implementation status, as well as labor-management agreements and measures to protect the rights and interests of employees

(1)Employee welfare plan

Based on the good faith principle and to protect the rights and interests of our employees, our management procedures and work rules are formulated in accordance with the principles of the Labor Standards Act in order to provide our employees with good remuneration and a safe working environment.

In addition to national health insurance and labor insurance, the Company provides group insurance for all employees and annual health check-ups in accordance with various laws and regulations. A Employee Welfare Committee has been established and relevant welfare funds have been allocated to increase employee welfare funding for the purpose of implementing the various welfare initiatives and activities that have been planned.

(2)Education and Training

In order to improve the professional skills of our staff and enhance their research and development capabilities, we encourage our staff to attend diverse education and training courses, including new recruit training, on-the-job training courses, professional courses, workplace safety courses and seminars, as well as various job-related training courses, in order to help employees to develop professional skills.

(3)Retirement system and implementation status

The Company has employee retirement management measures. On the date of arrival, employees should contribute 6% of the monthly pension according to the “Monthly Contribution of Labor Pension” published by the Bureau of Labor Insurance and deposit with the Bureau of Labor Insurance. Labor pension individual accounts. Employees may also voluntarily contribute up to 6% of their monthly wages to their pension plans.

Employees' retirement benefits are paid either on a monthly or lump sum basis, depending on the amount of the employee's individual pension account and accumulated earnings.

(4)Labor-Management Agreements

The Company is governed by the Labor Standards Act. We value labor-management relations and conduct all operations in accordance with the Labor Standards Act. In addition, the Company has established a labor-management council in July 2009 to hold regular meetings in order to provide a good communication platform between employers and employees and to maintain harmonious labor-management relations.

(5)Various employee benefit protection measures status:

The Company has established various rules and regulations to ensure that the rights and interests of employees are well protected in accordance with the law, and the opinions expressed in regular labor-management meetings are actively adopted and improved in order to satisfy and appreciate employee feelings.

For last two years and up to the printing date of the annual report, any current loss due to labor-management disputes and possible future loss estimated amount and responsive measures:

Date of punishment	Reference number of the penalty document	Illegal laws and regulations	Contents of violation	Amount of Fines and Ballots
2022/04/20	Nan-Huan-Zhi-No. 1110011752	Labor Standards Act Article 38-4	The regular item of salary for the settlement of untaken special leave for underpaid workers.	20,000
2022/05/19	Nan-Huan-Zhi-No. 1110015138	Labor Standards Act Article 43	Inconsistencies in the content of wage calculations resulted in underpayment of workers' leave of absence.	20,000
2022/06/06	Zhu-Huan-Zhi-No. 1110017967	Labor Standards Act Article 22-2	The wages of the remaining months are calculated based on the actual number of working days. As a result, the wages of the month that the employees leave the company are not paid in full amount directly.	20,000
2022/07/13	Zhu-Huan-Zhi-No. 1110022886	Labor Standards Act Article 38-4	The regular item of salary for the settlement of untaken special leave for underpaid workers.	20,000

The above fines have been paid in full, and corrections have been made in accordance with the laws and regulations.

VI. **Information and communication security management**

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

(1)Information security risk management framework: The Company's unit dedicated to information and communication security is the Information Department.

(2)Information and communication security policy: To reinforce our information security management, monitor and improve information security protection, and effectively reduce the risk of theft, improper use, leakage, tampering, or destruction of information assets caused by human negligence or intentional or natural disasters, we have formulated the Information System Security Control Regulations.

(3)Specific management plan:

A. Computer system security protection:

The computer network is protected by a double-layer firewall to prevent our network from being intruded. Antivirus software is installed on personal computers to prevent virus attacks. eMail automatically filters emails to prevent the opening of emails with virus attachments by accident. Account passwords should be replaced mandatorily every 90 days The data backup is under the framework of two-machine offsite crossover and offline backup to prevent cyber kidnapping.

B. Access control:

Access to data in application systems and file servers requires an application for permission, and those without permission cannot access the data.

C. Portable storage device:

When accessing suspicious files, anti-virus software automatically detects and intercepts them to prevent virus infection.

D. Physical and security environment management:

The computer room is equipped with access control, and visitors should leave records of entry and exit. The air conditioning system in the computer room operates by two machines in rotation. The room is equipped with fire extinguishers and alarms and an uninterruptible power supply system for emergency power generation.

E. Personnel management:

Personnel need to apply for permission to use the computer system, and all permissions should be disabled when they resign.

F. System development and contracted management:

At present, we manage the systems on our own, and small-scale system development is conducted in the existing operating environment.

(4)Information and communication security resources invested by the Company: firewall, anti-virus software, data backup, account and password management, privilege management, uninterruptible power supply system, air-conditioning equipment, access control management, and fire extinguishers.

2.Specify the losses or potential impact of significant information and communication security incidents in the most recent year and up to the publication date of this annual report as well as countermeasures. If it is impossible to estimate them reasonably, the fact that they cannot be reasonably estimated shall be specified: N/A.

VII. **Important Contracts**

Contract type	Related parties	Contract duration	Content	Covenants
Land lease	Hsinchu Science Park Bureau	2005.09.08– 2024.12.31	Land Lease – Chu Nan Plant	The term of the lease shall not exceed twenty years, subject to a new contract being made at the expiration of the term.
Land lease	Southern Taiwan Science Park Bureau	2024.01.01 – 2033.12.31	Land Lease – Tainan Plant	The term of the lease shall not exceed twenty years, subject to a new contract being made at the expiration of the term.
Land lease	Southern Taiwan Science Park Bureau	2010.11.01 – 2030.10.31	Land Lease – Southern Science Park No. 5 and No. 6 Plants (No. 47-0, Xin Ke Section, Xinshi District, Tai Nan City)	The term of the lease shall not exceed twenty years, subject to a new contract being made at the expiration of the term.
Plant Lease Agreement	Southern Taiwan Science Park Bureau	2024.01.01 – 2024.12.31	Standard Lease Agreement for Plant (for Injection plant, 3/F, 4/F, 5/F, No. 12 Chuangye Road, 3/F, 4/F, No. 16 Chuangye Road, and 4/F, No. 8 Chuangye Road)	A new contract shall be made upon expiry of the term.
Process Development and Research Services Contracts	S Corporation	2018.11.28 – Contract is completed	New drug (SLC-029) product design service for the new oral tablet production line	The contract shall commence on the date of execution and expire upon completion of the contract.

Six Financial Status

I. Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years

(I) Condensed Balance Sheet and Consolidated Income Statement – using International Financial Reporting Standards

1. Condensed Balance Sheets (Consolidated)

Unit: NTD thousand

Item \ Year		Financial information for the latest five years					Financial data of the current year until March 31, 2024(Note 1)
		2019	2020	2021	2022	2023	
Current assets		1,731,492	2,554,861	2,911,016	3,099,020	2,546,210	2,611,099
Property, plant and equipment		1,844,553	1,825,946	1,174,292	1,004,711	860,365	829,362
Intangible assets		2,217	7,165	7,777	5,501	2,599	2,027
Other assets		455,042	448,727	445,599	299,544	413,497	445,185
Total assets		4,033,304	4,836,699	4,538,684	4,408,776	3,822,671	3,887,673
Current liabilities	Before distribution	1,310,652	570,841	298,254	778,489	200,918	186,696
	After distribution	1,310,652	570,841	298,254	778,489	Note2	-
Non-current Liabilities		508,802	935,618	927,601	263,332	257,039	266,480
Total liabilities	Before distribution	1,819,454	1,506,459	1,225,855	1,041,821	457,957	453,176
	After distribution	1,819,454	1,506,459	1,225,855	1,041,821	Note2	
Equity attributable to parent company shareholders		-	-	-	3,352,450	3,352,742	3,423,815
Capital stock		2,679,982	3,004,786	3,170,206	3,172,166	3,173,991	3,173,991
Capital surplus		191,857	573,779	132,667	133,941	135,127	135,127
Retained earnings	Before distribution	(657,950)	(248,325)	9,956	46,343	43,624	114,697
	After distribution	(657,950)	(248,325)	9,956	46,343	Note2	-
Other equity		(39)	-	-	-	-	-
Treasury stock		-	-	-	-	-	-
Non-controlling interests		-	-	-	14,505	11,972	10,682
Total equity	Before distribution	2,213,850	3,330,240	3,312,829	3,366,955	3,364,714	3,434,497
	After distribution	2,213,850	3,330,240	3,312,829	3,366,955	Note2	-

Note1: The financial statement prepared in accordance with IFRSs for Q1 2024 has been reviewed by Certified Public Accountant.

Note2.The earnings distribution for 2023 has been approved by the Board of Directors but not resolved by the shareholders' meeting.

2. Condensed Statement of Comprehensive Income (Consolidated)

Unit: NTD thousand

Item \ Year	Financial information for the latest five years (Note)					Financial information for the current year up to March 31, 2024
	2019	2020	2021	2022	2023	
Operating Revenue	1,318,694	1,827,240	1,743,785	1,265,749	1,050,277	259,192
Operating Gross Profit	350,994	558,642	307,866	130,990	220,949	53,759
Operating Income (Loss)	55,373	230,554	29,340	(94,255)	(2,420)	(3,162)
Non-operating income and expense	(60,307)	20,387	(19,384)	130,565	29,959	72,945
Net profit before tax	(4,934)	250,941	9,956	36,310	27,539	69,783
Net profit from continuing operation Current net profit	(4,934)	250,941	9,956	36,310	27,539	69,783
Loss on discontinued operation	-	-	-	-	-	-
Current net income (loss)	(4,934)	250,941	9,956	36,310	27,497	69,783
Current other comprehensive income (Net income after tax)	-	-	-	-	-	-
Current total comprehensive income	(4,934)	250,941	9,956	36,310	27,497	69,783
Profit attributable to owners of the parent	(4,934)	250,941	9,956	36,387	30,030	71,073
Net profit attributable to non-controlling interests	-	-	-	(77)	(2,533)	(1,290)
Comprehensive income attributable to shareholders of the parent company	(4,934)	250,941	9,956	36,387	30,030	71,073
Comprehensive income attributable to non-controlling Interests	-	-	-	(77)	(2,533)	(1,290)
Earnings Per Share	(0.02)	0.88	0.03	0.11	0.09	0.22

Note: The financial statement prepared in accordance with IFRSs for Q1 2024 has been reviewed by Certified Public Accountant.

3. Condensed Balance Sheets - Standalone

Unit: NTD thousand

<table>
<tr><th colspan="2" rowspan="2">Year
Item</th><th colspan="5">Financial information for the latest five years</th></tr>
<tr><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td colspan="2">Current assets</td><td>1,731,492</td><td>2,554,861</td><td>2,911,016</td><td>3,031,298</td><td>2,415,886</td></tr>
<tr><td colspan="2">Property, plant and equipment</td><td>1,844,553</td><td>1,825,946</td><td>1,174,292</td><td>1,004,711</td><td>859,270</td></tr>
<tr><td colspan="2">Intangible assets</td><td>2,217</td><td>7,165</td><td>7,777</td><td>5,501</td><td>2,599</td></tr>
<tr><td colspan="2">Other assets</td><td>455,042</td><td>448,727</td><td>445,599</td><td>349,335</td><td>530,311</td></tr>
<tr><td colspan="2">Total assets</td><td>4,033,304</td><td>4,836,699</td><td>4,538,684</td><td>4,390,845</td><td>3,808,066</td></tr>
<tr><td rowspan="2">Current liabilities</td><td>Before distribution</td><td>1,310,652</td><td>570,841</td><td>298,254</td><td>775,063</td><td>198,285</td></tr>
<tr><td>After distribution</td><td>1,310,652</td><td>570,841</td><td>298,254</td><td>775,063</td><td>Note</td></tr>
<tr><td colspan="2">Non-current Liabilities</td><td>508,802</td><td>935,618</td><td>927,601</td><td>263,332</td><td>257,039</td></tr>
<tr><td rowspan="2">Total liabilities</td><td>Before distribution</td><td>1,819,454</td><td>1,506,459</td><td>1,225,855</td><td>1,038,395</td><td>455,324</td></tr>
<tr><td>After distribution</td><td>1,819,454</td><td>1,506,459</td><td>1,225,855</td><td>1,038,395</td><td>Note</td></tr>
<tr><td colspan="2">Equity attributable to parent company shareholders</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Capital stock</td><td>2,679,982</td><td>3,004,786</td><td>3,170,206</td><td>3,172,166</td><td>3,173,991</td></tr>
<tr><td colspan="2">Capital surplus</td><td>191,857</td><td>573,779</td><td>132,667</td><td>133,941</td><td>135,127</td></tr>
<tr><td rowspan="2">Retained earnings</td><td>Before distribution</td><td>(657,950)</td><td>(248,325)</td><td>9,956</td><td>46,343</td><td>43,624</td></tr>
<tr><td>After distribution</td><td>(657,950)</td><td>(248,325)</td><td>9,956</td><td>46,343</td><td>Note</td></tr>
<tr><td colspan="2">Other equity</td><td>(39)</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Treasury stock</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Total equity</td><td>Before distribution</td><td>2,213,850</td><td>3,330,240</td><td>3,312,829</td><td>3,352,450</td><td>3,352,742</td></tr>
<tr><td>After distribution</td><td>2,213,850</td><td>3,330,240</td><td>3,312,829</td><td>3,352,450</td><td>Note</td></tr>
</table>

Note.The earnings distribution for 2023 has been approved by the Board of Directors but not resolved by the shareholders' meeting.

4. Condensed Statement of Comprehensive Income (Standalone)

Unit: NTD thousand

Item \ Year	Financial information for the latest five years (Note)				
	2019	2020	2021	2022	2023
Operating Revenue	1,318,694	1,827,240	1,743,785	1,265,749	1,046,647
Operating Gross Profit	350,994	558,642	307,866	130,990	219,799
Operating Income (Loss)	55,373	230,554	29,340	(80,524)	16,994
Non-operating income and expense	(60,307)	20,387	(19,384)	116,911	13,036
Net profit before tax	(4,934)	250,941	9,956	36,387	30,030
Current net profit of continuing operations	(4,934)	250,941	9,956	36,387	30,030
Loss on discontinued operation	-	-	-	-	-
Current net income (loss)	(4,934)	250,941	9,956	36,387	30,030
Current other comprehensive income (Net income after tax)	-	-	-	-	-
Current total comprehensive income	(4,934)	250,941	9,956	36,387	30,030
Earnings Per Share	(0.02)	0.88	0.03	0.11	0.09

(II) Names of CPAs and audit opinions for the last five years

Year	Accounting firm name	Name of accountant	Audit opinions
2019	PricewaterhouseCoopers Taiwan	Lin Yu-Kuan and Cheng Ya-Huei	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Liu Chien-Yu and Lin Yu-Kuan	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Liu Chien-Yu and Lin Yu-Kuan	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Liu Chien-Yu and Lin Yu-Kuan	Unqualified opinion
2023	Deloitte & Touche	Cheng Hsu-Jan, Hsieh Tung-Ju	Unqualified opinion

II. **Financial analysis for the last five years**

(I) Financial Analysis (Consolidated) – IFRS adopted

Unit: %; multiplier; times; days

Analysis Item (Year)		Financial analysis for the last five years					Current year up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	45.11	31.15	27.01	23.63	11.98	11.66
	Long-term capital to property real estate, plant and equipment ratio	147.60	233.62	361.11	359.88	419.56	444.96
Solvency (%)	Current ratio	132.11	447.56	976.02	398.08	1267.29	1,398.58
	Quick ratio	63.13	241.04	507.02	250.63	812.65	914.76
	Interest earned ratio (times)	-	-	-	-	-	-
Operating ability	Receivables turnover ratio (times)	6.51	4.44	3.27	3.23	3.68	4.55
	Average collection days	56	82	112	113	99	80
	Inventory turnover ratio (times)	0.98	1.21	1.10	0.88	0.78	0.97
	Payables turnover ratio (times)	12.89	17.77	18.09	20.07	13.37	14.79
	Average inventory turnover days	372	302	332	414	468	377
	Real estate, plant and equipment turnover ratio (number of times)	0.71	1.00	1.16	1.16	1.13	1.23
	Total asset turnover (number of times)	0.35	0.41	0.37	0.28	0.26	0.27
Profit ability	Return on asset (%)	0.71	6.10	0.52	1.09	0.92	1.89
	Return on equity (%)	(0.24)	9.05	0.3	1.09	0.90	2.10
	Net income before tax to paid-in capital ratio (%)	(0.18)	8.35	0.31	1.15	0.95	2.24
	Net profit margin (%)	(0.37)	13.73	0.57	2.87	2.86	27.42
	Earnings per share (NTD)	(0.02)	0.88	0.03	0.11	0.09	0.22
Cash flow	Cash flow ratio (%)	11.93	15.99	Note 2	74.73	193.09	73.17
	Cash flow adequacy ratio (%)	Note 2	Note 2	Note 2	32.29	96.77	112.21
	Cash flow reinvestment ratio (%)	4.85	1.84	Note 2	12.17	7.36	2.77
Leverage	Operating leverage	11.07	3.76	20.79	Note 3	Note 3	Note 3
	Financial leverage	2.36	1.12	2.56	Note 3	Note 3	Note 3

Reasons for the variations of financial ratios in the last two years: (if the change increase/decrease is less than 20%, analysis may be exempted)

Financial structure & solvency: In May 2023, the convertible corporate bonds issued in 2020 were repaid, resulting in a significant decrease in debt-to-asset ratio from 2022, and a significant increase in current ratio and quick ratio from 2022.

Operating ability: The lower accounts payable turnover was mainly due to the Company's adjusted sales strategy and increased shipments of high-margin products, which resulted in lower operating costs in 2023 compared to 2022.

Note 1: The financial statements prepared in accordance with IFRSs for 2019 and 2023 have been audited by Certified Public Accountants.
The financial statement prepared in accordance with IFRSs for Q1 2024 has been reviewed by Certified Public Accountant.

Note 2: Net cash flows from operating activities are negative and therefore are not shown.

Note 3: Operating profit is negative and therefore not shown.

(II) Financial Analysis (Standalone) – IFRS adopted

Unit: %; multiplier; times; days

Analysis Item (Note 3)	Year (Note 1)	Financial analysis for the last five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	45.11	31.15	27.01	23.65	11.96
	Long-term capital to property real estate, plant and equipment ratio	147.60	233.62	361.11	359.88	420.10
Solvency (%)	Current ratio	132.11	447.56	976.02	391.10	1,218.39
	Quick ratio	63.13	241.04	507.02	243.2	760.71
	Interest earned ratio (times)	-	-	-	-	-
Operating ability	Receivables turnover ratio (times)	6.51	4.44	3.27	3.23	3.68
	Average collection days	56	82	112	113	99
	Inventory turnover ratio (times)	0.98	1.21	1.10	0.88	0.78
	Payables turnover ratio (times)	12.89	17.77	18.09	20.07	13.33
	Average inventory turnover days	372	302	332	415	417
	Real estate, plant and equipment turnover ratio (number of times)	0.71	1.00	1.16	1.16	1.12
	Total asset turnover (number of times)	0.35	0.41	0.37	0.28	0.26
Profitability	Return on asset (%)	0.71	6.10	0.52	1.10	0.92
	Return on equity (%)	(0.24)	9.05	0.30	1.09	0.90
	Net income before tax to paid-in capital ratio (%)	(0.18)	8.35	0.31	1.15	0.95
	Net profit margin (%)	(0.37)	13.73	0.57	2.87	2.87
	Earnings per share (NTD)	(0.02)	0.88	0.03	0.11	0.09
Cash flow	Cash flow ratio (%)	11.93	15.99	Note 2	77.21	213.05
	Cash flow adequacy ratio (%)	Note 2	Note 2	Note 2	16.59	101.6
	Cash flow reinvestment ratio (%)	4.85	1.84	Note 2	12.69	8.30
Leverage	Operating leverage	11.07	3.76	20.79	Note 3	Note 3
	Financial leverage	2.36	1.12	2.56	Note 3	Note 3

Reasons for the variations of financial ratios in the last two years: (if the change increase/decrease is less than 20%, analysis may be exempted)

Solvency: The current ratio and quick ratio decreased in 2022 from 2021, primarily because the convertible corporate bonds issued in 2020 will be reclassified into current liabilities within one year.

Operating ability: The lower accounts payable turnover was mainly due to the Company's adjusted sales strategy and increased shipments of high-margin products, which resulted in lower operating costs in 2023 compared to 2022.

Note 1: The financial statements prepared in accordance with IFRSs for 2019 and 2023 have been audited by Certified Public Accountants.

Note 2: Net cash flows from operating activities are negative and therefore are not shown.

Note 3: Operating profit is negative and therefore not shown.

Note 4: The above-mentioned financial ratios are calculated as follows:

1. Financial structure
   (1) Debt to total assets ratio=Total debt/Total assets.
   (2) Ratio of long-term capital to property, plant & equipment = (Total equity+ Non-current liabilities) / Net worth of property, plant and equipment.
2. Debt servicing capability
   (1) Current ratio = Current assets / Current liability.
   (2) Quick ratio = (Current assets - Inventory - Prepayments) / Current liabilities.
   (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expense.
3. Operating ability
   (1) Account receivable (including accounts receivable and notes receivable from operations) turnover = Net sales / Average of accounts receivable (including accounts receivable and notes receivable from operations) balance.
   (2) Average account receivable days = 365 / account receivable turnover.
   (3) Inventory turnover = Sales cost / average inventory amount.
   (4) Accounts payable (include payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.
   (5) Average days in sales=365 / Inventory turnover.
   (6) Property, plant and equipment turnover = Net sales /Average net worth of property, plant and equipment.
   (7) Total assets turnover ratio = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = [After-tax income (loss) + Interest expense × (1 - Tax rate)] / Average total assets.
   (2) Return on shareholders' equity = Earnings (loss) after tax / Average total equity.
   (3) Profit ratio=Earnings (loss) after tax / Net sales.
   (4) EPS = (Profit and loss attributable to shareholders of the parent company - dividends from preferred shares) / weighted average number of outstanding shares.
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / Current liability.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent 5 years / (capital expenditure + increase in inventory + cash dividends) in the most recent 5 years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (net property, plant and equipment gross + long-term investment + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (Net sales - Variable cost) / profit from operations.
   (2) Financial leverage = profit from operations / (profit from operations - Interest expense).

III. **Audit Committee's Review Report**

Savior Lifetec Corporation

Audit Committee report

The Board of Directors of the Company has prepared a resolution for the 2023 parent company only and consolidated financial statements, and business report. CPA Cheng Shi-Zen and CPA Hsieh Tong-Zhu of Deloitte & Touche Taiwan have audited the parent company only and consolidated financial statements, and issued an independent auditor's report with an unqualified opinion. The above-mentioned resolution of parent company only and consolidated financial statements and business report have been audited by the Audit Committee and found to be in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Reported as above.

Submitted To

Savior Lifetec Corporation 2024 General Shareholders Meeting

Convener of the Audit Committee: Chang Ryh-Yan

March 8, 2024

Savior Lifetec Corporation

Audit Committee report

The Board of Directors of the Company has prepared the 2022 distribution of earnings. The above-mentioned have been audited by the Audit Committee and found to be in conformity with Article 219 of the Company Act.

Submitted To

Savior Lifetec Corporation 2024 General Shareholders Meeting

Convener of the Audit Committee: Chang Ryh-Yan

May 5, 2024

IV. **2023 Consolidated Financial Statements With Independent Auditors' Report: Please refer to Appendix I**

V. **2023 Parent Company Only Financial Statements With Independent Auditors' Report: Please refer to Appendix II**

VI. **Up to the Printing Date of this Annual Report, Has the Company or Related Companies Experienced Financial Turnover Difficulties: None.**

Seven Review and Analysis of Financial Position and Financial Performance and Risk Matters

I. Financial status

Unit: NTD thousand

Item \ Year	2022	2023	Increase (decrease) ratio	
			Amount	%
Current assets	3,099,020	2,546,210	(552,810)	(17.84)
Property, plant and equipment	1,004,711	860,365	(144,346)	(14.37)
Intangible assets	5,501	2,599	(2,902)	(52.75)
Other assets	299,544	413,497	113,953	38.04
Total assets	4,408,776	3,822,671	(586,105)	(13.29)
Current liabilities	778,489	200,918	(577,571)	(74.19)
Non-current Liabilities	263,332	257,039	(6,293)	(2.39)
Total liabilities	1,041,821	457,957	(583,864)	(56.04)
Capital stock	3,172,166	3,173,991	1,825	0.06
Capital surplus	133,941	135,127	1,186	0.89
Retained earnings	46,343	43,624	(2,719)	(5.87)
Non-controlling interests	14,505	11,972	(2,533)	(17.46)
Total shareholders’ equity	3,366,955	3,364,714	(2,241)	(0.07)

Description of significant change: (Change of 20% or more and change of NT$10 million or more)

1. Increase of other assets: the Company subscribed 14,700 thousand common shares of Huanju Real Estate Development Co., Ltd. in 2023 in order to expand related business of an investment company under the equity method (Peng Rui Construction Co., Ltd.).
2. Decrease in current liabilities: The decrease in current liabilities was due to the repayment of the convertible corporate bonds issued in 2020 in May 2023.

II. Financial Performance

1. Main reasons for significant changes in operating revenue, net operating profit and net profit before tax for the last two years

Unit: NTD thousand

Item \ Year	2022	2023	Increase (decrease) ratio	
			Amount	%
Net operating revenue	1,265,749	1,050,277	(215,472)	(17.02)
Operating costs	1,134,759	829,328	(305,431)	(26.92)
Gross operating profit (loss)	130,990	220,949	89,959	68.68
Operating expenses	225,245	223,369	(1,876)	(0.83)
Operating profits (losses)	(94,255)	(2,420)	91,835	97.43
Non-operating income and expense	130,565	29,959	(100,606)	(77.05)
Net profit (loss) before tax	36,310	27,539	(8,771)	(24.16)
Current net income (loss)	36,310	27,497	(8,813)	(24.27)
Actuarial loss on defined benefit plan	0	0	0	0
Current total comprehensive income	36,310	27,497	(8,813)	(24.27)

Description of significant change: (Change of 20% or more and change of NT$10 million or more)

1. Decrease in operating costs, increase in gross profit and operating income: This was mainly due to the company adjusting its operating strategy and continuously optimizing manufacturing processes, reducing shipments to low-price customers, and allocating resources to niche products, resulting in a decrease in operating costs and an increase in gross profit for the year 2023.
2. Decrease in non-operating income: mainly due to the Company’s 2022 adjustment of factory downsizing and disposal of Zhunan Plant No. 2, resulting in increase in non-operating income in 2022.

2. Expected sales volume in the coming year and its basis, possible impact on the Company's future financial operations and contingency plans: SLC has arranged the layout of ertapenem all over the world proactively in recent years. Upon completion of the layout in the largest market of ertapenem in the world, the USA, it also completed the layout in the second largest market in the world, China, in 2022. In the same year, it also executed contracts with its marketing partners in Europe, South America, South Africa, New Zealand and Australia to proceed with the registration of ertapenem medicines. The registration applications filed by SLC's partners in the past have been approved successively in various countries. It is expected that SLC's ertapenem will hit the market in more countries all over the world in 2023, in order to keep it expanding in the global market.

III. Cash flow

1. Analysis of changes in cash flows for the most recent year

Unit: NTD thousand

Item \ Year	2022	2023	Increase (decrease) ratio	
			Amount	%
Net cash inflow (outflow) from operating activities	581,772	387,952	(193,820)	(33.32)
Net cash inflow (outflow) from investing activities	20,292	181,190	160,898	792.91
Net cash inflow (outflow) from financing activities	(7,484)	(572,216)	(564,732)	(7,545.86)

Description of major variations of reported items:
(where the percentage of change is more than 20%)

1. Net cash outflow from operating activities
2. Increase in net cash inflow from investing activities: In order to make the use of funds more flexible, bank time deposits of more than 3 months were reduced, resulting in an increase in net cash inflow from investing activities.
3. Increase in net cash outflow from financing activities: The convertible corporate bond issued in 2020 was repaid in May 2023, resulting in an increase in net cash outflow from financing activities.

2. Improvement plan for insufficient liquidity.

The Company's capital has been covered by the own fund generated from its operations. Besides, the Company always maintains fair relationship with its correspondent banks; therefore, no shortage of fund occurs to the Company.

3. Cash liquidity analysis for the next year (2024)

Unit: NT$ thousand

Opening cash balance (A)	Estimated annual flow from operating activities (B)	Estimated annual flow from investing activities (C)	Estimated annual flow from financing activities (D)	Estimated cash surplus (insufficient) amount (E) = (A) + (B) + (C) + (D)	Cash deficiency amount remedies	
					Investment plan	Financial management plan
1,082,919	161,924	(223,110)	(27,027)	994,706	N/A	N/A

1. Analysis of cash flow change for next year:
   B. Operating activities: It is mainly due to cash receipts in operations in 2024.
   C. Investment activities: mainly due to the expenditure for the expansion of new production lines and the replacement of the old equipment.
   D. Fundraising activities: mainly the distribution of cash dividend from earnings in 2023.
2. Analysis on remedy for estimated cash shortage and liquidity: None, therefore, it is not applicable.

IV. Significant capital expenditures in recent years: The Company's significant capital expenditures are mainly fixed expenditures for equipment replacement and production process equipment improvement at Tainan Plant, and collaboration with customers, which have no significant impact on the Company's financial operations.

V. The investment policy, main reasons for profit or loss, improvement plans, and investment plans for the next year in the recent year: The Company established its Somerray Biotechnology subsidiary in February 2022. In addition to continuing with original product development, the subsidiary is also actively evaluating and developing other niche formulation drug products. The current product lines under development by the subsidiary include small molecule drugs and peptide drugs, among others. SLC reinvested in Ruize Biotechnology at the end of 2022, and participated in the management of sales channels of Taiwan's medicines and health food. SLC established a subsidiary, Peng Rui Construction Co., Ltd., in 2023 to diversify its business and add income sources.

VI. Risk factors

(I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future countermeasures

(1) Interest rate change

The Company's interest income and interest expense for 2023 were NT$44,247 thousand and NT$9,867 thousand, respectively, representing 4.21% and 0.01% of net operating income, respectively; fluctuation in interest rates had little impact on the Company's overall profitability. However, as the Company's operations expand and its capital requirements increase, the Company will continue to monitor interest rate fluctuations in the future and maintain good relationships with banks in order to obtain lower cost capital to reduce the risk of interest rate fluctuations.

(2) Exchange rate change

The Company's exchange gains for 2023 was NT$364 thousand, which represents a ratio of 0.0003% to net operating revenue. The Company's imports and exports are mainly in US dollars. In order to reduce the impact of exchange rate fluctuations on the Company's profit and loss, the Company manages foreign currency funds by appropriately retaining the portion generated from sales in foreign currencies to repay accounts payable in foreign currencies for natural hedging purposes. In addition, the Company's finance department actively collects information on exchange rates, pays attention to the major currency changes in the international exchange market to keep track of exchange rate trends, and maintains good relationships with banks in order to obtain more favorable exchange rate offers so as to reduce the impact of exchange rate fluctuations on the Company's profit and loss.

(3) Inflation

The Company has not yet experienced a significant impact on profit or loss due to inflation. However, the Company will continue to monitor the price of raw materials and adjust the sales price and negotiate with suppliers in order to reduce the impact of inflation.

(II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures

(1) The policy of engaging in high-risk, high-leverage investments, the main reasons for profits or losses and the measures to be taken in the future:

The Company focuses on the operation of its own business and does not engage in high risk, high leverage investments based on the conservatism principle.

(2) Policies on engaging in loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures:

The Company has not lent funds to others, engaged in endorsement and guarantee and derivative transactions for the most recent year and up to the date of printing of the annual report. The Company has established the "Procedures for Lending Funds to Others," "Procedures for Endorsement and Guarantee" and "Procedures for Engaging in Derivative Transactions" for future implementation as necessary to ensure the best interests of the Company.

(III) Future R&D plan and expected investment in R&D budget

The Company has set up a Research and Development Centre to meet the needs of the Company's technology development and to upgrade the R & D Centre's position in the Company's organization, to integrate the Company's technology and related fields, to strengthen the original product development capabilities, to develop new product, and to focus on long-term R & D layout and patent applications, in order to improve the quality of the Company's products.

The Company will continue to actively invest in manpower, funds and technology in the R&D Centre in the future. The ratio of R&D expenses to net operating revenue from 2021 to 2023 was 9.6%, 9.4% and 10.56% respectively. The Company expects to spend approximately NT$103 million on research and development in 2024. The Company is actively developing peptide products and will use its existing sterile technology platform to develop SLC-021 injections and niche generics with high technology and high unit cost. In the development of peptide products, we have utilized our existing technologies, including synthetic pathway development, process technology, column purification technology, RO concentration technology, crystalline form research, crystalline purification technology, freeze-drying technology, peptide solid phase synthesis, process amplification parameters research, aseptic manufacturing technology, solvent recovery process development, cGMP trial production and mass production, and so on. In addition to the development of the peptide synthesis technology platform, we have also developed an advanced technology platform and applied for a patent to protect the intellectual property rights for Savior Lifetec. In addition to self-development, we also collaborate with other companies in the industry to conduct multi-product research and development in order to increase our product range and enhance our market value and operational flexibility.

(IV) Impacts of domestic/foreign important policies and law changes on the financial business of the company and responsive measures

The Company keeps track of important domestic and international policy and regulatory changes, and immediately considers responsive measures to update operating strategies in response to changes in market conditions; there have been no material events affecting the Company’s financial operations in the most recent year and up to the date of printing of the annual report due to major domestic and foreign policies and changes of laws.

(V) The impact of technological transformation (including information and communication security risks) and industrial changes on the Company’s financial business and countermeasures

The Company keeps a close watch on developments in the pharmaceutical industry and sets up evaluation teams to study the impact on the future development and financial operations and strategies to address the situation if necessary. Up to the date of printing of the annual report, there have been no significant changes in technology that have had a material impact on the financial operations of the

Company.

(VI) Impacts of change of corporate image on corporate crisis management and countermeasures

The Company operates its business in the spirit of sustainable management. As at the date of printing of the annual report, there has been no incident affecting the corporate image of the Company.

(VII) Expected Benefits, Possible Risks and Responses to Mergers and Acquisitions

Up to the date of printing of the annual report, the Company does not have any merger and acquisition plan. However, if there is any merger and acquisition plan in the future, the Company will carefully assess whether the merger can bring the Company substantial comprehensive effect in order to protect the interests of the Company and shareholders' rights.

(VIII) Expected benefits, possible risks and responses to factory expansion: None.

(IX) Risks faced during material incoming or sales concentration and responsive measures

(X) Risk of supplier concentration

The main raw materials purchased by the Company are chemical pharmaceuticals and catalysts. In 2022 and 2023, the purchase of raw materials from the largest supplier is 33.8% and 21.3% of the Company's net purchases respectively, showing a less supplier concentration, because, in order to ensure the stability, reliability and safety of the quality of raw materials, the Company has to prioritize the purchase of raw materials to meet its requirements, which has led to the selection of long-term cooperation with this supplier. In addition, the Company maintains a good relationship with its largest supplier who provides a stable delivery schedule for the Company's products. In order to effectively diversify the risk of supplier concentration, the Company keeps at least two suppliers to avoid shortage or interruption of supply.

(1) Risk of sales concentration

There was no sales concentration in 2022, except for our customer, D, whose sales amounted in excess of 20% of annual revenue due to a significant increase in the demand for Ertapenem in the United States. This will also help to reduce the risk of sales concentration as the Company continues to develop new products along with its sales units actively expanding the market.

(XI) Effect upon and risk to the company if a major quantity of shares belonging to a director or shareholder holding greater than a 10 percent shareholding has been transferred or replaced and measures to be taken in response: None.

(XII) Impacts, risks, and countermeasures of change in management rights: None.

(XIII) Litigious and non-litigious matters

1. If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the printing date of annual report, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case: None.
2. The Company and directors, President, substantial responsible person, major shareholder with shareholding exceeding 10% of the Company and affiliates that are involved in major lawsuits with affirmative judgment or is pending in the court proceeding, non-litigation or administrative dispute cases with results capable of causing material impacts on the interests of shareholders or stock price, the dispute fact, claim amount, litigation starting date, primary litigation parties and handling status up to the printing date of the annual report shall be disclosed: None.

(XIV) Other significant risks and corresponding countermeasures:

The following is an analysis of the Company's information security risk assessment:

1. The protection tools and infrastructure used for information security matters are effective in protecting against information security threats and so far, there have been no significant information security risks that would have a material impact on the Company's financial operations.
2. Information security tools and infrastructure used by our company: firewall, anti-virus software, data backup, account and password management, privilege management, uninterruptible power supply system, air-conditioning equipment, access control management and fire extinguishers.
3. Effectively help the Company to protect against the threats: such as computer hackers, computer viruses, fire, unauthorized access to computer data, unauthorized access to server rooms and unstable voltages.

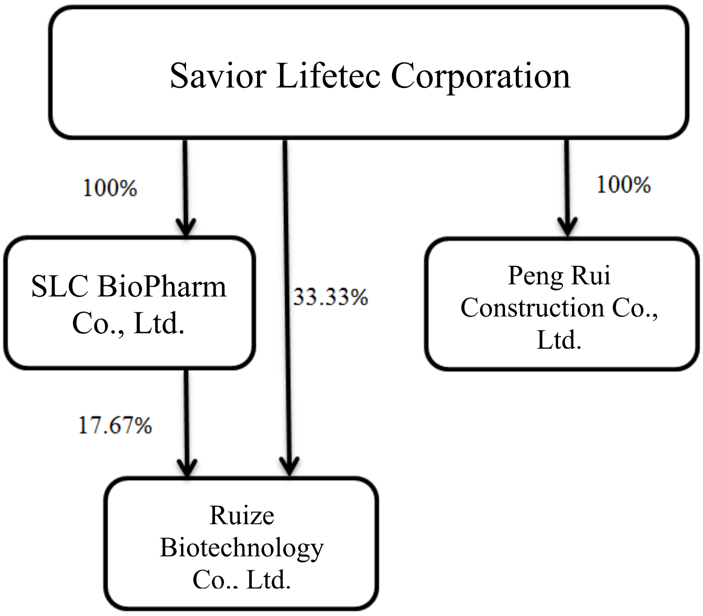
VII. **Other important matters: None.**

Eight Special Items

I. Summary of Affiliated Companies

(I) Affiliated enterprise consolidated business report

1. Organizational chart of affiliates (as of December 31, 2023)



2. Information on affiliates

Unit: NT$ thousand

Name of enterprise	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
SLC BioPharm Co., Ltd.	2022.12.08	20F, No. 76, Section 2, Dunhua South Road, Daan District, Taipei City	60,000	Biotechnology R&D
Ruize Biotechnology Co., Ltd.	2020.11.10	5F-3, No. 218, Wenxin Rd., Sec. 1, Tongxin Rd., Nantun Dist., Taichung City	30,000	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus
Peng Rui Construction Co., Ltd.	2023.07.25	4F., No. 76, Section 2, Dunhua South Road, Daan District, Taipei City	241,000	Urban Renewal and Reconstruction, Investment Consulting

3. Information of shareholders presumed to have the same controlling and affiliation relationship: None
4. The industries covered by the overall business of the affiliates: pharmaceutical industry, biotechnology service industry, and international trading industry.
5. Information on directors, supervisors, and presidents of affiliated companies

Name of enterprise	Title	Name or representative(s)	Shareholding	
			Shares	Shareholding percentage
SLC BioPharm Co., Ltd.	Chairman and President (Representative of Savior Pharmaceutical Co., Ltd.) Director (Representative of Savior Pharmaceutical Co., Ltd.) Director (Representative of Savior Pharmaceutical Co., Ltd.) Supervisor (Representative of Savior Pharmaceutical Co., Ltd.)	Chen Yung-Fa Chung Hsing-Yung Cheng Ching-Hsing Rebecca Lee	6,000 thousand shares 6,000 thousand shares 6,000 thousand shares 6,000 thousand shares	100% 100% 100% 100%
Ruize Biotechnology Co., Ltd.	Chairman Director Director Director Director Supervisor President	Rebecca Lee Chou Pang-Chi Chou Chia-Chu Lin Tse-Min Hsu Chao-Fu Cheng Ching-Hsing Lin Tse-Min	0 thousand shares 0 thousand shares 0 thousand shares 735 thousand shares 0 thousand shares 0 thousand shares 735 thousand shares	24.50% 24.50%
Peng Rui Construction Co., Ltd.	Chairman (Representative of Savior Pharmaceutical Co., Ltd.)	Rebecca Lee	24,100 thousand shares	100%

6. Operation summary of affiliated enterprise

December 31, 2023; Unit: NTD thousand

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating Revenue	Operating profit (loss)	Current profit (loss)	Earnings Per Share
SLC BioPharm Co., Ltd.	60,000	21,999	4,381	17,618	50	(21,677)	(22,444)	(3.74)
Ruize Biotechnology Co., Ltd.	30,000	29,998	395	29,603	143	(275)	(5,170)	(0.09)
Peng Rui Construction Co., Ltd.	241,000	241,242	113	241,129	0	0	129	0.54

(II) Consolidated financial statements of affiliates: The consolidated financial statements of the affiliates and the parent company are the same. Therefore, for the consolidated financial statements of the affiliates and the parent company, please refer to Appendix 1.

(III) Affiliation Report: Not applicable.

II. **Any Private Placement of Securities within the Latest Fiscal Year and as of the Date of the Annual Report: None.**

III. **Any Share Ownership and Disposal of Shares of the Company by Subsidiaries within the Latest Fiscal Year and as of the Date of the Annual Report: None.**

IV. **Additional Information required to be disclosed: None.**

Nine For the most recent year and up to the date of printing of the annual report, if there are events that have a significant impact on shareholders' equity or the price of securities as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Appendix I:
2023 Consolidated Financial Statements
with Independent Auditors’ Report

Stock Code: 4167

Savior Lifetec Corporation and Subsidiaries

Consolidated Financial Report and Independent Auditors' Report

2023 and 2022

Address: No. 29, Kezhong Rd., Zhunan Township, Miaoli County

Tel.: (037)580-100

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Declaration of consolidated financial statements of affiliated companies

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2023 (January 1 – December 31, 2023) pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to the Generally Accepted Accounting Principles (GAAP) No. 10. Furthermore, the related information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in said consolidated financial statements of the parent company and subsidiaries. Accordingly, the Company doesn't need to prepare the consolidated financial statements of affiliated enterprises separately.

In witness thereof, the Declaration is hereby presented.

Name: Savior Lifetec Corporation

Head: Concord Consulting Inc.

Representative: Rebecca Lee

March 8, 2024

Independent Auditors' Report

To Savior Lifetec Corporation:

Audit opinions

We have reviewed the accompanying consolidated balance sheets of Savior Lifetec Corporation (the "Company") and its subsidiaries as of December 31, 2023, and consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the financial statements (including a summary of significant accounting policies) for January 1 to December 31, 2023.

In our opinion, all significant disclosures of the consolidated financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the International Financial Reporting Standards (IFRSs), the International Accounting Standards (IASs), and relevant interpretations and interpretation announcements thereof approved and issued into effect by the Financial Supervisory Commission (FSC), and presented a fair view of the consolidated financial position of Savior Lifetec Corporation as at December 31, 2023, and the consolidated business performance and consolidated cash flows for January 1 to December 31, 2023.

Basis of audit opinion

We conducted the audit using the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under those standards are further described in the paragraph "CPAs' Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of Savior Lifetec Corporation and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and adequate inspection evidence has been obtained in order to support the audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of 2023 consolidated financial statements of Savior Lifetec Corporation and its subsidiaries based on our professional judgment. These matters have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore, we do not provide opinions on these matters separately.

Key audit matters of 2023 consolidated financial statements of Savior Lifetec Corporation and its subsidiaries are stated as follows:

<u>Assessment of allowance for inventory valuation losses</u>

Savior Lifetec Corporation and its subsidiaries mainly manufacture and sell APIs. Due to the fierce market competition and product expiry date, such inventories may fall in value or become obsolete. In addition to measuring inventories at the lower of the cost or the net realizable value, the management recognizes the net realizable value of inventories over a certain period of days in the warehouse by considering how easily they can be sold. Regarding accounting policies, and estimates and assumptions of inventory evaluation, please refer to Notes 4, 5 and 9 to the consolidated financial statements.

As Savior Lifetec Corporation and its subsidiaries' evaluation of the net realizable value of inventories is subject to estimation uncertainty, and as the amount of inventories has a significant impact on the financial statements, the evaluation of allowance for inventory valuation losses is listed as a key audit matter.

The main audit procedures performed by us in response to the above-mentioned key audit matters are as follows:

1. Understand the nature of operations and the industry, and assess the reasonableness of the policy and procedures adopted in evaluating the allowance for inventory valuation losses.
2. Randomly check the accuracy of the age of inventory to ensure that the information in the report is consistent with the policy.
3. Obtain the management's assessment of inventory costing and net realizable value. Randomly test individual inventory items by tracing to the relevant purchase and sales documents and the recorded entries. Recalculate to verify the accuracy of the schedules, and evaluate the basis for the net realizable value and the reasonableness of the allowance for inventory valuation losses.

4. Understand the process of warehouse management, review its annual inventory counting plan, and participate in its annual inventory counting to assess the effectiveness of the management's classifying and controlling of obsolete inventory.

Other Matters

The Company has also prepared 2022 and 2023 standalone financial statements, for which we and other accountants have issued an unqualified opinion, alongside the audit report, for reference.

2022 consolidated financial statements of Savior Lifetec Corporation and its subsidiaries were audited by other independent auditors, and they issued a report of an unqualified opinion on March 2, 2023.

Responsibilities of the management and the governing body for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRSs, IASs, and relevant interpretations and interpretation announcements endorsed and issued into effect by the FSC, and to maintain the necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

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

The governance unit of Savior Lifetec Corporation and its subsidiaries (including the Audit Committee) is responsible for supervising the financial reporting process.

CPAs' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with Auditing Standards will always detect significant misstatements in the consolidated financial statements. Misstatement can arise from fraud or error. If the monetary amounts are misstated, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We exercise professional judgment and professional skepticism during the audit in accordance with Auditing Standards. We also performed the following tasks:

1. We identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements, design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Savior Lifetec Corporation and its subsidiaries.
3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that may result in significant concerns about the ability of Savior Lifetec Corporation and its subsidiaries to continue its operation exist or not according to the obtained inspection findings. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements in our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Savior Lifetec Corporation and its subsidiaries to cease to continue as a going concern.
5. We evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes) and whether the consolidated financial statements adequately present the relevant transactions and events.
6. We are convinced that we have acquired enough and appropriate audit evidence of the financial information of entities within the Group to serve as the basis of an

audit opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between the governing body and us included the planned scope and times of the audit and significant audit findings (including any significant defects in internal control identified during the audit).

We have also provided the governance unit with a declaration of independence stating that all relevant personnel of the accounting firm subject to independence requirements have complied with the Norms of Professional Ethics for Certified Public Accountants, and communicated with the governance unit on all matters that may affect the auditor's independence (including protection measures).

We determined the key audit matters to be audited in 2023 consolidated financial statements of Savior Lifetec Corporation and its subsidiaries based on the matters communicated with the governance unit. These matters have been addressed in our audit report except for matters that are prohibited by law from being disclosed to the public or matters that we decided not to communicate in the audit report under extreme circumstances because the greater negative impacts they may cause can be reasonably expected to outweigh the benefits they bring to public interest.

Deloitte & Touche

Cheng Hsu-Jan, CPA	Hsieh Tung-Ju, CPA
Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1010028123	Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1090347472

March 8, 2024

Savior Lifetec Corporation and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 28)	$1,082,919	28	$1,085,993	25
1110	Financial assets carried at fair value through profit or loss – current (Notes 4 and 7)	48,215	1	6,121	-
1136	Financial assets carried at amortized cost – current (Notes 4, 6 and 28)	206,058	6	557,637	13
1150	Net notes receivable (Notes 4 and 8)	1,932	-	3,259	-
1170	Net accounts receivable (Notes 4, 8 and 19)	273,100	7	290,501	7
1200	Other accounts receivable (Notes 4 and 8)	9,236	-	3,545	-
1220	Current income tax assets (Note 4)	4,926	-	1,173	-
130X	Inventories (Notes 4 and 9)	860,044	23	1,036,336	23
1410	Prepayments	53,406	2	110,320	2
1470	Other current assets	6,374	-	4,135	-
11XX	Total current assets	2,546,210	67	3,099,020	70
	Non-current assets				
1510	Financial assets carried at fair value through profit or loss – non-current (Notes 4 and 7)	-	-	32,813	1
1535	Financial assets carried at amortized cost – non-current (Notes 4, 6 and 28)	4,040	-	-	-
1550	Investments using the equity method (Notes 4 and 12)	146,961	4	-	-
1600	Property, plant and equipment (Notes 4, 13 and 28)	860,365	22	1,004,711	23
1755	Right-of-use assets (Notes 4 and 14)	255,384	7	262,169	6
1780	Intangible assets (Note 4)	2,599	-	5,501	-
1900	Other non-current assets (Notes 4 and 28)	7,112	-	4,562	-
15XX	Total non-current assets	1,276,461	33	1,309,756	30
1XXX	Total assets	$3,822,671	100	$4,408,776	100
Code	**Liability and equity**				
	Current liabilities				
2130	Contract liabilities - current (Note 19)	$ 19,802	1	$ 64,267	2
2150	Notes payable	-	-	120	-
2170	Accounts payable	54,197	1	69,750	2
2200	Other payables (Note 16)	113,483	3	104,333	2
2230	Current income tax liabilities (Note 4)	8	-	-	-
2280	Lease liabilities - current (Notes 4 and 14)	13,337	-	11,212	-
2320	Corporate bonds payable due within one year (Note 15)	-	-	528,604	12
2399	Other current liabilities	91	-	203	-
21XX	Total current liabilities	200,918	5	778,489	18
	Non-current Liabilities				
2580	Lease liabilities - non-current (Notes 4 and 14)	257,039	7	263,332	6
25XX	Total non-current liabilities	257,039	7	263,332	6
2XXX	Total liabilities	457,957	12	1,041,821	24
	Equity attributable to company shareholders (Note 18)				
3110	Common stock	3,173,991	83	3,172,166	72
3200	Capital surplus	135,127	4	133,941	3
	Retained earnings				
3310	Legal reserve	4,634	-	996	-
3320	Special reserve	8,960	-	8,960	-
3350	Undistributed earnings	30,030	1	36,387	1
3300	Total retained earnings	43,624	1	46,343	1
31XX	Total equity attributable to owners of the company	3,352,742	88	3,352,450	76
36XX	Non-controlling interests	11,972	-	14,505	-
3XXX	Total equity	3,364,714	88	3,366,955	76
	Total liabilities and equity	$3,822,671	100	$4,408,776	100

The attached notes are part of the Consolidated Financial Statements.
(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc. Representative: Rebecca Lee   President: Chen Chih-Fang   Accounting Officer: Huang Shu-Yuan

Savior Lifetec Corporation and Its Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousand, with earnings per share in NTD

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Notes 4 and 19)	$1,050,277	100	$1,265,749	100
5000	Operating costs (Notes 4, 9, 17, and 20)	(829,328)	(79)	(1,134,759)	(89)
5900	Operating Gross Profit	220,949	21	130,990	11
	Operating expenses (Notes 4, 8, 17, 20 and 27)				
6100	Selling expenses	(38,296)	(4)	(29,803)	(2)
6200	Administrative expenses	(76,052)	(7)	(76,320)	(6)
6300	Research and development expenses	(110,955)	(10)	(119,122)	(10)
6450	Gain on Reversal of Expected Credit Impairment	1,934	-	-	-
6000	Total operating expenses	(223,369)	(21)	(225,245)	(18)
6900	Net operating loss	(2,420)	-	(94,255)	(7)
	Non-operating income and expenses (Note 4 and 20)				
7100	Interest revenue	44,247	4	16,095	1
7010	Other income	3,924	1	5,098	-
7020	Other gains and losses	(8,306)	(1)	125,066	10
7050	Financial cost	(9,867)	(1)	(15,694)	(1)
7060	Share of profit or loss of affiliates using the equity method	(39)	-	-	-
7000	Total non-operating income and expenses	29,959	3	130,565	10
7900	Net profit before tax	27,539	3	36,310	3

(Continued on the next page)

(Brought forward)

Code		2023 Amount	2023 %	2022 Amount	2022 %
7950	Income tax expense (Note 4 and 21)	42	-	-	-
8200	Current net profit	27,497	3	36,310	3
8500	Current total comprehensive income	$ 27,497	3	$ 36,310	3
	Net Income (loss) Attributable To:				
8610	Owners of the Company	$ 30,030	3	$ 36,387	3
8620	Non-controlling interests	(2,533)	-	(77)	-
8600		$ 27,497	3	$ 36,310	3
	Comprehensive Income Attributable To:				
8710	Owners of the Company	$ 30,030	3	$ 36,387	3
8720	Non-controlling interests	(2,533)	-	(77)	-
8700		$ 27,497	3	$ 36,310	3
	Earnings per share (Note 22)				
9750	Basic	$ 0.09		$ 0.11	
9850	Diluted	$ 0.09		$ 0.11	

The attached notes are part of the Consolidated Financial Statements.

(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc. Representative: Rebecca Lee   President: Chen Chih-Fang   Accounting Officer: Huang Shu-Yuan

Savior Lifetec Corporation and Its Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		Equity attributable to the company shareholders							
				Retained earnings					
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Non-controlling interests	Total equity
A1	Balance on January 1, 2022	$3,170,206	$ 132,667	$ -	$ -	$ 9,956	$3,312,829	$ -	$3,312,829
D1	2022 net income (loss)	-	-	-	-	36,387	36,387	(77)	36,310
D3	Other 2022 comprehensive income after tax	-	-	-	-	-	-	-	-
D5	Total 2022 comprehensive income	-	-	-	-	36,387	36,387	(77)	36,310
	2021 distribution of earnings								
B1	Legal reserve	-	-	996	-	(996)	-	-	-
B3	Special reserve	-	-	-	8,960	(8,960)	-	-	-
O1	Increase in non-controlling interests	-	-	-	-	-	-	14,582	14,582
N1	Exercise of employee stock options	1,960	1,274	-	-	-	3,234	-	3,234
Z1	Balance on December 31, 2022	3,172,166	133,941	996	8,960	36,387	3,352,450	14,505	3,366,955
D1	2023 net income (loss)	-	-	-	-	30,030	30,030	(2,533)	27,497
D3	Other 2023 comprehensive income after tax	-	-	-	-	-	-	-	-
D5	Total 2023 comprehensive income	-	-	-	-	30,030	30,030	(2,533)	27,497
	2022 distribution of earnings								
B1	Legal reserve	-	-	3,638	-	(3,638)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(32,749)	(32,749)	-	(32,749)
N1	Exercise of employee stock options	1,825	1,186	-	-	-	3,011	-	3,011
Z1	Balance on December 31, 2023	$3,173,991	$ 135,127	$ 4,634	$ 8,960	$ 30,030	$3,352,742	$ 11,972	$3,364,714

The attached notes are part of the Consolidated Financial Statements.

(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc.
Representative: Rebecca Lee

President: Chen Chih-Fang

Accounting Officer: Huang Shu-Yuan

Savior Lifetec Corporation and Its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Current net profit before tax	$ 27,539	$ 36,310
A20010	Income and Expenses:		
A20300	Gain on Reversal of Expected Credit Impairment	(1,934)	-
A20100	Depreciation expense	178,913	205,406
A20200	Amortization expense	3,247	3,315
A22500	Losses (gains) on disposal of property, plant and equipment	(421)	1,301
A23000	Gain on disposal of non-current assets held for sale	-	(66,643)
A20900	Financial cost	9,867	15,694
A22300	Share of profit or loss of affiliates recognized using the equity method	39	-
A21200	Interest revenue	(44,247)	(16,095)
A23600	Loss (gain on recovery) on inventory devaluation and obsolescence	(38,417)	34,308
A20400	Net loss (gain) from financial assets carried at fair value through profit or loss	8,781	(2,598)
A24100	Unrealized net loss (gain) of foreign exchange	6,314	(1,535)
A29900	Gain on Lease Modifications	-	(6,261)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets are compulsorily measured at fair value through profit or loss	(18,062)	(8,953)
A31130	Notes receivable	1,327	(2,367)
A31150	Accounts receivable	12,558	195,734
A31180	Other accounts receivable	3,164	(4,470)
A31200	Inventories	214,709	236,682
A31230	Prepayments	56,914	(19,897)
A31240	Other current assets	(2,239)	340
A32125	Contract liabilities	(44,465)	(39,440)
A32130	Notes payable	(120)	120

(Continued on the next page)

(Brought forward)

Code		2023	2022
A32150	Accounts payable	(14,774)	26,927
A32180	Other payables	5,998	(11,409)
A32230	Other current liabilities	(112)	-
A32990	Other non-current liabilities	-	(27)
A33000	Cash from operations	$ 364,579	$ 576,442
A33100	Interest received	35,379	16,095
A33300	Interest paid	(8,214)	(10,765)
A33500	Income Tax Paid	(3,792)	-
AAAA	Net cash inflow from operating activities	387,952	581,772
	Cash flows from investing activities		
B00200	Financial assets carried at fair value through profit or loss	-	4,688
B00040	Acquisition of financial assets carried at amortized cost	(212,004)	(294,697)
B00050	Disposal of financial assets carried at amortized cost	559,543	-
B01800	Acquisition of Investments Using the Equity Method	(147,000)	-
B02700	Purchase of property, plant and equipment	(17,536)	(33,136)
B02800	Disposal price of property, plant and equipment	473	500
B04500	Acquisition of intangible assets	(345)	(1,039)
B02600	Proceeds from disposal of non-current assets held for sale	-	329,000
B03700	Increase in guaranteed deposits paid	(1,941)	-
B03800	Decrease in guarantee deposit paid	-	448
B05000	Cash inflow from mergers	-	14,528
BBBB	Net cash inflow from investing activities	181,190	20,292
	Cash flows from financing activities		
C01300	Redemption of corporate bonds	(530,257)	-
C03100	Decrease in guaranteed deposits received	-	(113)
C04020	Lease liability principal repayment	(12,221)	(10,605)
C04500	Distribution of cash dividend	(32,749)	-
C04800	Exercise of employee stock options	3,011	3,234

(Continued on the next page)

(Brought forward)

Code		2023	2022
CCCC	Net cash outflow from financing activities	(572,216)	(7,484)
EEEE	Net increase (decrease) in cash and cash equivalents	(3,074)	594,580
E00100	Balance of cash and cash equivalents at the beginning of the period	1,085,993	491,413
E00200	Balance of cash and cash equivalents at the end of the period	$ 1,082,919	$ 1,085,993

The attached notes are part of the Consolidated Financial Statements.

(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc.
Representative: Rebecca Lee

President: Chen Chih-Fang

Accounting Officer: Huang Shu-Yuan

Savior Lifetec Corporation and Its Subsidiaries

Notes to the Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(Amounts in NTD thousand, Unless Otherwise Specified)

I Company History

Savior Lifetec Corporation (hereinafter referred to as the Company) was established on January 30, 2004, upon approval from the Ministry of Economic Affairs. The major business items of the Company and its subsidiaries (collectively, “the consolidated entities”) are the research, development, design, manufacture, and sale of carbapenem generics, injection generics, controlled-release generics, the development of new dosage forms and drugs, and the APIs, excipients, intermediates, and dosage forms of the aforementioned products. The Company also provides medicine manufacturer technology and services. The Company has traded on Taipei Exchange as of September 8, 2015.

The consolidated financial statements are stated with the Company’s functional currency, i.e. NTD, as the presentation currency.

II Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 8, 2024.

III Application of new and amended standards and interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS accounting standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of the amended IFRS accounting standards endorsed and issued into effect by the FSC as of 2023 does not have a significant effect on the consolidated entities’ accounting policies.

(2) FSC-endorsed IFRS accounting standards applicable in 2024

New, amended and revised standards and interpretations	Effective date announced by the IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 01, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 01, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Seller and also Lessee shall retroactively apply the amendments to IFRS 16 to the sale and leaseback transactions executed after the date of the initial application of IFRS 16.

Note 3: Certain requirements on the disclosure may be exempted at the time of the Company's first application of the amendments.

The consolidated entities evaluate that FSC-endorsed IFRSs applicable in 2024 are not expected to cause significant effects to them. Until the date of publication of the consolidated financial statements, the consolidated entities are continuously assessing the possible impact that the application of said amendments to standards and interpretation will have on their financial position and financial performance and will disclose the relevant impact when the assessment is completed.

(3) The IFRS accounting standards issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective date announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”	To be decided
IFRS 17 “Insurance Contracts”	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparison Information”	January 01, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to the reporting period of the year as of January 1, 2025. Recognize the effects on the retained earnings on the date of the first application and at the time of the first application of the amendments. When the consolidated entities adopt the non-functional currency as the presentation currency, the effects are adjusted into the exchange differences on translation of foreign financial statements under the equity title on the date of the first-time application.

The consolidated entities evaluate that the amendments to said standards or interpretation are not expected to have significant effects on them. Until the date of publication of the consolidated financial statements, the consolidated entities are continuously assessing the possible impact that the application of said amendments to standards and interpretation will have on their financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV Summary of significant accounting policies

(1) Statement of compliance

This consolidated financial report was prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IFRSs approved and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for the financial instruments at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1: The quoted price on an active market for identical assets or liabilities that are accessible to the Company on the measurement date (before adjustment).
2. Level 2: It refers to the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3: The inputs that are not observable for assets or liabilities.

(3) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities to be due and settled within 12 months after the balance sheet date, and
3. Liabilities whose due date cannot be unconditionally extended by at least 12 months after the balance sheet date.

Assets or liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e.

its subsidiaries). Operating income of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition or until the date of disposal, as appropriate. Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the consolidated entities. During the preparation of the consolidated financial statements, the transaction, account balance, revenue, and expense among entities were eliminated completely. Subsidiaries' total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if it results in losses for non-controlling interests.

Changes in the consolidated entities' ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the consolidated entities' interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The price difference between the adjustment value of non-controlling interest and the fair value of paid or collected consideration shall be stated into equity directly and also attributed to the owners of the Company.

Please refer to Note 11 and Table 3 for details of subsidiaries, percentage of ownership and business lines.

(5) Business merger

Business mergers are handled using the acquisition method. Acquisition-related costs are stated as expenses in the period in which the costs are incurred and services are obtained.

Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred and the fair value of any previously held equity in the acquired on the acquisition date, over the net amount of the identifiable assets acquired and liabilities assumed on the acquisition date. After the re-evaluation, if the net amount of identifiable assets and liabilities acquired on the acquisition date still exceeds the sum of the consideration in transfer and the fair value of the equity in the acquired previously held by the acquirer on the acquisition date, then the difference is deemed as a bargain purchase and it is recognized as profit or loss immediately.

(6) Foreign currency

When the standalone financial statements are prepared, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rates prevailing on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the period.

Foreign currency non-monetary items measured at fair value are translated using the exchange rates at the dates when the fair values are determined. Exchange differences arising from such translations are recognized in profit or loss in the period. However, for the transactions with changes in fair-value-measured values are recognized in other comprehensive income, the exchange differences are also recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date, and will not be retranslated.

When the consolidated financial statements are prepared, the assets and liabilities of the foreign operating institutions (including the subsidiaries, affiliates, joint ventures or branches in different countries or those using different currencies) are translated into NTD at the exchange rate of each balance sheet date. Income and expense items are translated at the average exchange rates for the period. The resulting exchange differences are recognized in other comprehensive income and attributed to Company shareholders and non-controlling interests, respectively.

If the consolidated entities dispose all equity of a foreign operation institution, or dispose of partial equity of a foreign operation institution but lose control of it, or the retained equity after disposing of a foreign operation institution’s joint agreements or affiliates is financial assets recognized using the accounting policies for financial instruments, all accumulated exchange differences that are attributable to company shareholders and related to the foreign operation institutions will be reclassified in profit or loss.

If the partial disposal of a subsidiary of a foreign operation does not result in a loss of control, the accumulated exchange differences are attributable to the non-controlling interests of the subsidiary on a pro rata basis and are not recognized in profit or loss. In the case of any other partial disposal of a foreign operation institution, the accumulated exchange differences shall be reclassified in profit or loss in proportion to the disposal.

(7) Inventories

Inventories include raw materials, finished goods, and work-in-progress. Inventories are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. The net realizable value refers to the balance of the estimated selling price under normal circumstances less the estimated cost of completion and the estimated cost of sales. The cost of inventories is calculated using weighted average method.

(8) Investment in affiliates

An affiliate is an enterprise over which the consolidated entities have significant influence but is not a subsidiary or a joint venture.

The consolidated entities adopt the equity method to account for their investment in affiliates.

Under the equity method, an investment in an affiliate is initially recognized at cost and adjusted thereafter to the consolidated entities' share of the profit or loss and other comprehensive income of the affiliate. In addition, the changes in the equity of affiliates are recognized based on the shareholding ratio.

The excess of the acquisition cost in excess of the consolidated entities' share of the net fair value of the identifiable assets and liabilities of the affiliate on the date of acquisition is recognized as goodwill. The goodwill is included in the book value of the investment and shall not be amortized; the net amount of the affiliate's identifiable assets and liabilities carried at fair value proportionately attributable to the consolidated entities on the acquisition date in excess of the acquisition cost is recognized as profit or loss for the period.

When an affiliate issues new shares and the consolidated entities do not subscribe to the new shares proportionate to its existing equity interest, resulting in a change in the equity interest percentage, and consequently an increase or decrease in the net value of the investment, the increase or decrease is adjusted against the capital surplus - changes in equity of affiliates/joint ventures accounted for using the equity method and investments accounted for using equity method. However, if the failure to subscribe for additional shares results in a decrease in the ownership interest in an affiliate, the amounts previously recognized in other comprehensive income in relation to that affiliate are reclassified to profit or loss proportionately, using the same basis as would be required if the affiliate had directly disposed of the related assets or liabilities. If the adjustment described above results in a debit to capital surplus, and the capital surplus arising from investments accounted for using the equity method is insufficient, the shortfall is deducted from retained earnings.

When the consolidated entities’ share of losses in an affiliate equals to or exceeds its equity in the affiliate (including the carrying amount of the investment in the affiliate under equity method and other long-term interests that in substance form part of the consolidated entities net investment in the affiliate), the recognition of further loss is stopped. The consolidated entities only recognize additional losses and liabilities within the scope of legal obligations, presumed obligations, or payments made on behalf of affiliates.

For the purposes of impairment testing, the entire carrying amount of the investment (including goodwill) is treated as a single asset and compared to the recoverable amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The consolidated entities discontinue the use of equity method from the date the investment ceases to be an affiliate. Any retained interest in the former affiliate is measured at fair value. The difference between the fair value of any retained interest and any proceeds from disposing of the part interest in the affiliate, and the carrying amount of the investment at the date equity method was discontinued, is recognized in profit or loss. In addition, all amounts recognized in other comprehensive income related to the affiliate shall be accounted for on the same basis as the basis for the direct disposal of the relevant assets or liabilities by the affiliate. If the investment in affiliates becomes an investment in the joint venture, or the investment in the joint venture becomes an investment in affiliates, the consolidated entities continue to adopt the equity method and do not remeasure the reserved equity.

The profit or loss arising from the countercurrent, downstream and side-stream transactions between the consolidated entities and the affiliate is recognized in the consolidated financial statements only to the extent that it is irrelevant to the consolidated entities' interest in the affiliate.

(9) Property, plant and equipment

Property, plant and equipment are recognized at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated independently for each significant component on a straight-line basis over their useful lives. The consolidated entities review the estimated useful life, residual value, and depreciation method at least at the end of each year and apply the effects of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the asset's carrying amount is recognized in profit or loss.

(10) Intangible assets

1. Separate acquisition

Intangible assets with limited useful life acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the useful lives. The consolidated entities review the estimated useful life, residual value and depreciation method at least at the end of each year, and apply the effects of changes in accounting estimates prospectively. Intangible assets with uncertain useful lives are stated at cost less accumulated impairment losses.

2. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the asset's carrying amount is recognized in profit or loss in the period.

(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets, and related assets

The consolidated entities assess on each balance sheet date whether there is any indication that the property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If there is any sign of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the consolidated entities estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the fair value less cost of sales and its value in use, whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is increased to the revised recoverable amount. However, the increased carrying amount shall not exceed the asset, cash-generating unit or contract cost-related asset's carrying amount (less amortization and depreciation) decided when the impairment losses were not recognized in prior years. Reversal of impairment loss is recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the consolidated entities become a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are initially recognized and if the financial assets or financial liabilities are not measured at FVTPL, they are measured at the fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

    Conventional transactions of financial assets are recognized and derecognized using trade date accounting.

    (1) Measurement type

        The types of financial assets held by the consolidated entities are financial assets measured at fair value through profit or loss and financial assets at amortized cost.

        A. Financial assets carried at fair value through profit or loss

            Financial assets at FVTPL are those mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments not designated to be measured at fair value through other comprehensive profit or loss, and investments in debt instruments not qualified for classification as measured at amortized cost or at fair value through other comprehensive income.

            Financial assets measured at FVTPL are measured at fair value, and the dividends and interests generated are recognized in other income and interest income, respectively, and gains or losses arising from re-measurement are recognized in other gains and losses. Please refer to Note 26 for the method of determining fair value.

        B. Financial assets measured at amortized cost

            If the investment in financial assets of the consolidated entities meets the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

            a. Held within a certain business model whose purpose is to hold financial assets in order to collect contractual cash flows; and
            b. The cash flow, on a specific date arising from the terms of the contract, is solely for paying the principal and interest of the outstanding principal.

After initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable measured at amortized cost, other receivables, and refundable deposits, etc.) are measured at the amortized cost using the total carrying amount less any impairment losses decided by effective interest method. Any profit or loss from foreign exchange is recognized in profit or loss.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total carrying amount of a financial asset:

a. For financial assets with original credit impairment or credit impairment at purchase, the interest income is calculated by multiplying the credit-adjusted effective interest rate by the financial asset's amortized cost.
b. For financial assets without original credit impairment or credit impairment at purchase but subsequently become credit impaired, the interest income should be calculated by multiplying the effective interest rate by the financial asset's amortized cost from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to those with significant financial difficulties among issuers or debtors, default, possible bankruptcy application by the debtor, other financial restructuring, or an inactive market due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amounts of cash at any time with little risk of value changes within 3 months from the date of acquisition, and bonds with repurchase agreements, which are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The consolidated entities assess the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

The allowance for loss of accounts receivable is based on the expected credit loss of the duration. For other financial assets, we first assess whether there is a significant increase in credit risk since the original recognition. If there is no significant increase in the credit risk, the allowance for loss is recognized at an amount equal to 12-month expected credit losses. If there is already a significant increase, the allowance for loss is recognized at an amount equal to the expected credit loss of the duration.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss generated by the possible default of the financial instrument within 12 months after the reporting date, and the expected credit loss of the duration represents the expected credit loss generated by all possible defaults of the financial instrument during the expected duration of the financial instrument.

For the purpose of internal credit risk management, the consolidated entities, without considering the collateral held, determine that the following situations represent a default on the financial assets:

A. There is internal or external information indicating that it is impossible for the debtor to pay off the debt.
B. Overdue for more than 360 days unless there is reasonable and corroborative information to show that a delayed default standard is more appropriate.

The impairment loss of all financial assets is based on the reduction of the carrying amount of the allowance account.

(3) Derecognition of financial assets

The consolidated entities derecognize a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when the financial asset is transferred with substantially all risks and rewards of ownership of the asset transferred to another party.

At the entire derecognition of a financial asset at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss.

2. Equity instruments

The consolidated entities' debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

The equity instruments issued by the consolidated entities are recognized at the acquisition price net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized and deducted under equity, and the carrying amount is calculated based on the weighted average of the types of shares. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible corporate bonds

For the composite financial instruments (convertible corporate bonds) issued by the consolidated entities, their components are classified as financial liabilities and equity, respectively, at the time of initial recognition in accordance with the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

At the time of original recognition, the fair value of a liability element is estimated using the prevailing market interest rate of a similar non-convertible instrument, and is measured at amortized cost calculated by effective interest method before conversion or maturity date. The liability element that is embedded in non-equity derivatives is measured at fair value.

The conversion option classified as equity is equal to the residual amount of the overall fair value of the composite instrument less the fair value of the separately determined liability elements, net of income tax effects. It is recognized in equity and is not subsequently measured. When the conversion right is exercised, its related liability elements and the amount in equity will be reclassified into share capital and capital surplus - issuance premium. If the conversion option of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus - issuance premium.

The transaction cost related to the issuance of convertible corporate bonds is amortized to the liabilities (listed in the carrying amount of liabilities) and equity elements (listed in equity) of the instrument in proportion to the total price of the appropriation.

(13) Revenue recognition

After the consolidated entities identify the performance obligation in the customer contract, the transaction price is allocated to each performance obligation, and revenue is recognized when each performance obligation is satisfied.

For contracts in which the transfer of goods or services and the receipt of consideration are within one year, the transaction price of the significant finance element will not be adjusted.

1. Revenue from the sale of products

Revenue from sales of goods is derived from the sales of antibacterial raw materials, injectables, and their intermediates. The risk of obsolescence and loss has passed to the customer by the time the antibacterial drug substance, injectables, and their intermediate products arrive at the customer's designated location. Goods delivery is realized and the Company recognizes revenue and accounts receivable when the customer accepts goods in accordance with the sales contract, or there is objective evidence that all acceptance criteria have been met.

2. Provision of labor services

Labor revenue comes from providing related services such as the design of experiments (DOE), process design, and drug certification.

Some customer contracts contain multiple services to be provided that cannot be separated because they are highly interrelated and must be identified as one obligation of the contract; some customer contracts contain multiple services to be provided that can be identified as individual separate obligations, and the transaction price is amortized to each obligation of the contract on a relative stand-alone selling price basis. The Company corrects the estimates of the revenue, cost, and completion of the project whenever necessary. Any increase or decrease of estimated revenue or cost due to changes in the estimates is reflected in profit or loss during the period when the factors resulting in the correction come to the knowledge of the management.

The revenue deriving from a fixed price contract is recognized based on the proportion of the actually provided services as of the balance sheet date in all the services that must be provided. The completion percentage of the services is determined based on the proportion of the actually disbursed cost in the estimated total cost. Customers pay the contract price pursuant to the payment schedule specified in the contract. Contract assets are recognized when the services having been provided by the Company go beyond the payment to be made by the customer; contract liabilities are recognized when the payment to be made by the customer goes beyond the services having been provided by the Company. In case the customer contract contains variable consideration, it is incorporated in the transaction price when elimination of the uncertainty related to the variable consideration is expected, and it is highly probable that a significant revenue reversal will not subsequently occur.

(14) Leases

The consolidated entities assess whether the contract is (or contains) a lease on the date of establishment of the contract.

1. The consolidated entities as the lessor

   When the lease terms transfer almost all the risks and rewards attached to the ownership of assets to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

   Under operating leases, lease payments net of lease incentives are recognized as income on a straight-line basis over the relevant lease term.

2. The consolidated entities as the lessee

   Except for low-value asset leases and short-term leases to which a recognition exemption applies, lease payments are recognized as expenses on a straight-line basis over the lease term. Other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

   The right-of-use asset is originally measured at cost (including the originally measured amount of the lease liability, lease payments paid at the beginning of the lease, less lease incentives received, initial direct costs, and the estimated cost of restoring the underlying asset), and subsequently measured at cost less accumulated depreciation and the amount after the accumulated impairment loss is measured. The re-measurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the consolidated balance sheet.

   The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the service life or the expiration of the lease term, whichever is earlier.

   Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the implied interest rate of the lease can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

   Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there are changes in future lease payments during the lease period or due to changes in the index or rate used to determine lease payments, the consolidated entities will remeasure the lease liabilities and adjust right-of-use assets accordingly. However, if a right-of-use asset's carrying amount is reduced to 0, the remaining re-measurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, the re-measurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the gain or loss of the partial or full termination of the lease; the re-measurement of lease liabilities of other modifications is to adjust the right-of-use assets . Lease liabilities are presented on a separate line in the consolidated balance sheet.

(15) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For the pension under the defined contribution plan, the amount of pension to be contributed is recognized as an expense during the service period of the employees.

(16) Share-based payment agreement

<u>Employee stock options granted to employees</u>

Employee stock options are expenses recognized on a straight-line basis during the vesting period based on the fair value of the equity instruments on the grant date and the best estimate of the number expected to be vested, and the capital surplus - employee stock options are adjusted at the same time. If it is immediately vested on the grant date, the full amount is recognized as expenses on the grant date.

The consolidated entities revise the estimated number of expected vested employee stock options on each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss, so that the accumulated expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

(17) Income tax

The tax expenses include the sum of current and deferred income taxes.

1. Current income tax

   The consolidated entities determine the income (loss) of the current period in accordance with the laws and regulations of each jurisdiction area for income tax filings, and calculate the income tax payable (recoverable) accordingly.

   In accordance with the Income Tax Act of the R.O.C., an additional tax on undistributed earnings is recognized in the year when a resolution is adopted at a shareholders' meeting.

   Adjustments to income tax payable from prior years are recognized in the current income tax.

2. Deferred income tax

   Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized to the extent that it is probable that taxable income will be available to deduct deductible temporary differences and losses.

   The taxable temporary differences related to the investment in subsidiaries, affiliates, and joint agreements are all recognized as deferred income tax liabilities.

   However, if the consolidated entities can control the time point of the temporary difference reversal, and the temporary differences are very improbable to be reversed in the foreseeable future, the temporary differences are not recognized as deferred income tax liabilities. The deductible temporary differences related to such investment are recognized as deferred income tax only when it is probable that there will be sufficient taxable income to realize the temporary differences. To the extent that the temporary differences are expected to be reversed in the foreseeable future, the differences will be recognized as deferred income tax assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date, and the carrying amount is reduced if all or partial assets are not very probable to be recovered by sufficient tax income. Deferred income tax assets that were not recognized as deferred income tax assets are also reviewed at each balance sheet date. If it is probable that future taxable income will allow all or part of the assets to be recovered, the carrying amount is increased.

Deferred income tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled, or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would arise from the manner in which the consolidated entities expect to recover or settle the carrying amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax

The current and deferred income taxes are recognized in profit or loss, except for the current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V Major sources of uncertainties to significant account judgments, estimates, and assumptions

When adopting accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

The management will continue to review the estimates and basic assumptions. If a revision of an estimate only affects the current period, it is recognized in the period in which the revision is made; if a revision of an accounting estimate affects the current period and future periods, it is recognized in the period of the revision and future periods.

Major sources of estimation and assumption uncertainty

Impairment of inventories

The net realizable value of inventories is the estimated selling price in the normal business process less the estimated cost of completion and the estimated cost of sales. These estimates are based on the current market conditions and historical sales of similar products and empirical assessment. Changes in market conditions may significantly affect the estimated results.

VI Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on Hand	$ 393	$ 393
Check and demand deposits	100,287	439,240
Cash equivalents (Investment due within three (3) months initially)		
Bank time deposits	934,239	646,360
Reverse repurchase agreements	48,000	-
	$1,082,919	$1,085,993

As of December 31, 2023 and 2022, the bank time deposits due more than three months initially (stated as financial assets carried at amortized cost) have amounted to NT$210,098 thousand and NT$557,637 thousand, respectively.

Cash equivalents and financial assets at amortized cost - The market interest rate ranges of bank time deposits with initial maturity of more than 3 months on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Cash equivalents		
Time deposits with an initial maturity of less than 3 months	1.10%～5.40%	0.91%～4.80%
Reverse repurchase agreements	1.12%～1.15%	-
Financial assets measured at amortized cost - bank time deposits with an initial maturity of more than 3 months	0.56%～5.35%	0.10%～4.10%

For details about the consolidated entities' bank deposits and time deposits pledged or provided as collateral, please refer to Note 28.

VII. Financial instruments carried at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets – current		
Mandatorily as at Fair Value Through Profit or Loss		
Non-derivative financial assets		
- Domestic emerging stocks	$ 36,302	$ -
- Foreign listed/OTC stocks	11,913	6,121
	$ 48,215	$ 6,121
Financial assets – non-current		
Mandatorily as at Fair Value Through Profit or Loss		
Non-derivative financial assets		
- Domestic emerging stocks	$ -	$ 32,813

VIII. Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Total carrying amount carried at amortized cost	$ 1,932	$ 3,259
Accounts receivable		
Total carrying amount carried at amortized cost	$273,100	$292,435
Less: Allowance loss	-	(1,934)
	$273,100	$290,501
Other accounts receivable	$ 9,236	$ 3,545

(1) Notes and accounts receivable

The consolidated entities' average credit period for the sale of goods ranges from 30 days to 90 days. The accounts receivable are collected without interest. When determining the recoverability of accounts receivable, the consolidated entities shall consider any changes in the credit quality of the accounts receivable from the date of initial granting of the loan until the balance sheet date.

The consolidated entities recognize loss allowance for accounts receivable based on the lifetime expected credit loss, according to the streamlined approach under IFRS 9. The lifetime expected credit losses are calculated using the reserve matrix, by considering the customers' past default records and current financial position as well as the industrial economic situations, in addition to GDP forecast and industrial outlook. As the consolidated entities' credit loss history shows that there is no significant difference among the loss patterns of different customer bases, the reserve matrix doesn't further divide the customer bases, but only establishes the expected credit losses based on the number of days for which the accounts receivable becomes overdue.

The consolidated entities write off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery expected by the consolidated entities. For accounts receivables that have been written off, the consolidated entities continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The loss allowance for accounts receivable measured by the consolidated entities using the reserve matrix is as follows:

December 31, 2023

	Not overdue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–270 days	Overdue 271–360 days	Overdue more than 360 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	100%	
Total Carrying Amount	$208,686	$ 66,346	$ -	$ -	$ -	$ -	$275,032
Loss allowance (lifetime expected credit loss)	-	-	-	-	-	-	-
Amortized Cost	$208,686	$ 66,346	$ -	$ -	$ -	$ -	$275,032

December 31, 2022

	Not overdue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–270 days	Overdue 271–360 days	Overdue more than 360 days	Total
Expected credit loss rate	0.102%	3.611%	5.875%	10.171%	22.663%	100%	
Total Carrying Amount	$264,107	$ 31,587	$ -	$ -	$ -	$ -	$295,694
Loss allowance (lifetime expected credit loss)	(269)	(1,140)	-	-	-	-	(1,409)
Amortized Cost	$263,838	$ 30,447	$ -	$ -	$ -	$ -	$294,285

Note: Said allowance for losses was evaluated based on the accounts receivable on December 31, 2022. The difference between it and the stated amount arose primarily because no reversal of allowance was done upon evaluation.

The information about changes in loss allowance on the Company's accounts receivable is specified as follows:

	2023	2022
Balance at the beginning of the year	$ 1,934	$ 1,934
Less: Reversal of impairment losses in the current year	(1,934)	-
Balance at the end of the year	$ -	$ 1,934

(2) Other accounts receivable:

When any objective evidence shows impairment on other receivables, the Company shall evaluate the amount of impairment individually. There should be no other receivables that were already past due but for which the consolidated entities have not yet recognized the loss allowance, on the balance sheet date.

IX. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 315,667	$ 270,106
Work in process	415,560	423,652
Raw materials	128,817	342,578
	$ 860,044	$1,036,336

As of December 31, 2023 and 2022, the allowance for inventory valuation losses amounted to NT$81,434 thousand and $136,903 thousand, respectively.

Cost of sales

	2023	2022
Cost of sold inventory	$ 800,827	$ 947,928
Loss (gain on recovery) on inventory devaluation and obsolescence	(38,417)	34,308
Unamortized manufacturing expense	19,518	87,617
Labor cost	47,400	64,906
	$ 829,328	$1,134,759

The recovery of allowance for inventory valuation losses was mainly due to the recovery of the net realizable value of raw materials.

X. Non-current assets held for sale

To reduce operating costs and improve operating performance, the consolidated entities decided to sell the buildings and their ancillary equipment of the second campus in Zhunan on November 4, 2021, per the resolution adopted by the Board of Directors, and reclassified the relevant assets to assets held for sale and disposal. The sale and purchase agreement was already signed on March 3, 2022. The sale price is $610,000 thousand (after tax). With respect to the transaction, the property title transfer registration has been completed on July 15, 2022. The gains on disposal thereof were NT$66,643 thousand.

XI. Subsidiaries

The subsidiaries included in the consolidated financial statements:

The entities in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Nature of business	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
The Company	SLC BioPharm Co., Ltd.	Biotechnology R&D and wholesale of western pharmaceutical	100	100	1
The Company	Ruize Biotechnology Co., Ltd.	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	33.33	33.33	2
The Company	Pengrui Construction Co., Ltd.	Urban renewal and reconstruction business and investment consulting business	100	-	3
SLC BioPharm Co., Ltd.	Ruize Biotechnology Co., Ltd.	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	17.67	17.67	2

1. The consolidated entities established SLC BioPharm Co., Ltd. on February 8, 2022, wholly owned by the consolidated entities.
2. The consolidated entities acquired 51% of the equity of Ruize Biotechnology Co., Ltd. in cash, NT$15,300 thousand, on December 16, 2022.
3. The consolidated entities established Pengrui Construction Co., Ltd. on July 25, 2023, wholly owned by the consolidated entities.

XII. Investments Using the Equity Method

The consolidated entities' affiliates are listed as follows:

	December 31, 2023	December 31, 2022
Individual insignificant affiliate		
Huan Pin Construction Co., Ltd.	$146,961	$ -

Name	Percentage of ownership and voting rights December 31, 2023	December 31, 2022
Huan Pin Construction Co., Ltd.	35%	-

In order to develop the business of Pengrui Construction Co., Ltd., the consolidated entities subscribed for 10,500 and 4,200 thousand common shares from Huan Pin Construction Co., Ltd. at the price of NT$105,000 and NT$42,000 thousand in cash on August 29 and December 13, 2023, respectively.

For information about the business nature of said affiliates, principal business place, and country where the company is registered, please refer to the "Information on Names and Locations of Investees, etc." specified in Table 3.

XIII. Property, plant and equipment

	House and building	Machinery and equipment	Test equipment	Transport equipment	Office equipment	Leasehold improvement	Other equipment	Uncompleted construction and equipment to be tested	Total
Cost									
Balance on January 1, 2023	$1,036,899	$1,037,950	$ 47,214	$ 400	$ 10,310	$ 34,815	$ 267,499	$ 18,695	$2,453,782
Addition	776	6,078	152	-	-	1,288	2,361	9,126	19,781
Disposal	-	(830)	(289)	(200)	(24)	-	(101)	-	(1,444)
Reclassification	317	5,623	-	-	-	-	57	(5,997)	-
Balance on December 31, 2023	$1,037,992	$1,048,821	$ 47,077	$ 200	$ 10,286	$ 36,103	$ 269,816	$ 21,824	$2,472,119
Accumulated depreciation and impairment									
Balance on January 1, 2023	$ 359,797	$ 805,227	$ 42,848	$ 388	$ 9,187	$ 28,608	$ 203,016	$ -	$1,449,071
Disposal	-	(778)	(289)	(200)	(24)	-	(101)	-	(1,392)
Depreciation expense	36,103	101,017	1,596	12	933	3,331	21,083	-	164,075
Balance on December 31, 2023	$ 395,900	$ 905,466	$ 44,155	$ 200	$ 10,096	$ 31,939	$ 223,998	$ -	$1,611,754
Net amount as of December 31, 2023	$ 642,092	$ 143,355	$ 2,922	$ -	$ 190	$ 4,164	$ 45,818	$ 21,824	$ 860,365
Cost									
Balance on January 1, 2022	$1,015,585	$1,040,662	$ 47,674	$ 400	$ 10,710	$ 34,691	$ 269,346	$ 40,897	$2,459,965
Addition	7,243	11,090	525	-	268	124	962	2,622	22,834
Disposal	-	(23,125)	(985)	-	(668)	-	(4,727)	-	(29,505)
Reclassification	14,071	9,323	-	-	-	-	1,918	(24,824)	488
Balance on December 31, 2022	$1,036,899	$1,037,950	$ 47,214	$ 400	$ 10,310	$ 34,815	$ 267,499	$ 18,695	$2,453,782
Accumulated depreciation and impairment									
Balance on January 1, 2022	$ 320,856	$ 707,966	$ 41,750	$ 294	$ 8,519	$ 25,379	$ 180,909	$ -	$1,285,673
Disposal	-	(23,125)	(985)	-	(668)	-	(2,926)	-	(27,704)
Depreciation expense	38,941	120,386	2,083	94	1,336	3,229	25,033	-	191,102
Balance on December 31, 2022	$ 359,797	$ 805,227	$ 42,848	$ 388	$ 9,187	$ 28,608	$ 203,016	$ -	$1,449,071
Net amount as of December 31, 2022	$ 677,102	$ 232,723	$ 4,366	$ 12	$ 1,123	$ 6,207	$ 64,483	$ 18,695	$1,004,711

No impairment loss was recognized or reversed in 2023 and 2022.

Depreciation expenses are provided on a straight-line basis over useful years, shown as follows:

House and building	
Factory premises and employee dormitory	20–51 years
Housing accessories	3–15 years
Machinery and equipment	3–20 years
Test equipment	5–9 years
Transport equipment	3 years
Office equipment	3–6 years
Leasehold improvement	2–11 years
Other equipment	3–20 years

For the amounts of property, plant and equipment furnished to secure loans, please refer to Note 28.

XIV. Lease agreement

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying Amount of Right-of-use Assets		
Land	$236,966	$243,308
Buildings	11,481	18,088
Transport equipment	2,189	773
Other assets	4,748	-
	$255,384	$262,169

	2023	2022
Addition to right-of-use assets.	$ 8,053	$ 3,810
Depreciation expenses of right-of-use assets		
Land	$ 6,342	$ 8,061
Buildings	7,542	5,778
Transport equipment	704	465
Other assets	250	-
	$ 14,838	$ 14,304

Except for the added and recognized depreciation expenses listed above, there were no significant under-lease and impairment of the Company's right-of-use assets in 2023 and 2022.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
The Carrying amount of the lease liability		
Current	$ 13,337	$ 11,212
Non-current	$257,039	$263,332

Discount rates of lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Land	3.00%	3.00%
Buildings	2.66%～3.00%	3.00%
Transport equipment	3.00%～3.09%	3.00%
Other equipment	3.09%	-

(3) Important lease activities and terms

The underlying assets of the consolidated entities' lease transactions include land, buildings, and company cars. Lease contracts usually have a term of 2 to 20 years. Lease contracts are negotiated individually and contain different terms and conditions. There are no restrictions in the contract, except that the assets under the lease shall not be used as collateral for loans. Upon termination of the lease period, the consolidated entities retain no preemptive right to purchase said lease.

For the objects specified in the variable lease payment terms of the consolidated entities' lease contract that are linked to the adjustment of the announced land price at the site of the consolidated entities' factory or the rental rate for lease of the state-owned land, the lease liabilities are reassessed because of the change in the lease payment resulting from the aforementioned rental adjustment in 2022, and the right-of-use assets are adjusted based on the re-measurement to the amount of NT$10,479 thousand.

The Company sold the Zhunan Plant 2 on July 15, 2022; therefore, the land lease contract for Zhunan Plant 2 was canceled. The carrying amount of the right-to-use land was NT$150,456 thousand, and a lease modification gain of NT$6,261 thousand was recognized.

(4) Other Leasing Information

	2023	2022
Expenses of Short-term Leases	$ 565	$ 1,050
Lease expense on low-value assets	$ 191	$ 215
Total cash (outflow) from lease	$ 21,158	$ 22,539

XV. Corporate bonds payable

	December 31, 2023	December 31, 2022
2020 2nd domestic secured convertible corporate bond	$ -	$530,257
Less: Discount of corporate bonds payable	-	(1,653)
Less: Stated as the current portion	-	(528,604)
	$ -	$ -

The issue conditions of the 2020 2nd domestic secured convertible corporate bonds issued by the consolidated entities on May 25, 2020, are described below:

(1) Total amount and par value: The total amount was NT$700,000 thousand with a par value of NT$100 thousand. All the bonds were issued at par value.

(2) Duration: 3 years from May 25, 2020, to May 25, 2023.

(3) Coupon rate: 0%.

(4) Principal repayment date and method: With the exception of the holders converting the bonds to common stocks of the consolidated entities according to the issuance rules, the consolidated entities exercising early redemption according to the issuance rules, or the consolidated entities repurchasing the bonds at the premises of the securities firm and canceling them, the consolidated entities make repayment on a lump-sum basis against the convertible corporate bonds held by the holders at par value of the bonds plus interest compensation (0.7519% of the par value; real yield of 0.25%) on the maturity date.

(5) Conversion period: With the exception of the suspension period of transfer registration required by laws or the issuance rules, the holders of the bonds may apply to the consolidated entities for conversion to common stocks of the

consolidated entities according to the issuance rules during the period from the date following the expiration of three months since the issuance of the convertible corporate bonds (August 26, 2020) to the maturity date (May 25, 2023). The convertible corporate bonds shall be converted to the new common stocks issued by the consolidated entities pursuant to the issuance rules.

(6) Conversion price and its adjustment: The conversion price at the time of issuance was set to NT$26.25 per share. However, the conversion price may be adjusted using the formula specified in the issuance rules after issuance of the convertible corporate bonds if the consolidated entities' issued (or privately placed) common stocks increase, the cash dividend distributed against common stocks occupies more than 1.5% of the market price per share, or the consolidated entities issue (or privately places) other securities with common stock conversion or subscription options. The consolidated entities have adjusted the conversion price to NT$24.78 due to the distribution of cash dividends from capital surplus and issuance of common stocks for capital increase since September 10, 2021.

(7) The rights and obligations of the new shares issued for conversion are the same as those of the consolidated entities' common stocks.

(8) Call option of the consolidated entities: The consolidated entities may call the convertible corporate bonds in cash at par value during the period from the date following expiration of three months upon issuance of the convertible corporate bonds (August 26, 2020) to 40 days prior to expiration of the duration (April 15, 2023) if the closing price of the consolidated entities' common stocks on the stock exchange market exceeds the then applicable conversion price by more than 30% for 30 consecutive business days, or the balance of the outstanding convertible corporate bonds is less than 10% of the initial total issue price.

(9) According to the issuance rules, all the convertible corporate bonds that have been called (including repurchases from the secondary market) or repaid by the consolidated entities or converted by the holders shall be canceled and may not be sold or issued again.

Said convertible corporate bonds consist of liabilities and equity elements. The equity elements are expressed as capital surplus – stock options under the equity. The effective interest rate initially recognized for the liability elements is 0.94%. The call option is carried at fair value through profit or loss. Liability and equity elements are specified as follows:

Issue price (less the trading cost of $6,600 thousand)	$ 693,400
Equity elements	(9,153)
Value of call option	1,470
Liability elements on the date of issuance	685,717
Interest calculated based on the effective interest rate, 0.94%	15,437
Corporate bonds payable converted to common stocks	(170,897)
Redemption of corporate bonds	(530,257)
Elements of liabilities as of December 31, 2023	$ -

When issuing the convertible corporate bonds referred to in the previous paragraph, the consolidated entities separated the conversion option classified as equality from debt components and stated them as “capital surplus – warrant” to the amount of NT$9,153 thousand, respectively, according to IAS 32 “Financial Instruments: Presentation.” The embedded put option was dealt with separately according to IAS 39 “Financial Instruments: Recognition and Measurement” because it is not closely related to the economic characteristics and risks of the debt instruments in the main contract. The net value of the embedded call option was stated as “financial assets carried at fair value through profit or loss.” The effective interest rate of the debt in the contract after the separation was 0.94%.

Said convertible corporate bonds with a total par value of NT$173,700 thousand have been converted to 6,617 thousand common stocks, and all the remaining convertible corporate bonds with a total par value of NT$526,300 thousand were redeemed on May 25, 2023.

XVI. Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	$ 51,991	$ 50,695
Service fee payable	8,628	6,874
Equipment payment payable	6,195	3,133
Others	46,669	43,631
	$113,483	$104,333

XVII. Post-employment benefit plan

Defined appropriation plan

The Company's pension system under the "Labor Pension Act" is a state-managed defined contribution plan. Under the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at the Bureau of Labor Insurance at 6% of their monthly salaries and wages. The defined contribution pension expenses recognized by the Company for 2023 and 2022 were NT$12,042 thousand and NT$11,370 thousand, respectively.

XVIII. Equity

(1) Capital stock

Ordinary Shares

	December 31, 2023	December 31, 2022
Authorized number of shares (thousand shares)	350,000	350,000
Capital stock	$3,500,000	$3,500,000
The number of issued and outstanding shares with paid-in capital (in thousand shares)	317,399	317,216
Issued capital stock	$3,173,991	$3,172,166

The common stocks are issued with par value of NT$10 per share with one voting right and the right to collect dividends for each.

The changes in the Company’s capital stock were primarily caused by employees’ exercise of their stock options.

From October 1 to December 31, 2023, employees of the Company exercised stock options to subscribe for 10 thousand shares of common stock at the subscription price of NT$16.5 per share, and March 8, 2024 was resolved by the Board of Directors to be the base date for capital increase. The Company did not register the change with the Ministry of Economic Affairs before the publication date of this consolidated financial statement.

(2) Capital surplus

	December 31, 2023	December 31, 2022
It can be applied for the make-up of losses, cash distribution, or capitalization (1).		
Issuance at premium	$108,661	$106,644
Employee stock options	19,584	20,415
Invalid convertible corporate bonds stock options	6,882	-
Not used for any purposes.		
Convertible corporate bonds Stock options	-	6,882
	$135,127	$133,941

1. Such capital surplus can be used to make up for losses. Meanwhile, when the Company suffers no losses, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained Earnings and Dividend Policy

The Company has resolved to pass the amended Articles of Incorporation at the shareholders' meeting on June 1, 2022 to expressly that the Company shall authorize the Board of Directors to distribute the bonus and dividend to be distributed in cash per special resolution.

According to the earnings distribution policy under the Company's amended Articles of Incorporation, if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes pursuant to laws and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve. Subsequently, the Company shall contribute or reverse special reserve pursuant to laws. The balance, if any, plus the accumulated undistributed earnings in the past years, shall be distributed as dividends to shareholders per the motion for distribution of earnings proposed by the Board of Directors as resolved by a shareholders' meeting. According to the dividend policy, the Company shall set aside no less than 50% of the distributable earnings for the allocation of shareholder bonuses. However, shareholder bonus may not be distributed if the accumulated distributable earnings are less than 3% of the paid-in capital. The payment may be made in cash or shares and the dividend in cash shall not be less than 5% of the total dividend. If the earnings referred to in the preceding paragraph are distributed in the form of cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders' meeting.

According to the earnings distribution policy under the Company's Articles of Incorporation before the amendments, if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes pursuant to laws and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve. Subsequently, the Company shall contribute or reverse special reserve pursuant to laws. The balance, if any, plus the accumulated undistributed earnings in the past years, shall be distributed as dividends to shareholders per the motion for distribution of earnings proposed by the Board of Directors as resolved by a shareholders' meeting. The dividend policy of the Company is to set aside no less than 50% of distributable earnings for allocation of shareholder bonuses. It may be paid in cash or shares, of which the dividend in cash shall not be less than 5% of the total dividend. Please refer to Note 20(6) "Remuneration to Employees and Directors" for the distribution of remuneration to employees and directors prescribed in the Company's Articles of Incorporation.

The Company shall set aside a legal reserve unless its total amount has reached the amount of the Company's total paid-in capital. The legal reserve may be used to offset a deficit. Where the Company doesn't operate at a loss, the part of the legal reserve in excess of 25% of the paid-in capital could be applied for capitalization and may be allocated in cash as well.

The Company's 2022 and 2021 earnings appropriation plans are stated as follows:

	2022	2021
Legal reserve	$ 3,638	$ 996
Special reserve	$ -	$ 8,960
Cash dividend	$ 32,749	$ -
Cash dividend per share (NT$)	$ 0.1032	$ -

Said cash dividends were resolved to be distributed by the Board of Directors meeting on May 5, 2023 and April 15, 2022, respectively. The other earnings appropriation plan was also resolved by the annual general meetings on June 15, 2023 and June 1, 2022.

XIX. Operating Revenue

Product and service type	2023	2022
Revenue from customer contracts		
Revenue from the sale of products	$ 992,337	$1,199,792
Labor service revenue	57,940	65,957
	$1,050,277	$1,265,749

(1) Remark on customer contracts

1. The revenue from R&D services and process design of the consolidated entities is generated from the development of new drugs and process designs as described below:

   (1) The consolidated entities entered into a process design agreement with Customer Z in November 2018 to provide process design services for the setup of oral tablet production lines for the new drug SLC-029.

   The income from the process design was mainly based on the transaction price allocated to the contractual obligations and recognized according to the progress of these obligations. The completion percentage of the services was determined based on the proportion of the actually disbursed cost in the estimated total cost. Process validation and batch production will be conducted after the setup of the production lines for batch manufacturing before mass production of the new drug. The consolidated entities will recognize a service income based on the progress.

   (2) The consolidated entities entered into the technology transfer and batch production contracts with Customer X in June 2022. Under the contracts, the consolidated entities allocated the transaction price primarily based on the contract performance obligations at the stages, including technology transfer, batch production and product test, and recognized the revenue when the contract performance obligation was satisfied.

2. The fee-splitting under drug license and authorized sale is as follows:

The consolidated entities authorize a leading international pharmaceutical company as the sole agent to sell the ertapenem injection medicine for which the consolidated entities have acquired the drug license in the USA. In addition to receiving a fixed upfront payment based on the progress according to the agreement, the consolidated entities and the pharmaceutical company are subject to a fee splitting and profit sharing mechanism according to the agreement, and the consolidated entities recognize an agreed percentage of the net profit defined in the agreement in revenue in consideration of the sales status of the pharmaceutical company.

(2) Contract Balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 8)	$ 273,100	$ 290,501	$ 486,354
Contract liabilities – current	$ 19,802	$ 64,267	$ 103,707

For 2023 and 2022, the amount of NT$53,858 thousand and NT$64,039 thousand from the beginning contract liabilities and fulfilled performance obligations due to merchandise sales recognized as revenue in the current year, respectively.

The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

(3) Breakdown of revenue from contracts with customers

2023

	Antibiotics	Others	Total
Customer contract income recognized at a certain time point	$ 880,860	$ 119,709	$1,000,569
Income recognized individually along the timeline	-	49,708	49,708
	$ 880,860	$ 169,417	$1,050,277

2022

	Antibiotics	Others	Total
Customer contract income recognized at a certain time point	$ 972,345	$ 229,604	$1,201,949
Income recognized individually along the timeline	-	63,800	63,800
	$ 972,345	$ 293,404	$1,265,749

XX. Net profit before tax

(1) Interest revenue

	2023	2022
Bank deposits	$ 34,778	$ 10,886
Financial assets carried at amortized cost	8,904	5,197
Others	565	12
	$ 44,247	$ 16,095

(2) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	$ 421	($ 1,301)
Gain on disposal of non-current assets held for sale	-	66,643
Gain (loss) from financial assets at fair value through profit or loss	(8,781)	2,598
Net gain on foreign exchange	364	53,928
Gain on Lease Modifications	-	6,261
Others	(310)	(3,063)
	($ 8,306)	$125,066

(3) Financial cost

	2023	2022
Bank loan	$ 33	$ 96
Corporate bonds payable	1,653	4,929
Interest on Lease Liabilities	8,181	10,669
	$ 9,867	$ 15,694

(4) Depreciation and impairment expenses

	2023	2022
Property and equipment	$164,075	$191,102
Right-of-use assets	14,838	14,304
Intangible assets	3,247	3,315
	$182,160	$208,721
Summarization of depreciation expenses by function		
Operating costs	$133,757	$148,281
Operating expenses	45,156	57,125
	$178,913	$205,406
Summarization of amortization expenses by function		
Operating costs	$ 2,320	$ 2,830
Operating expenses	927	485
	$ 3,247	$ 3,315

(5) Employee benefit expense

	2023	2022
Short-term employee benefits		
Payroll expense	$250,094	$233,246
Labor and health insurance expense	25,417	23,254
Post-employment Benefits	12,042	11,370
Other employee benefit	12,151	12,019
Total employee benefit expense	$299,704	$279,889
Summarization by function		
Operating costs	$203,562	$189,854
Operating expenses	96,142	90,035
	$299,704	$279,889

(6) Remuneration to employees and directors

According to the Articles of Incorporation, if there is profit for the year, the Company shall set aside no less than 3% thereof as remuneration to employees and no more than 3% as remuneration to directors. However, the profit must first be used to cover the Company’s cumulative loss, if any. The 2023 and 2022 remuneration to employees and directors was resolved as follows by the Board of Directors on March 8, 2024 and May 5, 2023, respectively:

Estimated ratio

	2023	2022
Remuneration to Employees	3.16%	3.13%
Remuneration to Directors	1.96%	2.08%

Amount

	2023	2022
Remuneration to Employees	$ 1,000	$ 1,200
Remuneration to Directors	$ 620	$ 800

Changes in the amount after the publication date of the annual consolidated financial report will be treated as changes in accounting estimates and adjusted in the following year.

There was no difference between the amount of actual remuneration distributed to the employees and directors in 2022 and 2021 and the amount recognized in the 2022 and 2021 consolidated financial statements.

Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

XXI. Income tax

(1) Income tax recognized in profit or loss

The main elements of income tax expense are as follows:

	2023	2022
Current income tax		
Those generated in the current period	$ 42	$ 8,504
Adjustments from the previous year	-	817
	42	9,321
Deferred income tax		
Those generated in the current period	-	(9,321)
Total Income Tax Expense Recognized in Profit or Loss	$ 42	$ -

The reconciliation of accounting income and income tax expense is as follows:

	2023	2022
Net profit before tax	$ 27,539	$ 36,310
Income tax expense calculated at net profit before tax and statutory tax rate (20%)	$ 5,508	$ 7,262
Non-deductible expenses and losses for tax purposes	2,471	1,186
Unrecognized loss carryforwards and deductible temporary differences	(7,937)	(9,265)
Adjustments to current income tax expenses of prior years	-	817
Total Income Tax Expense Recognized in Profit or Loss	$ 42	$ -

(2) Deductible temporary differences and unused loss carryforwards not recognized in deferred income tax assets in consolidated balance sheets

	December 31, 2023	December 31, 2022
Loss carryforwards		
Expires in 2023	$ -	$ 260,568
Expires in 2024	389,462	389,462
Expires in 2025	453,965	453,965
Expires in 2026	219,185	219,185
Expires in 2028	341,079	341,079
Expires in 2031	120	-
Expires in 2032	154,927	19,403
Expires in 2033	60,446	-
	$1,619,184	$1,683,662
Deductible temporary difference	$ 118,125	$ 218,256

(3) Information on unused loss carryforwards

As of December 31, 2023, the relevant information of the Company and its subsidiaries' losses carryforwards are as follows:

Balance to be deducted	Last year of credit
$ 389,462	2024
453,965	2025
219,185	2026
341,079	2028
120	2031
154,927	2032
60,446	2033
$1,619,184	

(4) Authorization of income tax

The tax collection authority has authorized the profit-seeking enterprise income tax returns of the Company and Ruize Biotechnology Co., Ltd. until 2021.

XXII. Earnings per share

Unit: NTD per share

	2023	2022
Basic and diluted EPS	$ 0.09	$ 0.11

The net income and weighted average number of common stocks used to calculate earnings per share are enumerated below:

Net income for the year

	2023	2022
Net income used to calculate basic earnings per share	$ 30,030	$ 36,387
Effect of dilutive potential common stocks：		
Interest on convertible corporate bonds	1,653	-
Net income used to calculate diluted earnings per share	$ 31,683	$ 36,387

Number of shares Unit: thousand shares

	2023	2022
Weighted average number of common stocks is used to calculate basic earnings per share	317,296	317,024
Effect of dilutive potential common stocks：		
Converted to corporate bonds	21,239	-
Employee stock options	2	-
Remuneration to Employees	67	53
Weighted average number of common stocks is used to calculate diluted earnings per share	338,604	317,077

If the consolidated entities offer to settle the remuneration to employees in cash or shares, when calculating diluted earnings per share, the consolidated entities need to assume that the entire amount of the remuneration to employees will be settled in shares, and the resulting potential shares shall be included in the weighted average number of common stocks used in the computation of diluted earnings per share, as the effect is dilutive. Such a dilutive effect on the potential shares should be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the next year.

Due to the anti-dilutive effect of the outstanding share warrants in 2023, it was not included in the calculation of diluted earnings per share. The Company's 2022 convertible bonds and stock options have an anti-dilutive effect, so they are not included in the calculation of diluted earnings per share.

XXIII. Share-based payment agreement

The employees of the Company who meet certain criteria are the recipients of the share-based payment agreements. The duration of stock option is 6 years, and the certificate holder may exercise a certain percentage of stock option granted on the expiry date 2 years after the date of issuance. The exercise price of the warrants is the closing price of the Company's common stock on the date of issuance. After the warrants are issued, the exercise price is adjusted in accordance with the prescribed formula in case of changes in the number of common stocks of the Company. The consolidated entities' share-based payment agreements for 2023 and 2022 are as follows:

Type of agreement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
The 4th employee stock option compensation plan	2016-05-31	870	6 years	50% for 2 full years 100% for 3 full years
The 4th employee stock option compensation plan	2017-01-13	1,130	6 years	50% for 2 full years 100% for 3 full years
The 5th employee stock option compensation plan	2017-08-17	140	6 years	50% for 2 full years 100% for 3 full years
The 5th employee stock option compensation plan	2018-03-30	3,000	6 years	50% for 2 full years 100% for 3 full years
The 6th employee stock option compensation plan	2019-08-15	1,586	6 years	50% for 2 full years 100% for 3 full years
The 6th employee stock option compensation plan	2019-11-15	320	6 years	50% for 2 full years 100% for 3 full years

The consolidated entities did not issue additional employee stock options in 2023 and 2022. The information on employee stock options issued is as follows:

	2023		2022	
Employee stock options	Unit (thousand)	Weighted average exercise price (NT$)	Unit (thousand)	Weighted average exercise price (NT$)
Outstanding, the beginning of the year	1,242	$ 21.99	2,149	$ 21.28
Lost in the current year	(390)	22.93	(711)	21.37
Exercised this year	(182)	16.50	(196)	16.50
Outstanding, end of year	670	22.93	1,242	21.99
Exercisable at the end of the year	670	22.93	1,242	21.99

The weighted average stock price of the employee stock options exercised in 2023 and 2022 was NT$19.20 and NT$18.03, respectively.

Information on outstanding employee stock options is as follows:

	December 31, 2023		December 31, 2022	
	Strike price	Weighted average remaining contract period	Strike price	Weighted average remaining contract period
The 5th employee stock option compensation plan	NT$24.8	3 months	NT$24.8	1 years and 3 months
The 6th employee stock option compensation plan	NT$16.5	1 years and 7 months	NT$16.5	2 years and 7 months

The Company uses the Black-Scholes valuation model to grant stock options to employees, and the input values used in the valuation model are as follows:

Type of agreement	Grant date	Stock price (NT$)	Strike price (NT$)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (share)
The 5th employee stock option compensation plan	2017-08-17	23	21.7 (Note)	39.36%	4 years	-	0.69%	NT$7.26
The 5th employee stock option compensation plan	2017-08-17	23	21.7 (Note)	39.36%	4 years and 6 months	-	0.72%	NT$7.70
The 5th employee stock option compensation plan	2018-03-30	26.2	24.8 (Note)	38.20%	4 years	-	0.64%	NT$8.03
The 5th employee stock option compensation plan	2018-03-30	26.2	24.8 (Note)	38.20%	4 years and 6 months	-	0.68%	NT$8.52
The 6th employee stock option compensation plan	2019-08-15	17.4	16.5 (Note)	37.36%	4 years	-	0.52%	NT$4.42
The 6th employee stock option compensation plan	2019-08-15	17.4	16.5 (Note)	37.36%	4 years and 6 months	-	0.53%	NT$4.68
The 6th employee stock option compensation plan	2019-11-05	22.25	21.1 (Note)	34.77%	4 years	-	0.57%	NT$6.24
The 6th employee stock option compensation plan	2019-11-05	22.25	21.1 (Note)	37.13%	4 years and 6 months	-	0.58%	NT$7.02

Note: The Company adjusted the strike price after the issue of shares for capitalization of capital surplus on September 10, 2021.

The compensation costs recognized in 2023 and 2022 were both NT$0 thousand.

XXIV. Business merger

(1) Acquisition of subsidiaries

	Main operating activities	Date of acquisition	Equity with voting rights	Transfer consideration
Ruize Biotechnology Co., Ltd.	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	December 16, 2022	51%	$ 15,300

The consolidated entities acquired Ruize Biotechnology Co., Ltd. in 2022 to strengthen the market position.

(2) Transfer consideration

	Ruize Biotechnology Co., Ltd.
Cash	$ 15,300

(3) Assets acquired and liabilities assumed on the date of acquisition

	Ruize Biotechnology Co., Ltd.
Current assets	
Bank deposits	$ 29,828
Prepayments	136
Current liabilities	
Other current liabilities	(82)
	$ 29,882

(4) Non-controlling interests

The non-controlling interests (49% of ownership interest) of Ruize Biotechnology Co., Ltd. are measured based on the fair value of the identifiable net assets of NT$14,582 thousand enjoyed by the non-controlling interests on the date of acquisition.

XXV. Capital risk management

The consolidated entities conduct capital management to ensure the continuity of business operations and maintain an optimal capital structure to lower capital costs and provide returns for shareholders. To maintain or adjust the capital structure, the consolidated entities will consider the working capital required, capital expenditure and dividend disbursement for the future. The Company monitors the funds and achieves the capital management goals by conducting financial analysis and regularly reviewing the asset to liability ratio.

The consolidated entities' strategy for 2023 remains the same as that for 2022. The consolidated entities' asset to liability ratio on December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 457,957	$1,041,821
Total assets	$3,822,671	$4,408,776
Asset to liability ratio	12%	24%

XXVI. Financial instruments

(1) Fair value information – Financial instruments not carried at fair value

December 31, 2022

	Carrying Amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial liabilities					
Corporate bonds payable	$528,604	$ -	$527,616	$ -	$527,616

For said Level 2 fair value measurement, the binary tree-based model for the valuation of convertible bonds is used to estimate the fair value.

(2) Fair value information – Financial instruments at fair value on a recurring basis

1. Fair Value Hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value through profit or loss				
Domestic emerging stocks	$ 36,302	$ -	$ -	$ 36,302
Foreign listed/over-the-counter stocks	11,913	-	-	11,913
	$ 48,215	$ -	$ -	$ 48,215

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value through profit or loss				
Domestic emerging stocks	$ 32,813	$ -	$ -	$ 32,813
Foreign listed/over-the-counter stocks	6,121	-	-	6,121
	$ 38,934	$ -	$ -	$ 38,934

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Evaluation technology or input for Level 3 fair value measurement.

The consolidated entities' issuance of secured convertible bonds in the second quarter of 2020 resulted in a redemption value of NT$1,470 thousand, and its fair value was NT$0 thousand as of December 31, 2022. For the details about the issuance conditions of the convertible corporate bonds issued by the consolidated entities, please refer to Note 15.

Derivatives – The fair value for the call option of bonds was measured based on the binary tree-based model for the valuation of convertible bonds. Volatility was adopted as the significant unobservable input. Specifically, when the volatility increases, the fair value of the call option for the bonds increases relatively.

(3) Type of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at fair value through profit or loss	$ 48,215	$ 38,934
Financial assets carried at amortized cost (Note 1)	1,581,763	1,943,472
Financial liabilities		
Financial liabilities carried at amortized cost (Note 2)	167,680	702,807

Note 1: The balances include the financial assets carried at amortized cost, such as cash and cash equivalents, financial assets carried at amortized cost, net notes receivable, net accounts receivable, other receivables and refundable deposits (stated as other non-current assets).

Note 2: The balances include the financial liabilities carried at amortized cost, such as notes payable, accounts payable, other payables, and corporate bonds payable (including the current portion).

(4) Financial Risk Management Objectives and Policies

The major financial instruments of the consolidated entities include investment in equity instruments, accounts receivable, accounts payable, corporate bonds payable and lease liabilities. The routine operation of the consolidated entities is affected by many financial risks, including market risk (including the foreign exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management policy of the consolidated entities emphasizes unpredictable events in the financial market. We are dedicated to reducing the potential effect on the financial status and performance of the consolidated entities.

The financial department is responsible for carrying out the risk management tasks of the consolidated entities pursuant to the policies approved by the Board of Directors. The financial department works closely with the operating unit of the consolidated entities to identify, assess and avoid financial risk.

1. Market risk

The consolidated entities' operating activities expose them primarily to the financial risks of changes in foreign currency exchange rates (please refer to the following subparagraph (1)) and interest rates (please refer to the following subparagraph (2)).

(1) Foreign exchange rate risk

The consolidated entities engaged in foreign currency-denominated sales and purchases and, therefore, exposed themselves to the risk of foreign exchange rate changes.

For the consolidated entities' carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, please refer to Note 30.

Sensitivity analysis

The consolidated entities are primarily exposed to the fluctuation in foreign exchange rates in USD. For the significant assets and liabilities generated from the foreign currency-denominated transactions, the foreign currency-denominated assets and liabilities may offset each other based on the income generated from the changes in the foreign exchange rate in the market. Notwithstanding, as the consolidated entities' foreign currency-denominated assets are more than the foreign currency-denominated liabilities, the consolidated entities have to bear the foreign exchange rate risk.

The sensitivity analysis on the consolidated entities aims at the foreign currency-denominated monetary items on the balance sheet date, and their translation at the end of the year is adjusted by changes in exchange rates of 1%. If the US dollar strengthened by 1% against the New Taiwan dollar, the net income before tax for 2023 and 2022 would have decreased by NT$8,942 thousand and NT$12,720 thousand, respectively.

(2) Interest rate risk

As the Company borrows funds primarily at fixed interest rates, the interest rate risk arises.

The carrying amounts of the consolidated entities' financial assets and financial liabilities with exposure to interest rate risk at the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
with fair value interest rate risk		
- Financial liabilities	$ -	$ 528,604

(3) Other Price Risk

The equity securities market risk includes the risk arising from changes in the equity securities market price, namely the general market risk arising from changes in the overall market price. If the price of equity had fallen by 1%, the consolidated entities' profit or loss before tax would have decreased by NT$482 thousand and NT$389 thousand, respectively, as a result of changes in financial assets at fair value through profit or loss as of December 31, 2023, and 2022, respectively.

2. Credit risk

Credit risk refers to the risk that a trading counterpart will default on its contractual obligations and thereby result in the risk of financial loss to the consolidated entities. Until the balance sheet date, the consolidated entities' maximum exposure to credit risk (irrespective of collaterals or other credit enhancement instruments, and irrevocable), which would cause a financial loss to the consolidated entities due to a trading counterpart's failure to discharge contractual obligation and the consolidated entities' provision of financial guarantee, would have primarily been caused by the carrying amount of the financial assets recognized in the consolidated balance sheets.

According to the documented internal credit policy, the consolidated entities must carry out customer management and credit risk analysis for each new customer before establishing payment terms and delivery conditions for the new customer. Internal risk control is performed in consideration of the financial status of the customer, previous experience and other factors to assess the credit quality of the customer.

The credit facilities with respect to individual risks are determined by the Board of Directors pursuant to internal or external rating. Use of the credit facilities is monitored on a regular basis.

3. Liquidity risk

The cash flow forecast is implemented by the management of the consolidated entities and summarized by the financial department. The financial department monitors the forecast of the consolidated entities' liquidity demands to ensure sufficient funds for the business operation. The financial department also maintains adequate unused loan commitment limits at all times to ensure the consolidated entities will not act in violation of related loan limits or terms. The forecast is subject to consideration of the consolidated entities' financing plan, compliance with liability clauses, and conformity to the financial ratio in the internal balance sheet.

(1) Statement of liquidity and interest risk rate of non-derivative financial liabilities

The analysis of the remaining contractual maturity for the non-derivative financial liabilities is prepared based on the undiscounted cash flows of financial liabilities from the earliest date on which the consolidated entities (including the principal and estimated interest) can be required to pay. The analysis of the maturity dates for the consolidated entities' non-derivative financial liabilities is prepared based on the agreed repayment dates.

December 31, 2023

	Less than 3 months	3 months–1 year	1–5 years	Over 5 years
Non-derivative financial liabilities				
Accounts payable	$ 51,574	$ 2,623	$ -	$ -
Other payables	111,500	1,983	-	-
Lease liabilities	5,323	15,946	54,695	363,680
	$168,397	$ 20,552	$ 54,695	$363,680

December 31, 2022

	Less than 3 months	3 months–1 year	1–5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable	$ 120	$ -	$ -	$ -
Accounts payable	66,524	3,226	-	-
Other payables	71,590	32,743	-	-
Lease liabilities	4,842	14,453	57,242	374,872
Corporate bonds payable	-	530,257	-	-
	$143,076	$580,679	$ 57,242	$374,872

(2) Facility

	December 31, 2023	December 31, 2022
Bank facility		
- Amount already disbursed	$ -	$ -
- Amount not yet disbursed	370,000	760,000
	$370,000	$760,000

XXVII. Transactions with related parties

The transactions, account balances, income, and expenses between the Company and its subsidiaries (the Company's related parties) have been eliminated upon consolidation and, therefore, are not disclosed in the Note.

Remuneration to key management

	2023	2022
Short-term employee benefits	$ 21,226	$ 20,210

Total amount of salary and compensation to directors and other key management are decided by the Remuneration Committee based on personal performance and market trend.

XXVIII. Pledged and mortgaged assets

The following assets of the consolidated entities are provided as collateral for bank guarantees, bank facilities and right-of-use assets:

	December 31, 2023	December 31, 2022
Time deposits (stated as financial assets carried at amortized cost – current)	$ -	$297,887
Time deposits (stated as financial assets measured at amortized cost – non-current)	4,040	-
Property, plant and equipment	612,879	642,671
Refundable deposits (stated as other non-current assets)	4,478	2,537
	$621,397	$943,095

XXIX. Significant contingent liabilities and unrecognized contractual commitments

The consolidated entities' significant commitments on the balance sheet date, in addition to those already specified in other notes, are specified as follows:

(1) As of December 31, 2023 and 2022, the consolidated entities had unused letters of credit of US$73 thousand and US$86 thousand, respectively.

(2) The contractual commitments which the consolidated entities have not yet recognized are specified as follows:

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	$ 11,625	$ 11,955

XXX. Assets and liabilities denominated in foreign currencies with significant impact

The following information is summarized according to the foreign currencies other than the functional currency of each of the consolidated entities. The foreign exchange rates disclosed are used to translate the foreign currency into functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2023

	Foreign Currency	Foreign exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 30,128	30.705 (USD:NTD)	$ 925,069
Non-monetary items			
Financial assets carried at fair value through profit or loss			
USD	388	30.705 (USD:NTD)	$ 11,913
Foreign currency liabilities			
Monetary items			
USD	1,006	30.705 (USD:NTD)	$ 30,891
Non-monetary items			
USD	652	30.705 (USD:NTD)	$ 19,802

December 31, 2022

	Foreign Currency	Foreign exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 42,545	30.71 (USD:NTD)	$1,303,490
Non-monetary items			
Financial assets carried at fair value through profit or loss			
USD	199	30.71 (USD:NTD)	$ 6,121
Foreign currency liabilities			
Monetary items			
USD	1,027	30.71 (USD:NTD)	$ 31,539
Non-monetary items			
USD	2,018	30.71 (USD:NTD)	$ 58,906

(Unrealized) exchange gains or losses on foreign currency assets and liabilities with significant impact are specified as follows:

Functional currencies of entities holding foreign currencies	2023		2022	
	Foreign exchange rate	Net exchange (losses) gains	Foreign exchange rate	Net exchange (losses) gains
USD	30.705 (USD:NTD)	($ 6,316)	30.71 (USD:NTD)	$ 1,535

XXXI. Disclosure of notes

Information on (1) material transactions and (2)investees:

1. Loans to others: None.
2. Endorsements/guarantees for others: None.
3. Securities – ending (excluding those controlled by invested subsidiaries and affiliates): Table 1.
4. Aggregate purchases or sales of the same marketable securities reaching NT$300 million or more than 20% of paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or more than 20% of paid-in capital: None.
6. Disposal of property reaching NT$300 million or more than 20% of paid-in capital: None.
7. Purchases or sales of goods from and to related parties reaching NT$100 million or more than 20% of paid-in capital: None.
8. Accounts receivable from related parties reaching NT$100 million or more than 20% of the paid-in capital: None.
9. Trading in derivatives: None.
10. Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 2.
11. Information on investees: Table 3.

(3) Information on investment in China

1. Investees' name, business operations, paid-in capital, investment method, capital inward or outward, shareholding ratio, current gains or losses, and recognized investment gains or losses, investment year end

carrying amount, investment gain or loss inward, and investment limits in the mainland China: None.

2. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

    (1) Purchase amount and percentage and the related payables ending balance and percentage: None.

    (2) Sale amount and percentage and the related receivables ending balance and percentage: None.

    (3) The amount of property transactions and the amount of the resultant gains or losses: None.

    (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

    (5) The highest balance, end of period balance, interest rate range, and total current interest with respect to financing of funds: None.

    (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the provision or acceptance of services: None.

(4) Information on major shareholders

Name, number and percentage of shareholdings for shareholders with more than 5% of shareholdings: None.

XXXII. Segment information

The consolidated entities only need to disclose the business unit information about the medicine products department. The medicine products department is primarily engaged in medicine research, development, design, manufacturing and sales. The consolidated entities have a single business department. Please refer to note 19 for the analysis of the revenue of main products and services.

(1) Information by region

The consolidated entities primarily operate in four regions - the Americas, Asia, Taiwan, and Europe.

The consolidated entities’ continuing operating revenue from external customers is divided into the following locations with information on non-current assets:

	Revenue from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
America	$ 532,883	$ 625,035	$ -	$ -
Asia	194,600	279,888	-	-
Taiwan	171,459	104,794	1,271,983	1,274,406
Europe	146,959	234,255	-	-
Others	4,376	21,777	-	-
	$1,050,277	$1,265,749	$1,271,983	$1,274,406

Non-current assets do not include financial instruments.

(2) Information of major customers

Single customers contributing 10% or more of the consolidated entities' total revenue are as follows:

	2023	2022
A02C001	$ 298,865	$ 322,347
E01C002 (Note)	56,327	159,951
C12C002 (Note)	32,401	181,463
	$ 387,593	$ 663,761

Note: The revenue from this customer did not reach 10% of the operating revenue in 2023.

Savior Lifetec Corporation and Its Subsidiaries

Securities held at the end of the period

December 31, 2023

Table 1

Unit: Amounts in NTD thousand, Unless Otherwise Specified

Holding company	Type and name	Relationship with the issuer of securities	Account title	End of period				Remarks
				Shares	Carrying Amount	Shareholding percentage	Fair value	
Savior Lifetec Corporation	Stock							
	Formosa Pharmaceuticals, Inc.	—	Financial assets carried at fair value through profit or loss – current	726,469	$ 36,302	0.542%	$ 36,302	Note 1
	Sana Biotechnology, Inc.	—	Financial assets carried at fair value through profit or loss – current	88,700	11,112	0.045%	11,112	Note 2
	Spero Therapeutics, Inc.	—	Financial assets carried at fair value through profit or loss – current	17,743	801	0.033%	801	Note 2

Note 1: The fair value was calculated based on the average transaction price on December 31, 2023.

Note 2: The fair value was calculated based on the closing price on December 31, 2023.

Note 3: For information about investments in subsidiaries, please refer to Table 3.

Savior Lifetec Corporation and Its Subsidiaries

Business relationships and important transactions between the parent and subsidiaries

January 1 to December 31, 2023

Table 2

Unit: NTD thousand

No. (Note 1)	Name of Trader	Counterparty	Relationship With Trader (Note 2)	Transaction			
				Subject	Amount	Transaction Terms	As a Percentage of Total Consolidated Revenue or Total Assets
0	The Company	SLC BioPharm Co., Ltd.	1	Rent revenue	$ 7,800	Subject to the price agreed by both parties	1%
		SLC BioPharm Co., Ltd.	1	Other accounts receivable – related parties	1,615	Subject to the price agreed by both parties	-
1	Ruize Biotechnology Co., Ltd.	The Company	2	Operating Revenue	4,022	Subject to the price agreed by both parties	-
		The Company	2	Receivables – Related Parties	1,572	Subject to the price agreed by both parties	-

Note 1: The information on business transactions between the parent and subsidiaries shall be indicated in the number column. The number shall be filled in as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: There are three types of relationships with transaction parties. Just enter the code (if it is the same transaction between parent and subsidiary or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed a transaction between it and a subsidiary, the subsidiary does not need to disclose the transaction again; if a subsidiary has disclosed a transaction between it and another subsidiary, the latter does not need to disclose the transaction again):

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

Note 3: The transaction amount as a percentage of the total consolidated revenue or total assets shall be calculated as the ratio of the ending balance to the total consolidated assets if it is an asset or liability item, or as the ratio of the interim cumulative amount to the total consolidated revenue if it is a profit or loss item.

Note 4: The Company may decide whether to list important transactions in this table based on the principle of materiality.

Note 5: Only the transactions amounting to more than NT$1 million are disclosed, and no corresponding transactions with related parties are disclosed separately.

Note 6: It was written off as a whole during the preparation of the consolidated financial statements.

Savior Lifetec Corporation and Its Subsidiaries

Information on Names and Locations of Investees, etc.

January 1 to December 31, 2023

Table 3

Unit: NTD thousand

Name of investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Held at End of Period			Investment Income or Loss on Investees	Investment Income or Loss Recognized for this Period	Remarks
				End of Current Period	End of Last Year	Number of shares (thousand shares)	Percentage (%)	Carrying Amount			
The Company	SLC BioPharm Co., Ltd.	Taipei City	Biotechnology R&D and wholesale of western pharmaceutical	$ 60,000	$ 60,000	6,000	100	$ 17,618	($ 22,444)	($ 22,444)	Note 1
The Company	Ruize Biotechnology Co., Ltd.	Taichung City	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	10,000	10,000	1,000	33.33	8,144	(5,170)	(1,723)	Note 1
The Company	Pengrui Construction Co., Ltd.	Taipei City	Urban renewal and reconstruction business and investment consulting business	241,000	-	24,100	100	241,129	129	129	Note 1
SLC BioPharm Co., Ltd.	Ruize Biotechnology Co., Ltd.	Taichung City	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	5,300	5,300	530	17.67	4,317	(5,170)	(913)	Note 1
Pengrui Construction Co., Ltd.	Huan Pin Construction Co., Ltd.	Taipei City	Residential and building development, leasing and sales business, and urban renewal and reconstruction business	147,000	-	14,700	35	146,961	(110)	(39)	Note 1

Note 1: Calculated based on the investee's 2023 financial statements audited by accountants.

Note 2: It has been written off in whole at the time of preparation of the consolidated financial statements.

Appendix II:
2023 Parent Company Only Financial Statements
with Independent Auditors' Report

Stock Code: 4167

Savior Lifetec Corporation

Standalone Financial Report and Independent Auditors' Report

2023 and 2022

Address: No. 29, Kezhong Rd., Zhunan Township, Miaoli County

Tel.: (037)580-100

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Independent Auditors' Report

To Savior Lifetec Corporation:

Audit opinions

We have audited Savior Lifetec Corporation's standalone balance sheet as of December 31, 2023, and January 1 to December 31, 2023 standalone comprehensive income statement, standalone statement of changes in equity, standalone statement of cash flows, and notes to standalone financial statements (including summary of significant accounting policies).

In our opinion, all significant disclosures of standalone financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and presented a fair view of Savior Lifetec Corporation's standalone financial condition on December 31, 2023, and the standalone business performance and standalone cash flow from January 1 to December 31, 2023.

Basis of audit opinion

We conducted the audit using the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under those standards are further described in the "Independent auditors' responsibilities for audit of standalone financial statements" section of our report. We are independent of Savior Lifetec Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and adequate inspection evidence has been obtained in order to support the audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of Savior Lifetec Corporation's 2023 standalone financial statements based on our professional judgment. These matters have already been addressed when we audited the financial statements and formed our opinions. Therefore, we do not provide opinions on these matters separately.

The key audit matters of Savior Lifetec Corporation’s 2023 standalone financial statements are stated as follows:

Assessment of allowance for inventory valuation losses

Savior Lifetec Corporation mainly manufactures and sells APIs. Due to the fierce market competition and product expiry date, such inventories may fall in value or become obsolete. In addition to measuring inventories at the lower of the cost or the net realizable value, the management recognizes the net realizable value of inventories over a certain period of days in the warehouse by considering how easily they can be sold. Regarding the accounting policies, and estimates and assumptions of inventory evaluation, please refer to Notes 4, 5 and 9 to the financial statements.

Since the evaluation of the net realizable value of Savior Lifetec Corporation’s inventories is subject to estimation uncertainty, and considering the significant influence of the inventory amount on the financial statements, the evaluation of allowance for inventory valuation losses is listed as a key audit matter for the year.

The main audit procedures performed by us in response to the above-mentioned key audit matters are as follows:

1. Understand the nature of operations and the industry, and assess the reasonableness of the policy and procedures adopted in evaluating the allowance for inventory valuation losses.
2. Randomly check the accuracy of the age of inventory to ensure that the information in the report is consistent with the policy.
3. Obtain the management's assessment of inventory costing and net realizable value. Randomly test individual inventory items by tracing to the relevant purchase and sales documents and the recorded entries. Recalculate to verify the accuracy of the schedules, and evaluate the basis for the net realizable value and the reasonableness of the allowance for inventory valuation losses.
4. Understand the process of warehouse management, review its annual inventory counting plan, and participate in its annual inventory counting to assess the effectiveness of the management’s classifying and controlling of obsolete inventory.

Other Matters

Savior Lifetec Corporation’s 2022 financial statements were audited by other independent auditors, and they issued an unqualified auditors’ report on March 2, 2023.

Responsibilities of the management and governance unit for the standalone financial statements

The responsibility of the management is to prepare standalone financial statements and ensure their fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain proper internal control practices that are relevant to the preparation of the standalone financial statements so that the standalone financial statements are free of material misstatements caused by fraud or error.

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

The governance unit of Savior Lifetec Corporation (including the Audit Committee) is responsible for supervising the financial reporting process.

Independent auditors' responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance on whether the standalone financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with Auditing Standards will always detect significant misstatements in the standalone financial statements. Misstatement can arise from fraud or error. Fraud or errors are considered material, if they either individually or in aggregate may reasonably be expected to influence the economic decisions of users of the standalone financial statements.

We exercise professional judgment and professional skepticism during the audit in accordance with Auditing Standards. We also performed the following tasks:

1. Identify and assess the risks of significant misstatement arising from fraud or error within the standalone financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence as a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Savior Lifetec Corporation.
3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that may result in significant concerns about the ability of Savior Lifetec Corporation to continue its operation exist or not according to the obtained inspection findings. If we conclude that a material uncertainty of the aforementioned events or conditions exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Savior Lifetec Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of the standalone financial statements (including related notes), and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of entities within Savior Lifetec Corporation to express an opinion on the standalone financial statements. We are responsible for guiding, supervising and performing the audit, and forming an audit opinion on Savior Lifetec Corporation.

The matters communicated between the governing body and us included the planned scope and times of the audit and significant audit findings (including any significant defects in internal control identified during the audit).

We have also provided the governance unit with a declaration of independence stating that all relevant personnel of the accounting firm subject to independence requirements have complied with the Norms of Professional Ethics for Certified Public Accountants, and communicated with the governance unit on all matters that may affect the auditor's independence (including protection measures).

We determined the key audit matters to be audited in Savior Lifetec Corporation's 2023 standalone financial statements based on the matters communicated with the governance unit. These matters have been addressed in our audit report except for matters that are prohibited by law from being disclosed to the public or matters that we decided not to communicate in the audit report under extreme circumstances because the greater negative impacts they may cause can be reasonably expected to outweigh the benefits they bring to public interest.

Deloitte & Touche

Cheng Hsu-Jan, CPA	Hsieh Tung-Ju, CPA
Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1010028123	Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1090347472

March 8, 2024

Savior Lifetec Corporation

Standalone Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 26)	$ 969,926	26	$ 1,018,248	23
1110	Financial assets carried at fair value through profit or loss – current (Notes 4 and 7)	48,215	1	6,121	-
1136	Financial assets carried at amortized cost – current (Notes 4, 6 and 26)	196,058	5	557,637	13
1150	Net notes receivable (Notes 4 and 8)	1,932	-	3,259	-
1170	Net accounts receivable (Notes 4, 8 and 18)	271,484	7	290,501	7
1200	Other accounts receivable (Notes 4 and 8)	9,146	-	3,544	-
1210	Other accounts receivable – related parties (Note 25)	1,615	-	1,563	-
1220	Current income tax assets (Note 4)	4,908	-	1,168	-
130X	Inventories (Notes 4 and 9)	855,057	23	1,036,336	24
1410	Prepayments	52,450	1	109,205	2
1470	Other current assets	5,095	-	3,716	-
11XX	Total current assets	2,415,886	63	3,031,298	69
	Non-current assets				
1510	Financial assets carried at fair value through profit or loss – non-current (Notes 4 and 7)	-	-	32,813	1
1535	Financial assets carried at amortized cost – non-current (Notes 4, 6 and 26)	4,040	-	-	-
1550	Investments using the equity method (Notes 4 and 11)	266,891	7	49,929	1
1600	Property, plant and equipment (Notes 4, 12 and 26)	859,270	23	1,004,711	23
1755	Right-of-use assets (Notes 4 and 13)	254,916	7	262,169	6
1780	Intangible assets (Note 4)	2,599	-	5,501	-
1900	Other non-current assets (Note 26)	4,464	-	4,424	-
15XX	Total non-current assets	1,392,180	37	1,359,547	31
1XXX	Total assets	$ 3,808,066	100	$ 4,390,845	100
Code	Liability and equity				
	Current liabilities				
2130	Contract liabilities – current (Note 18)	$ 19,802	1	$ 64,267	2
2150	Notes payable	-	-	120	-
2170	Accounts payable	54,197	1	69,750	2
2200	Other payables (Note 15)	109,825	3	100,994	2
2220	Other accounts payable – related parties (Note 25)	1,572	-	-	-
2280	Lease liabilities - current (Notes 4 and 13)	12,864	-	11,212	-
2320	Long-term borrowings due within one year (Note 14)	-	-	528,604	12
2399	Other current liabilities	25	-	116	-
21XX	Total current liabilities	198,285	5	775,063	18
	Non-current Liabilities				
2580	Lease liabilities - non-current (Notes 4 and 13)	257,039	7	263,332	6
25XX	Total non-current liabilities	257,039	7	263,332	6
2XXX	Total liabilities	455,324	12	1,038,395	24
	Equity (Note 17)				
	Share capital				
3110	Common stock	3,173,991	83	3,172,166	72
3200	Capital surplus	135,127	4	133,941	3
	Retained earnings				
3310	Legal reserve	4,634	-	996	-
3320	Special reserve	8,960	-	8,960	-
3350	Undistributed earnings	30,030	1	36,387	1
3300	Total retained earnings	43,624	1	46,343	1
3XXX	Total equity	3,352,742	88	3,352,450	76
	Total liabilities and equity	$ 3,808,066	100	$ 4,390,845	100

The attached notes are part of the standalone financial statements.

(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc. Representative: Rebecca Lee President: Chen Chih-Fang Accounting Officer: Huang Shu-Yuan

Savior Lifetec Corporation

Standalone Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousand, with earnings per share in NTD

		2023		2022	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 18)	$1,046,647	100	$1,265,749	100
5000	Operating costs (Notes 4, 9, 16, 19, and 25)	(826,848)	(79)	(1,134,759)	(89)
5900	Operating Gross Profit	219,799	21	130,990	11
	Operating expenses (Notes 4, 8, 16, 19, and 25)				
6100	Selling expenses	(33,412)	(3)	(29,646)	(2)
6200	Administrative expenses	(70,064)	(7)	(72,259)	(6)
6300	Research and development expenses	(101,263)	(9)	(109,609)	(9)
6450	Gain on Reversal of Expected Credit Impairment	1,934	-	-	-
6000	Total operating expenses	(202,805)	(19)	(211,514)	(17)
6900	Net operating profit (loss)	16,994	2	(80,524)	(6)
	Non-operating income and expenses (Notes 4, 19 and 25)				
7100	Interest revenue	43,506	4	16,018	1
7010	Other income	11,724	1	11,592	1
7020	Other gains and losses	(8,306)	(1)	125,066	10
7050	Financial cost	(9,850)	(1)	(15,694)	(1)
7070	Share of profit or loss of subsidiaries and affiliates using the equity method	(24,038)	(2)	(20,071)	(2)
7000	Total non-operating income and expenses	13,036	1	116,911	9
7900	Net profit before tax	30,030	3	36,387	3
7950	Income tax expense (Notes 4 and 20)	-	-	-	-

(Continued on the next page)

(Brought forward)

Code		2023 Amount	2023 %	2022 Amount	2022 %
8200	Net income for the year	30,030	3	36,387	3
8500	Total comprehensive income for the year	$ 30,030	3	$ 36,387	3
	Earnings per share (Note 21)				
9750	Basic	$ 0.09		$ 0.11	
9850	Diluted	$ 0.09		$ 0.11	

The attached notes are part of the standalone financial statements.

(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc. President: Chen Chih-Fang Accounting

Officer: Huang Shu-Yuan

Representative: Rebecca Lee

Savior Lifetec Corporation

Standalone Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Retained earnings: Total	Total equity
A1	Balance on January 1, 2022	$3,170,206	$ 132,667	$ -	$ -	$ 9,956	$ 9,956	$3,312,829
D1	2022 net income	-	-	-	-	36,387	36,387	36,387
D3	Other 2022 comprehensive income after tax	-	-	-	-	-	-	-
D5	Total 2022 comprehensive income	-	-	-	-	36,387	36,387	36,387
	2021 distribution of earnings							
B1	Legal reserve	-	-	996	-	(996)	-	-
B3	Special reserve	-	-	-	8,960	(8,960)	-	-
N1	Exercise of employee stock options	1,960	1,274	-	-	-	-	3,234
Z1	Balance on December 31, 2022	3,172,166	133,941	996	8,960	36,387	46,343	3,352,450
D1	2023 net income	-	-	-	-	30,030	30,030	30,030
D3	Other 2023 comprehensive income after tax	-	-	-	-	-	-	-
D5	Total 2023 comprehensive income	-	-	-	-	30,030	30,030	30,030
	2022 distribution of earnings							
B1	Legal reserve	-	-	3,638	-	(3,638)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(32,749)	(32,749)	(32,749)
N1	Exercise of employee stock options	1,825	1,186	-	-	-	-	3,011
Z1	Balance on December 31, 2023	$3,173,991	$ 135,127	$ 4,634	$ 8,960	$ 30,030	$ 43,624	$3,352,742

The attached notes are part of the standalone financial statements.

(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc.
Representative: Rebecca Lee

President: Chen Chih-Fang

Accounting Officer: Huang Shu-Yuan

Savior Lifetec Corporation

Standalone Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for the current year	$ 30,030	$ 36,387
A20010	Income, expense, and loss		
A20300	Gain on Reversal of Expected Credit Impairment	(1,934)	-
A20100	Depreciation expense	178,253	205,406
A20200	Amortization expense	3,247	3,315
A22500	Losses (gains) on disposal of property, plant and equipment	(421)	1,301
A23000	Gain on disposal of non-current assets held for sale	-	(66,643)
A20900	Financial cost	9,850	15,694
A22400	Share of profit or loss of subsidiaries and affiliates using the equity method	24,038	20,071
A21200	Interest revenue	(43,506)	(16,018)
A23600	Loss (gain on recovery) on inventory devaluation and obsolescence	(38,417)	34,308
A20400	Net loss (gain) on financial assets measured at fair value through profit or loss	8,781	(2,598)
A24100	Unrealized net loss (gain) of foreign exchange	6,314	(1,535)
A29900	Gain on Lease Modifications	-	(6,261)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets are compulsorily measured at fair value through profit or loss	(18,062)	(8,953)
A31130	Notes receivable	1,327	(2,367)
A31150	Accounts receivable	14,174	195,734
A31180	Other accounts receivable	3,158	(4,464)
A31190	Other accounts receivable – related parties	(52)	(1,563)
A31200	Inventory	219,696	236,682

(Continued on the next page)

(Brought forward)

Code		2023	2022
A31230	Prepayments	56,755	(18,500)
A31240	Other current assets	(1,379)	341
A32125	Contract liabilities	(44,465)	(39,440)
A32130	Notes payable	(120)	120
A32150	Accounts payable	(14,774)	26,927
A32180	Other payables	5,678	(14,748)
A32190	Other accounts payable – related parties	1,572	-
A32230	Other current liabilities	(91)	(32)
A33000	Cash from operations	399,652	593,164
A33100	Interest received	$ 34,728	$ 16,018
A33300	Interest paid	(8,197)	(10,765)
A33500	Income Tax Paid	(3,740)	-
AAAA	Net cash inflow from operating activities	422,443	598,417
	Cash flows from investing activities		
B00200	Financial assets carried at fair value through profit or loss	-	4,688
B00040	Acquisition of financial assets carried at amortized cost	(202,004)	(294,697)
B00050	Disposal of financial assets carried at amortized cost	559,543	-
B01800	Acquisition of Investments Using the Equity Method	(241,000)	(70,000)
B02700	Purchase of property, plant and equipment	(16,247)	(33,136)
B02800	Disposal price of property, plant and equipment	473	500
B04500	Acquisition of intangible assets	(345)	(1,039)
B02600	Proceeds from disposal of non-current assets held for sale	-	329,000
B03800	Decrease in guarantee deposit paid	569	586
BBBB	Net cash inflow (outflow) from investing activities	100,989	(64,098)
	Cash flows from financing activities		
C01300	Redemption of corporate bonds	(530,257)	-
C03100	Decrease in guaranteed deposits received	-	(113)
C04020	Lease liability principal repayment	(11,759)	(10,605)
C04500	Distribution of cash dividend	(32,749)	-
C04800	Exercise of employee stock options	3,011	3,234

(Continued on the next page)

(Brought forward)

Code		2023	2022
CCCC	Net cash outflow from financing activities	(571,754)	(7,484)
EEEE	Net increase (decrease) in cash and cash equivalents	(48,322)	526,835
E00100	Balance of cash and cash equivalents at the beginning of the year	1,018,248	491,413
E00200	Balance of cash and cash equivalents at the end of the year	$ 969,926	$1,018,248

The attached notes are part of the standalone financial statements.

(Please refer to the audit report of Deloitte Taiwan dated March 8, 2024)

Chairman: Concord Consulting Inc. President: Chen Chih-Fang Accounting Officer: Huang Shu-Yuan
Representative: Rebecca Lee

Savior Lifetec Corporation

Notes to Standalone Financial Statements

January 1 to December 31, 2023 and 2022

(Amounts in Thousand New Taiwan Dollars, Unless Otherwise Specified)

I Company History

Savior Lifetec Corporation (hereinafter referred to as the Company) was established on January 30, 2004, upon approval from the Ministry of Economic Affairs. The major business items of the Company are the research, development, design, manufacture, and sale of carbapenem generics, injection generics, controlled-release generics, the development of new dosage forms and drugs, and the APIs, excipients, intermediates, and dosage forms of the aforementioned products. The Company also provides medicine manufacturer technology and services. The Company has traded on Taipei Exchange as of September 8, 2015.

The standalone financial statements are stated with the Company's functional currency, i.e. NTD, as the presentation currency.

II Date and Procedure for Approval of Financial Statements

The standalone financial statements were approved by the Board of Directors on March 8, 2024.

III Application of new and amended standards and interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS accounting standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of the amended IFRS accounting standards endorsed and issued into effect by the FSC as of 2023 will not have a significant effect on the Company's accounting policies.

(2) FSC-endorsed IFRS accounting standards applicable in 2024

New, amended and revised standards and interpretations	Effective date announced by the IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 01, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 01, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Seller and also Lessee shall retroactively apply the amendments to IFRS 16 to the sale and leaseback transactions executed after the date of the initial application of IFRS 16.

Note 3: Certain requirements on the disclosure may be exempted at the time of the Company's first application of the amendments.

The Company evaluates that the FSC-endorsed IFRS accounting standards applicable in 2024 are not expected to cause significant effects to the Company. Until the date of publication of the financial statements, the Company is continuously assessing the possible impact that the application of said amendments to standards and interpretation will have on their financial position and financial performance and will disclose the relevant impact when the assessment is completed.

(3) The IFRS accounting standards issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective date announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”	TBD
IFRS 17 “Insurance Contracts”	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparison Information”	January 01, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to the reporting period of the year as of January 1, 2025. Recognize the effects on the retained earnings on the date of the first application and at the time of the first application of the amendments. When the Company adopts the non-functional currency as the presentation currency, the effects are adjusted into the exchange differences on translation of foreign financial statements under the equity title on the date of the first-time application.

The Company evaluates that the amendments to said standards or interpretation are not expected to cause significant effects to them. Until the date of publication of the consolidated financial statements, the consolidated entities are continuously assessing the possible impact that the application of said amendments to standards and interpretation will have on their financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV <u>Summary of significant accounting policies</u>

(1) Statement of compliance

The Company prepared the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The standalone financial statements have been prepared on a historical cost basis except for the financial instruments at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1: The quoted price on an active market for identical assets or liabilities that are accessible to the Company on the measurement date (before adjustment).
2. Level 2: It refers to the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3: The inputs that are not observable for assets or liabilities.

When the Company prepared the standalone financial statements, the subsidiaries were accounted for using equity method. In order to make the profit or loss, other comprehensive income and equity of the current year in the standalone financial statements and the profit or loss to be the same, other comprehensive income and equity of the current year attributable to the Company's owners in the consolidated financial statements of the Company, certain accounting treatment differences between the standalone basis and the consolidated basis have been adjusted, including "Investments using equity method", "Share of profit or loss of subsidiaries using equity method", "Share of other comprehensive income of subsidiaries using equity method", and related equity items.

(3) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities to be due and settled within 12 months after the balance sheet date, and
3. Liabilities whose due date cannot be unconditionally extended by at least 12 months after the balance sheet date.

Assets or liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

(4) Foreign currency

When the Company prepares standalone financial statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rates prevailing on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the period.

Foreign currency non-monetary items measured at fair value are translated using the exchange rates at the dates when the fair values are determined. Exchange differences arising from such translations are recognized in profit or loss in the period. However, for the transactions with changes in fair-value-measured values are recognized in other comprehensive income, the exchange differences are also recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date, and will not be retranslated.

When the standalone financial statements are prepared, the assets and liabilities of the foreign operating institutions (including the subsidiaries, affiliates, joint ventures or branches in different countries or those using different currencies) are translated into NTD at the exchange rate of each balance sheet date. Income and expense items are translated at the average exchange rates in the period, and the resulting exchange differences are recognized in other comprehensive income.

If the Company disposes all equity of a foreign operation institution, or disposes partial equity of a foreign operation institution but loses control on it, or the retained equity after disposing a foreign operation institution’s joint agreements or affiliates is financial assets recognized using the accounting policies for financial instruments, all accumulated exchange differences that are attributable to the Company’s owners and related to the foreign operation institutions will be reclassified in profit or loss.

If the partial disposal of a foreign operation institution's subsidiary does not result in a loss of control, the accumulated exchange differences will not be recognized in profit or loss on a pro rata basis. In the case of any other partial disposal of a foreign operation institution, the accumulated exchange differences shall be reclassified in profit or loss in proportion to the disposal.

(5) Inventories

Inventories include raw materials, finished goods, and work-in-progress. Inventories are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. The net realizable value refers to the balance of the estimated selling price under normal circumstances less the estimated cost of completion and the estimated cost of sales. The cost of inventories is calculated using weighted average method.

(6) Investment in subsidiaries

The Company accounts for its investment in subsidiaries using equity method.

A subsidiary is an entity (including structured entity) that is controlled by the Company.

Using equity method, an investment is initially recognized at cost, and the carrying amount after the acquisition is increased or decreased by the Company's share of the profit or loss of the subsidiary and other comprehensive income and profit distribution. In addition, the changes in the Company's other equity in subsidiaries are recognized in proportion to the shareholding.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company’s share of loss of a subsidiary equals to or surpasses the equity in the subsidiary (including the subsidiary’s carrying amount using equity method, and other long-term equity of net investment proportion of that subsidiary attributable to the Company), losses are continuously recognized according to the shareholding proportion.

Goodwill is initially measured as the excess of the sum of the consideration transferred over the Company's interest in the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date from the subsidiary constituting a business. Goodwill is included in the carrying amount of the investment and is not amortized. The excess of the Company's interest in the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss in the period.

When the Company assesses impairment, it considers the financial reporting of the entire cash-generating unit, and compares the recoverable amount with the carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss will be recognized as gain. However, the asset’s carrying amount after the reversal of the impairment loss shall not exceed the asset’s carrying amount (net of amortization) without recognizing the impairment loss. The impairment loss attributable to goodwill shall not be reversed in the subsequent period.

When the Company loses control over a subsidiary, its remaining investment in the subsidiary is measured at the fair value on the date when the control is lost. The fair value of the remaining investment and the difference between any disposal price and the carrying amount on the date the control is lost is recognized in profit or loss in the period. In addition, the accounting treatment of all amounts recognized in other comprehensive income related to the subsidiary is the same as that required for the Company's direct disposal of relevant assets or liabilities.

Unrealized gains or losses on downstream transactions between the Company and its subsidiaries are written off in the standalone financial statements. The gains and losses arising from the downstream and lateral transactions between the Company and its subsidiaries are recognized in the standalone financial statements only to the extent that they are irrelevant to the Company's equity in the subsidiaries.

(7) Property, plant and equipment

Property, plant and equipment are recognized at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated independently for each significant component on a straight-line basis over their useful lives. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and applies the effects of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the asset's carrying amount is recognized in profit or loss.

(8) Intangible assets

1. Separate acquisition

Intangible assets with limited useful life acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the useful lives. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and applies the effects of changes in accounting estimates prospectively. Intangible assets with uncertain useful lives are stated at cost less accumulated impairment losses.

2. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the asset's carrying amount is recognized in profit or loss in the period.

(9) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Company assesses at each balance sheet date whether there is any indication that the property, plant and equipment, right-of-use assets, and intangible assets may have been impaired. If there is any sign of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the fair value less cost of sales and its value in use, whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is increased to the revised recoverable amount. However, the increased carrying amount shall not exceed the asset, cash-generating unit or contract cost-related asset's carrying amount (less amortization and depreciation) decided when the impairment losses were not recognized in prior years. Reversal of impairment loss is recognized in profit or loss.

(10) Financial instruments

Financial assets and financial liabilities shall be recognized in the standalone balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are initially recognized and if the financial assets or financial liabilities are not measured at FVTPL, they are measured at the fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at FVTPL are immediately recognized in profit or loss.

1. Financial assets

Conventional transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement type

The types of financial assets held by the Company are financial assets measured at FVTPL, and financial assets at amortized cost.

A. Financial assets carried at fair value through profit or loss

Financial assets at FVTPL are those mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments not designated to be measured at fair value through other comprehensive profit or loss, and investments in debt instruments not qualified for classification as measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at FVTPL are measured at fair value, and the dividends and interests generated are recognized in other income and interest income, respectively, and gains or losses arising from re-measurement are recognized in other gains and losses. Please refer to Note 24 for the method of determining the fair value.

B. Financial assets measured at amortized cost

If the Company's investment financial assets meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

a. Held within a certain business model whose purpose is to hold financial assets in order to collect contractual cash flows; and

b. The cash flow, on a specific date arising from the terms of the contract, is solely for paying the principal and interest of the outstanding principal.

After initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable measured at amortized cost, other receivables, and refundable deposits, etc.) are measured at the amortized cost using the total carrying amount less any impairment losses decided by effective interest method. Any profit or loss from foreign exchange is recognized in profit or loss.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total carrying amount of a financial asset:

a. For financial assets with original credit impairment or credit impairment at purchase, the interest income is calculated by multiplying the credit-adjusted effective interest rate by the financial asset’s amortized cost.

b. For financial assets without original credit impairment or credit impairment at purchase but subsequently become credit impaired, the interest income should be calculated by multiplying the effective interest rate by the financial asset’s amortized cost from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to those with significant financial difficulties among issuers or debtors, default, possible bankruptcy application by the debtor, other financial restructuring, or an inactive market due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amounts of cash at any time with little risk of value changes within 3 months from the date of acquisition, and bonds with repurchase agreements, which are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Company assesses the impairment loss of financial assets (including accounts receivables) measured at amortized cost based on the expected credit loss on each balance sheet date.

The allowance for loss of accounts receivable is based on the expected credit loss of the duration. For other financial assets, we first assess whether there is a significant increase in credit risk since the original recognition. If there is no significant increase in the credit risk, the allowance for loss is recognized at an amount equal to 12-month expected credit losses. If there is already a significant increase, the allowance for loss is recognized at an amount equal to the expected credit loss of the duration.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss generated by the possible default of the financial instrument within 12 months after the reporting date, and the expected credit loss of the duration represents the expected credit loss generated by all possible defaults of the financial instrument during the expected duration of the financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent a default on a financial asset:

A. There is internal or external information indicating that it is impossible for the debtor to pay off the debt.

B. Overdue for more than 360 days unless there is reasonable and corroborative information to show that a delayed default standard is more appropriate.

The impairment loss of all financial assets is based on the reduction of the carrying amount of the allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it has transferred the financial asset and substantially all of the risks and rewards of ownership of the financial asset have been transferred to another party.

At the entire derecognition of a financial asset at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss.

2. Equity instruments

The Company's debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

The equity instruments issued by the Company are recognized at the acquisition price net of the direct issue cost.

The repurchase of the Company's own equity instruments is recognized and deducted under equity, and the carrying amount is calculated based on the weighted average of the types of shares. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

   (1) Subsequent measurement

   All financial liabilities are measured at amortized cost in the effective interest method.

   (2) Derecognition of financial liabilities

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

4. Convertible corporate bonds

The composite financial instruments (convertible corporate bonds) issued by the Company are based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments. Their elements are classified as financial liabilities and equity respectively at the time of original recognition.

At the time of original recognition, the fair value of a liability element is estimated using the prevailing market interest rate of a similar non-convertible instrument, and is measured at amortized cost calculated by effective interest method before conversion or maturity date. The liability element that is embedded in non-equity derivatives is measured at fair value.

The conversion option classified as equity is equal to the residual amount of the overall fair value of the composite instrument less the fair value of the separately determined liability elements, net of income tax effects. It is recognized in equity and is not subsequently measured. When the conversion right is exercised, its related liability elements and the amount in equity will be reclassified into share capital and capital surplus - issuance premium. If the conversion option of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus - issuance premium.

The transaction cost related to the issuance of convertible corporate bonds is amortized to the liabilities (listed in the carrying amount of liabilities) and equity elements (listed in equity) of the instrument in proportion to the total price of the appropriation.

(11) Revenue recognition

After identifying the performance obligation in the customer contract, the Company allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is satisfied.

For contracts in which the transfer of goods or services and the receipt of consideration are within one year, the transaction price of the significant finance element will not be adjusted.

1. Revenue from the sale of products

Revenue from sales of goods is derived from the sales of antibacterial raw materials, injectables, and their intermediates. The risk of obsolescence and loss has passed to the customer by the time the antibacterial drug substance, injectables, and their intermediate products arrive at the customer's designated location. Goods delivery is realized and the Company recognizes revenue and accounts receivable when the customer accepts goods in accordance with the sales contract, or there is objective evidence that all acceptance criteria have been met.

2. Provision of labor services

Labor revenue comes from providing related services such as the design of experiments (DOE), process design, and drug certification.

Some customer contracts contain multiple services to be provided that cannot be separated because they are highly interrelated and must be identified as one obligation of the contract; some customer contracts contain multiple services to be provided that can be identified as individual separate obligations, and the transaction price is amortized to each obligation of the contract on a relative stand-alone selling price basis. The Company corrects the estimates of the revenue, cost, and completion of the project whenever necessary. Any increase or decrease of estimated revenue or cost due to changes in the estimates is reflected in profit or loss during the period when the factors resulting in the correction come to the knowledge of the management.

The revenue deriving from a fixed price contract is recognized based on the proportion of the actually provided services as of the balance sheet date in all the services that must be provided. The completion percentage of the services is determined based on the proportion of the actually disbursed cost in the estimated total cost. Customers pay the contract price pursuant to the payment schedule specified in the contract. Contract assets are recognized when the services having been provided by the Company go beyond the payment to be made by the customer; contract liabilities are recognized when the payment to be made by the customer goes beyond the services having been provided by the Company. In case the customer contract contains variable consideration, it is incorporated in the transaction price when elimination of the uncertainty related to the variable consideration is expected, and it is highly probable that a significant revenue reversal will not subsequently occur.

(12) Leases

The Company assesses whether the contract belongs to (or contains) a lease on the establishment date of the contract.

1. The Company as lessor

When the lease terms transfer almost all the risks and rewards attached to the ownership of assets to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

Under operating leases, lease payments net of lease incentives are recognized as income on a straight-line basis over the relevant lease term.

2. The Company as lessee

Except for low-value asset leases and short-term leases to which a recognition exemption applies, lease payments are recognized as expenses on a straight-line basis over the lease term. Other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is originally measured at cost (including the originally measured amount of the lease liability, lease payments paid at the beginning of the lease, less lease incentives received, initial direct costs, and the estimated cost of restoring the underlying asset), and subsequently measured at cost less accumulated depreciation and the amount after the accumulated impairment loss is measured. The re-measurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the standalone balance sheet.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the implied interest rate of the lease can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there are changes in future lease payments during the lease period or due to changes in the index or rate used to determine lease payments, the Company will remeasure the lease liabilities and adjust right-of-use assets accordingly. However, if a right-of-use asset’s carrying amount is reduced to 0, the remaining re-measurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, the re-measurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the gain or loss of the partial or full termination of the lease; the re-measurement of lease liabilities of other modifications is to adjust the right-of-use assets . Lease liabilities are presented on a separate line in the standalone balance sheet.

(13) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For the pension under the defined contribution plan, the amount of pension to be contributed is recognized as an expense during the service period of the employees.

(14) Share-based payment agreement

<u>Employee stock options granted to employees</u>

Employee stock options are expenses recognized on a straight-line basis during the vesting period based on the fair value of the equity instruments on the grant date and the best estimate of the number expected to be vested, and the capital surplus - employee stock options are adjusted at the same time. If it is immediately vested on the grant date, the full amount is recognized as expenses on the grant date.

The Company revises the estimated number of expected vested employee share options at each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss, so that the accumulated expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

(15) Income tax

The tax expenses include the sum of current and deferred income taxes.

1. Current income tax

The Company determines the income (loss) in the current period in accordance with the laws and regulations of the jurisdiction for income tax filings, and calculates the income tax payable (recoverable) accordingly.

In accordance with the Income Tax Act of the R.O.C., an additional tax on undistributed earnings is recognized in the year when a resolution is adopted at a shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized to the extent that it is probable that taxable income will be available to deduct deductible temporary differences and losses.

The taxable temporary differences related to the investment in subsidiaries, affiliates, and joint agreements are all recognized as deferred income tax liabilities.

However, if the Company can control the time point of the temporary difference reversal, and the temporary differences are very improbable to be reversed in the foreseeable future, the temporary differences are not recognized as deferred income tax liabilities. The deductible temporary differences related to such investment are recognized as deferred income tax only when it is probable that there will be sufficient taxable income to realize the temporary differences. To the extent that the temporary differences are expected to be reversed in the foreseeable future, the differences will be recognized as deferred income tax assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date, and the carrying amount is reduced if all or partial assets are not very probable to be recovered by sufficient tax income. Deferred income tax assets that were not recognized as deferred income tax assets are also reviewed at each balance sheet date. If it is probable that future taxable income will allow all or part of the assets to be recovered, the carrying amount is increased.

Deferred income tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled, or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would arise from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

The current and deferred income taxes are recognized in profit or loss, except for the current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V Major sources of uncertainties to significant account judgments, estimates, and assumptions

When adopting accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other relevant factors that are not easy to obtain from other sources. Actual results may differ from estimates.

The management will continue to review the estimates and basic assumptions. If a revision of an estimate only affects the current period, it is recognized in the period in which the revision is made; if a revision of an accounting estimate affects the current period and future periods, it is recognized in the period of the revision and future periods.

Major sources of estimation and assumption uncertainty

Impairment of inventories

The net realizable value of inventories is the estimated selling price in the normal business process less the estimated cost of completion and the estimated cost of sales. These estimates are based on the current market conditions and historical sales of similar products and empirical assessment. Changes in market conditions may significantly affect the estimated results.

VI Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on Hand	$ 364	$ 378
Check and demand deposits	75,324	371,510
Cash equivalents (Investment due within three (3) months initially)		
Bank time deposits	846,238	646,360
Reverse repurchase agreements	48,000	-
	$ 969,926	$1,018,248

As of December 31, 2023 and 2022, the bank time deposits due more than three months initially (stated as financial assets carried at amortized cost) have amounted to NT$200,098 thousand and NT$557,637 thousand, respectively.

Cash equivalents and financial assets at amortized cost - The market interest rate ranges of bank time deposits with initial maturity of more than 3 months on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Cash equivalents		
Time deposits with an initial maturity of less than 3 months	1.10%～5.40%	0.91%～4.80%
Reverse repurchase agreements	1.12%～1.15%	-
Financial assets measured at amortized cost - bank time deposits with an initial maturity of more than 3 months	0.56%～5.35%	0.10%～4.10%

For details about the Company's bank deposits and time deposits pledged or provided as collateral, please refer to Note 26.

VII. Financial instruments carried at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets – current		
Financial assets are compulsorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Domestic emerging stocks	$ 36,302	$ -
- Foreign listed/OTC stocks	11,913	6,121
	$ 48,215	$ 6,121
Financial assets – non-current		
Financial assets are compulsorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Domestic emerging stocks	$ -	$ 32,813

VIII. Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Total carrying amount carried at amortized cost	$ 1,932	$ 3,259
Accounts receivable		
Total carrying amount carried at amortized cost	$271,484	$292,435
Less: Allowance loss	-	(1,934)
	$271,484	$290,501
Other accounts receivable	$ 9,146	$ 3,544

(1) Notes and accounts receivable

The Company's average credit period for the sale of goods ranges from 30 days to 90 days. The accounts receivable are collected without interest. When determining the recoverability of accounts receivable, the Company shall consider any changes in the credit quality of the accounts receivable from the date of initial granting of the loan until the balance sheet date.

The Company recognizes allowance for losses for accounts receivable based on expected credit loss of duration, according to the streamlined approach under IFRS 9. The lifetime expected credit losses are calculated using the reserve matrix, by considering the customers' past default records and current financial position as well as the industrial economic situations, in addition to GDP forecast and industrial outlook. As the Company's credit loss history shows that there is no significant difference among the loss patterns of different customer bases, the reserve matrix doesn't further divide the customer bases, but only establishes the expected credit losses based on the number of days for which the accounts receivable becomes overdue.

The Company writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic recovery expected by the Company. For accounts receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The loss allowance for accounts receivable measured by the Company using the reserve matrix is as follows:

December 31, 2023

	Not overdue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–270 days	Overdue 271–360 days	Overdue more than 360 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	100%	
Total Carrying Amount	$207,089	$ 66,327	$ -	$ -	$ -	$ -	$273,416
Loss allowance (lifetime expected credit loss)	-	-	-	-	-	-	-
Amortized Cost	$207,089	$ 66,327	$ -	$ -	$ -	$ -	$273,416

December 31, 2022

	Not overdue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–270 days	Overdue 271–360 days	Overdue more than 360 days	Total
Expected credit loss rate	0.102%	3.611%	5.875%	10.171%	22.633%	100%	
Total Carrying Amount	$264,107	$ 31,587	$ -	$ -	$ -	$ -	$295,694
Loss allowance (lifetime expected credit loss)	(269)	(1,140)	-	-	-	-	(1,409)
Amortized Cost	$263,838	$ 30,447	$ -	$ -	$ -	$ -	$294,285

Note: Said allowance for losses was evaluated based on the accounts receivable on December 31, 2022. The difference between it and the stated amount arose primarily because no reversal of allowance was done upon evaluation.

The information about changes in loss allowance on the Company's accounts receivable is specified as follows:

	2023	2022
Balance at the beginning of the year	$ 1,934	$ 1,934
Less: Reversal of impairment losses in the current year	(1,934)	-
Balance at the end of the year	$ -	$ 1,934

(2) Other accounts receivable:

When any objective evidence shows impairment on other receivables, the Company shall evaluate the amount of impairment individually. There should be no other receivables that were already past due but for which the Company has not yet recognized the loss allowance on the balance sheet date.

IX. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 310,680	$ 270,106
Work in process	415,560	423,652
Raw materials	128,817	342,578
	$ 855,057	$1,036,336

As of December 31, 2023 and 2022, the allowance for inventory valuation losses amounted to NT$81,434 thousand and NT$136,903 thousand, respectively.

Cost of sales

	2023	2022
Cost of sold inventory	$ 798,347	$ 947,928
Loss (gain on recovery) on inventory devaluation and obsolescence	(38,417)	34,308
Unamortized manufacturing expense	19,518	87,617
Labor cost	47,400	64,906
	$ 826,848	$1,134,759

The recovery of allowance for inventory valuation losses was mainly due to the recovery of the net realizable value of raw materials.

X. Non-current assets held for sale

To reduce operating costs and improve operating performance, the Company decided to sell the buildings and their ancillary equipment of Zhunan Plant 2 on November 4, 2021, per the resolution adopted by the Board of Directors, and reclassified the relevant assets to assets held for sale and disposal. The sale and purchase agreement was already signed on March 3, 2022. The sale price is NT$610,000 thousand (including tax). With respect to the transaction, the property title transfer registration has been completed on July 15, 2022. The gains on disposal thereof were NT$66,643 thousand.

XI. Investments using equity method

	December 31, 2023	December 31, 2022
Investment in subsidiaries		
SLC BioPharm Co., Ltd.	$ 17,618	$ 40,062
Ruize Biotechnology Co., Ltd.	8,144	9,867
Pengrui Construction Co.,	241,129	-

Ltd.		
	$ 266,891	$ 49,929

Name of subsidiary	Percentage of ownership interests and voting rights December 31, 2023	December 31, 2022
SLC BioPharm Co., Ltd.	100%	100%
Ruize Biotechnology Co., Ltd.	33.33%	33.33%
Pengrui Construction Co., Ltd.	100%	-

The Company established SLC BioPharm Co., Ltd. on February 8, 2022, wholly owned by the consolidated entities.

The Company acquired 33.33% of the equity of Ruize Biotechnology Co., Ltd. in cash, NT$15,300 thousand, on December 16, 2022.

The Company established Pengrui Construction Co., Ltd. on July 25, 2023, wholly owned by the consolidated entities.

XII. Property, plant and equipment

	House and building	Machinery and equipment	Test equipment	Transport equipment	Office equipment	Leasehold improvement	Other equipment	Uncompleted construction and equipment to be tested	Total
Cost									
Balance on January 1, 2023	$1,036,899	$1,037,950	$ 47,214	$ 400	$ 10,310	$ 34,815	$ 267,499	$ 18,695	$2,453,782
Addition	776	6,078	152	-	-	-	2,361	9,126	18,493
Disposal	-	(830)	(289)	(200)	(24)	-	(101)	-	(1,444)
Reclassification	317	5,623	-	-	-	-	57	(5,997)	-
Balance on December 31, 2023	$1,037,992	$1,048,821	$ 47,077	$ 200	$ 10,286	$ 34,815	$ 269,816	$ 21,824	$2,470,831
Accumulated depreciation and impairment									
Balance on January 1, 2023	$ 359,797	$ 805,227	$ 42,848	$ 388	$ 9,187	$ 28,608	$ 203,016	$ -	$1,449,071
Disposal	-	(778)	(289)	(200)	(24)	-	(101)	-	(1,392)
Depreciation expense	36,103	101,017	1,596	12	933	3,138	21,083	-	163,882
Balance on December 31, 2023	$ 395,900	$ 905,466	$ 44,155	$ 200	$ 10,096	$ 31,746	$ 223,998	$ -	$1,611,561
Net amount as of December 31, 2023	$ 642,092	$ 143,355	$ 2,922	$ -	$ 190	$ 3,069	$ 45,818	$ 21,824	$ 859,270
Cost									
Balance on January 1, 2022	$1,015,585	$1,040,662	$ 47,674	$ 400	$ 10,710	$ 34,691	$ 269,346	$ 40,897	$2,459,965
Addition	7,243	11,090	525	-	268	124	962	2,622	22,834
Disposal	-	(23,125)	(985)	-	(668)	-	(4,727)	-	(29,505)
Reclassification	14,071	9,323	-	-	-	-	1,918	(24,824)	488
Balance on December 31, 2022	$1,036,899	$1,037,950	$ 47,214	$ 400	$ 10,310	$ 34,815	$ 267,499	$ 18,695	$2,453,782
Accumulated depreciation and impairment									
Balance on January 1, 2022	$ 320,856	$ 707,966	$ 41,750	$ 294	$ 8,519	$ 25,379	$ 180,909	$ -	$1,285,673
Disposal	-	(23,125)	(985)	-	(668)	-	(2,926)	-	(27,704)
Depreciation expense	38,941	120,386	2,083	94	1,336	3,229	25,033	-	191,102
Balance on December 31, 2022	$ 359,797	$ 805,227	$ 42,848	$ 388	$ 9,187	$ 28,608	$ 203,016	$ -	$1,449,071
Net amount as of December 31, 2022	$ 677,102	$ 232,723	$ 4,366	$ 12	$ 1,123	$ 6,207	$ 64,483	$ 18,695	$1,004,711

No impairment loss was recognized or reversed in 2023 and 2022.

Depreciation expenses are provided on a straight-line basis over useful years, shown as follows:

House and building	
Factory premises and employee dormitory	20–51 years
Housing accessories	3–15 years
Machinery and equipment	3–20 years
Test equipment	5–9 years
Transport equipment	3 years
Office equipment	3–6 years
Leasehold improvement	2–11 years
Other equipment	3–20 years

For the amounts of property, plant and equipment furnished to secure loans, please refer to Note 26.

XIII. Lease agreement

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying Amount of Right-of-use Assets		
Land	$236,966	$243,308
Buildings	11,013	18,088
Transport equipment	2,189	773
Other equipment	4,748	-
	$254,916	$262,169

	2023	2022
Addition to right-of-use assets.	$ 7,118	$ 3,810
Depreciation expenses of right-of-use assets		
Land	$ 6,342	$ 8,061
Buildings	7,075	5,778
Transport equipment	704	465
Other equipment	250	-
	$ 14,371	$ 14,304

Except for the added and recognized depreciation expenses listed above, there were no significant under-lease and impairment of the Company’s right-of-use assets in 2023 and 2022.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 12,864	$ 11,212
Non-current	$257,039	$263,332

Discount rates of lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Land	3.00%	3.00%
Buildings	3.00%	3.00%
Transport equipment	3.00%~3.09%	3.00%
Other equipment	3.09%	-

(3) Important lease activities and terms

The underlying assets of the Company's lease transactions include land, buildings, and company cars. Lease contracts usually have a term of 2 to 20 years. Lease contracts are negotiated individually and contain different terms and conditions. There are no restrictions in the contract, except that the assets under the lease shall not be used as collateral for loans. Upon termination of the lease period, the Company retains no preemptive right to purchase said lease.

For the objects specified in the variable lease payment terms of the Company's lease contract linked to the adjustment of the announced land price at the site of the Company's plants or the rental rate for the lease of state-owned land, the lease liabilities are reassessed because of the change in lease payment resulting from the aforementioned rental adjustment in 2022, and the right-of-use assets are adjusted based on the re-measurement to the amount of NT$10,479 thousand.

The Company sold the Zhunan Plant 2 on July 15, 2022; therefore, the land lease contract for Zhunan Plant 2 was canceled. The carrying amount of the right-to-use land was NT$150,456 thousand, and a lease modification gain of NT$6,261 thousand was recognized.

(4) Other Leasing Information

	2023	2022
Expenses of Short-term Leases	$ 517	$ 1,050
Lease expense on low-value assets	$ 188	$ 215
Total cash (outflow) from lease	$ 20,628	$ 22,539

XIV. Corporate bonds payable

	December 31, 2023	December 31, 2022
2020 2nd domestic secured convertible corporate bond	$ -	$530,257
Less: Discount of corporate bonds payable	-	(1,653)
Less: Stated as the current portion	-	(528,604)
	$ -	$ -

The issue conditions of the 2020 2nd domestic secured convertible corporate bonds issued by the Company on May 25, 2020 are described below:

(1) Total amount and par value: The total amount was NT$700,000 thousand with a par value of NT$100 thousand. All the bonds were issued at par value.

(2) Duration: 3 years from May 25, 2020, to May 25, 2023.

(3) Coupon rate: 0%.

(4) Principal repayment date and method: With the exception of the holders converting the bonds to common stocks of the Company according to the issuance rules, the Company exercising early redemption according to the issuance rules, or the Company repurchasing the bonds at the premises of the securities firm and canceling them, the Company makes repayment on a lump-sum basis against the convertible corporate bonds held by holders at par value of the bonds plus interest compensation (0.7519% of the par value; real yield of 0.25%) on the maturity date.

(5) Conversion period: With the exception of the suspension period of transfer registration required by laws or the issuance rules, the bond holders may apply to the Company for conversion to common stocks of the Company according to the issuance rules during the period from the date following the

expiration of three months since the issuance of the convertible corporate bonds (August 26, 2020) to the maturity date (May 25, 2023). The convertible corporate bonds shall be converted to the new common stocks issued by the Company pursuant to the issuance rules.

(6) Conversion price and its adjustment: The conversion price at the time of issuance was set to NT$26.25 per share. However, the conversion price may be adjusted using the formula specified in the issuance rules after issuance of the convertible corporate bonds if the Company's issues (or privately places) common stocks increase, the cash dividend distributed against common stocks occupies more than 1.5% of the market price per share, or the Company issues (or privately places) other securities with common stock conversion or subscription options at the market price per share. The conversion price is adjusted based on the formula stated in issuance regulations. The Company has adjusted the conversion price to NT$24.78 due to the distribution of cash dividends from capital surplus and issuance of common stocks for capital increase since September 10, 2021.

(7) The rights and obligations of the new shares issued for conversion are the same as those of the Company's common stocks.

(8) The Company's right of redemption: The Company may call the convertible corporate bonds in cash at par value during the period from the date following expiration of three months upon issuance of the convertible corporate bonds (August 26, 2020) to 40 days prior to expiration of duration (April 15, 2023) if the closing price of the Company's common stocks on the stock exchange market exceeds the then applicable conversion price by more than 30% for 30 consecutive business days, or the balance of the outstanding convertible corporate bonds is less than 10% of the initial total issue price.

(9) According to the issuance rules, all the convertible corporate bonds that have been called (including repurchases from the secondary market) or repaid by the Company or converted by the holders shall be canceled and may not be sold or issued again.

Said convertible corporate bonds consist of liabilities and equity elements. The equity elements are expressed as capital surplus – stock options under the equity. The effective interest rate initially recognized for the liability elements is

0.94%. The call option is carried at fair value through profit or loss. Liability and equity elements are specified as follows:

Issue price (less the trading cost of $6,600 thousand)	$ 693,400
Equity elements	(9,153)
Value of call option	1,470
Liability elements on the date of issuance	685,717
Interest calculated based on the effective interest rate, 0.94%	15,437
Corporate bonds payable converted to common stocks	(170,897)
Redemption of corporate bonds	(530,257)
Elements of liabilities as of December 31, 2023	$ -

When issuing the convertible corporate bonds referred to in the previous paragraph, the Company separated the conversion option classified as equality from debt elements, and stated them as “capital surplus – warrant” to the amount of NT$9,153 thousand, according to IAS 32 “Financial Instruments: Presentation.” The embedded put option was dealt with separately according to IAS 39 “Financial Instruments: Recognition and Measurement” because it is not closely related to the economic characteristics and risks of the debt instruments in the main contract. The net value of the embedded call option was stated as “financial assets carried at fair value through profit or loss.” The effective interest rate of the debt in the contract after the separation was 0.94%.

Said convertible corporate bonds with a total par value of NT$173,700 thousand have been converted to 6,617 thousand common stocks, and all the remaining convertible corporate bonds with a total par value of NT$526,300 thousand were redeemed on May 25, 2023.

XV. Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	$ 49,466	$ 48,363
Service fee payable	8,458	6,874
Equipment payment payable	6,195	3,133
Others	45,706	42,624
	$109,825	$100,994

XVI. Post-employment benefit plan

Defined appropriation plan

The Company's pension system under the "Labor Pension Act" is a state-managed defined contribution plan. Under the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at the Bureau of Labor Insurance at 6% of their monthly salaries and wages. The defined contribution pension expenses recognized by the Company for 2023 and 2022 were NT$11,318 thousand and NT$11,013 thousand, respectively.

XVII. Equity

(1) Capital stock

Ordinary Shares

	December 31, 2023	December 31, 2022
Authorized number of shares (thousand shares)	350,000	350,000
Capital stock	$3,500,000	$3,500,000
The number of issued and outstanding shares with paid-in capital (in thousand shares)	317,399	317,216
Issued capital stock	$3,173,991	$3,172,166

The common stocks are issued with par value of NT$10 per share with one voting right and the right to collect dividends for each.

The changes in the Company’s capital stock were primarily caused by employees’ exercise of their stock options.

From October 1 to December 31, 2023, employees of the Company exercised stock options to subscribe for 10 thousand shares of common stock at the subscription price of NT$16.5 per share. March 8, 2024 was resolved by the Board of Directors to be the base date of capital increase. The Company did not register the change with the Ministry of Economic Affairs before the publication date of this standalone financial statement.

(2) Capital surplus

	December 31, 2023	December 31, 2022
It can be applied for the make-up of losses, cash distribution, or capitalization (1).		
Issuance at premium	$108,661	$106,644
Employee stock options	19,584	20,415
Invalid convertible corporate bonds stock options	6,882	-
Not used for any purposes.		
Convertible corporate bonds Stock options	-	6,882
	$135,127	$133,941

1. Such capital surplus can be used to make up for losses. Meanwhile, when the Company suffers no losses, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained Earnings and Dividend Policy

The Company has resolved to pass the amended Articles of Incorporation at the shareholders' meeting on June 1, 2022 to expressly that the Company shall authorize the Board of Directors to distribute the bonus and dividend to be distributed in cash per special resolution.

According to the earnings distribution policy under the Company's amended Articles of Incorporation, if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes pursuant to laws and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve. Subsequently, the Company shall contribute or reverse special reserve pursuant to laws. The balance, if any, plus the accumulated undistributed earnings in the past years, shall be distributed as dividends to shareholders per the motion for distribution of earnings proposed by the Board of Directors as resolved by a shareholders' meeting. According to the dividend policy, the Company shall set aside no less than 50% of the distributable earnings for the allocation of shareholder bonuses. However, shareholder bonus may not be distributed if the accumulated distributable earnings are less than 3% of the paid-in capital. The payment may be made in cash or shares and the dividend in cash shall not be less than 5% of the total dividend. If the earnings referred to in the preceding paragraph are distributed in the form of cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders' meeting.

According to the earnings distribution policy under the Company's Articles of Incorporation before the amendments, if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes pursuant to laws and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve. Subsequently, the Company shall contribute or reverse special reserve pursuant to laws. The balance, if any, plus the accumulated undistributed earnings in the past years, shall be distributed as dividends to shareholders per the motion for distribution of earnings proposed by the Board of Directors as resolved by a shareholders' meeting. The dividend policy of the Company is to set aside no less than 50% of distributable earnings for allocation of shareholder bonuses. It may be paid in cash or shares, of which the dividend in cash shall not be less than 5% of the total dividend. Please refer to Note 19(6) "Remuneration to Employees and Directors" for the distribution of remuneration to employees and directors prescribed in the Company's Articles of Incorporation.

The Company shall set aside a legal reserve unless its total amount has reached the amount of the Company's total paid-in capital. The legal reserve may be used to offset a deficit. Where the Company doesn't operate at a loss, the part of the legal reserve in excess of 25% of the paid-in capital could be applied for capitalization and may be allocated in cash as well.

The Company's 2022 and 2021 earnings appropriation plans are stated as follows:

	2022	2021
Legal reserve	$ 3,638	$ 996
Special reserve	$ -	$ 8,960
Cash dividend	$ 32,749	$ -
Cash dividend per share (NT$)	$ 0.1032	$ -

Said cash dividends were resolved to be distributed by the Board of Directors meeting on May 5, 2023 and April 15, 2022, respectively. The other earnings appropriation plan was also resolved by the annual general meetings on June 15, 2023 and June 1, 2022.

XVIII. Operating Revenue

Product and service type	2023	2022
Revenue from customer contracts		
Revenue from the sale of products	$ 988,707	$1,199,792
Labor service revenue	57,940	65,957
	$1,046,647	$1,265,749

(1) Remark on customer contracts

1. The income from R&D services and process design of the Company is generated from the development of new drugs and process designs as described below:

   (1) The Company entered into a process design agreement with Customer Z in November 2018 to provide process design services for the setup of oral tablet production lines for the new drug SLC-029.

   The income from the process design was mainly based on the transaction price allocated to the contractual obligations and recognized according to the progress of these obligations. The completion percentage of the services was determined based on the proportion of the actually disbursed cost in the estimated total cost. Process validation and batch production will be conducted after the setup of the production lines for batch manufacturing before mass production of the new drug. The Company will recognize a service income based on the progress.

   (2) The Company entered into the technology transfer and batch production contracts with Customer X in June 2022. Under the contracts, the consolidated entities allocated the transaction price primarily based on the contract performance obligations at the stages, including technology transfer, batch production and product test, and recognized the revenue when the contract performance obligation was satisfied.

2. The fee-splitting under drug license and authorized sale is as follows:

The Company authorizes a leading international pharmaceutical company as the sole agent to sell ertapenem injection medicine for which the Company has acquired the drug license in the USA. In addition to receiving a fixed upfront payment based on the progress stated in the agreement, the Company and the pharmaceutical company are subject to a fee-splitting and profit-sharing mechanism according to the agreement, and the Company recognizes an agreed percentage of net profit in revenue defined in the agreement in consideration of the sales status of the pharmaceutical company.

(2) Contract Balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 8)	$ 271,484	$ 290,501	$ 486,354
Contract liabilities – current	$ 19,802	$ 64,267	$ 103,707

For 2023 and 2022, the amount of NT$53,858 thousand and NT$64,039 thousand from the beginning contract liabilities and fulfilled performance obligations due to merchandise sales recognized as revenue in the current year, respectively.

The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

(3) Breakdown of revenue from contracts with customers

2023

	Antibiotics	Others	Total
Customer contract income recognized at a certain time point	$ 880,860	$ 116,079	$ 996,939
Income recognized individually along the timeline	-	49,708	49,708
	$ 880,860	$ 165,787	$1,046,647

2022

	Antibiotics	Others	Total
Customer contract income recognized at a certain time point	$ 972,345	$ 229,604	$1,201,949
Income recognized individually along the timeline	-	63,800	63,800
	$ 972,345	$ 293,404	$1,265,749

19. Net profit before tax

(1) Interest revenue

	2023	2022
Bank deposits	$ 34,106	$ 10,809
Financial assets carried at amortized cost	8,866	5,197
Others	534	12
	$ 43,506	$ 16,018

(2) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	$ 421	($ 1,301)
Gain on disposal of non-current assets held for sale	-	66,643
Gain (loss) from financial assets at fair value through profit or loss	(8,781)	2,598
Net gain on foreign exchange	364	53,928
Gain on Lease Modifications	-	6,261
Others	(310)	(3,063)
	($ 8,306)	$125,066

(3) Financial cost

	2023	2022
Interest expenses		
Bank loan	$ 33	$ 96
Corporate bonds payable	1,653	4,929
Interest on Lease Liabilities	8,164	10,669
	$ 9,850	$ 15,694

(4) Depreciation and impairment expenses

	2023	2022
Property and equipment	$163,882	$191,102
Right-of-use assets	14,371	14,304
Intangible assets	3,247	3,315
	$181,500	$208,721
Summarization of depreciation expenses by function		
Operating costs	$133,757	$148,281
Operating expenses	44,496	57,125
	$178,253	$205,406
Summarization of amortization expenses by function		
Operating costs	$ 2,320	$ 2,830
Operating expenses	927	485
	$ 3,247	$ 3,315

(5) Employee benefit expense

	2023	2022
Short-term employee benefits		
Payroll expense	$235,673	$224,835
Labor and health insurance expense	24,003	22,643
Post-employment Benefits	11,318	11,013
Other employee benefit	11,595	11,765
Total employee benefit expense	$282,589	$270,256
Summarization by function		
Operating costs	$203,562	$189,854
Operating expenses	79,027	80,402
	$282,589	$270,256

(6) Remuneration to employees and directors

According to the Articles of Incorporation, if there is profit for the year, the Company shall set aside no less than 3% thereof as remuneration to employees and no more than 3% as remuneration to directors. However, the profit must first be used to cover the Company’s cumulative loss, if any. The 2023 and 2022 remuneration to employees and directors was resolved as follows by the Board of Directors on March 8, 2024 and May 5, 2023, respectively:

Estimated ratio

	2023	2022
Remuneration to Employees	3.16%	3.13%
Remuneration to Directors	1.96%	2.08%

Amount

	2023	2022
Remuneration to Employees	$ 1,000	$ 1,200
Remuneration to Directors	$ 620	$ 800

Changes in the amount after the publication date of the annual standalone financial report will be treated as changes in accounting estimates and adjusted in the following year.

There was no difference between the amount of actual remuneration to employees and directors in 2022 and 2021, and the amount is recognized in 2022 and 2021 standalone financial statements.

Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

XX. Income tax

(1) Income tax recognized in profit or loss

The main elements of income tax expense are as follows:

	2023	2022
Current income tax		
Those generated in the current period	$ -	$ 12,477
Adjustments from the previous year	-	817
	-	13,294
Deferred income tax		
Those generated in the current period	-	(13,294)
Total Income Tax Expense Recognized in Profit or Loss	$ -	$ -

The reconciliation of accounting income and income tax expense is as follows:

	2023	2022
Net profit before tax	$ 30,030	$ 36,387
Income tax expense calculated at net profit before tax and statutory tax rate (20%)	$ 6,006	$ 7,277
Non-deductible expenses and losses for tax purposes	7,012	5,200
Unrecognized loss carryforwards and deductible temporary differences	(13,018)	(13,294)
Adjustments to current income tax expenses of prior years	-	817
Total Income Tax Expense Recognized in Profit or Loss	$ -	$ -

(2) Deductible temporary differences and unused loss carryforwards not recognized in deferred income tax assets in the standalone balance sheets

	December 31, 2023	December 31, 2022
Loss carryforwards		
Expires in 2023	$ -	$ 260,568
Expires in 2024	389,462	389,462
Expires in 2025	453,965	453,965
Expires in 2026	219,185	219,185
Expires in 2028	341,079	341,079
Expires in 2032	135,065	-
Expires in 2033	34,440	-
	$1,573,196	$1,664,259
Deductible temporary difference	$ 117,985	$ 217,517

(3) Information on unused loss carryforwards

As of December 31, 2023, the relevant information of the Company's loss carryforwards is as follows:

Balance to be deducted	Last year of credit
$ 389,462	2024
453,965	2025
219,185	2026
341,079	2028
135,065	2032
34,440	2033
$1,573,196	

(4) Authorization of income tax

The tax collection authority has authorized the profit-seeking enterprise income tax returns of the Company until 2021.

XXI. Earnings per share

Unit: NTD per share

	2023	2022
Basic and diluted EPS	$ 0.09	$ 0.11

The net income and weighted average number of common stocks used to calculate earnings per share are enumerated below:

Net income for the year

	2023	2022
Net income used to calculate basic earnings per share	$ 30,030	$ 36,387
Effect of dilutive potential common stocks：		
Interest on convertible corporate bonds	1,653	-
Net income used to calculate diluted earnings per share	$ 31,683	$ 36,387

Number of shares Unit: thousand shares

	2023	2022
Weighted average number of common stocks is used to calculate basic earnings per share	317,296	317,024
Effect of dilutive potential common stocks：		
Converted to corporate bonds	21,239	-
Employee stock options	2	-
Remuneration to Employees	67	53
Weighted average number of common stocks is used to calculate diluted earnings per share	338,604	317,077

If the Company may choose to pay employees' remuneration in stock or cash and when calculating the diluted earnings per share, it is assumed that the employees' remuneration will be paid in stock. When the potential common stocks have a diluted effect, the weighted number of shares outstanding is used to calculate diluted earnings per share. Such a dilutive effect on the potential shares should be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the next year.

Due to the anti-dilutive effect of the outstanding share warrants in 2023, it was not included in the calculation of diluted earnings per share. The Company's 2022 convertible bonds and stock options have an anti-dilutive effect, so they are not included in the calculation of diluted earnings per share.

XXII. Share-based payment agreement

The employees of the Company who meet certain criteria are the recipients of the share-based payment agreements. The duration of stock option is 6 years, and the certificate holder may exercise a certain percentage of stock option granted on the expiry date 2 years after the date of issuance. The exercise price of the warrants is the closing price of the Company's common stock on the date of issuance. After the warrants are issued, the exercise price is adjusted in accordance with the prescribed formula in case of changes in the number of common stocks of the Company. The Company's share-based payment agreements for 2023 and 2022 are as follows:

Type of agreement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
The 4th employee stock option compensation plan	2016-05-31	870	6 years	50% for 2 full years 100% for 3 full years
The 4th employee stock option compensation plan	2017-01-13	1,130	6 years	50% for 2 full years 100% for 3 full years
The 5th employee stock option compensation plan	2017-08-17	140	6 years	50% for 2 full years 100% for 3 full years
The 5th employee stock option compensation plan	2018-03-30	3,000	6 years	50% for 2 full years 100% for 3 full years
The 6th employee stock option compensation plan	2019-08-15	1,586	6 years	50% for 2 full years 100% for 3 full years
The 6th employee stock option compensation plan	2019-11-15	320	6 years	50% for 2 full years 100% for 3 full years

The Company did not issue additional employee stock options in 2023 and 2022. The information on employee stock options issued is as follows:

Employee stock options	2023 Unit (thousand)	2023 Weighted average exercise price (NT$)	2022 Unit (thousand)	2022 Weighted average exercise price (NT$)
Outstanding, the beginning of the year	1,242	$ 21.99	2,149	$ 21.28
Forfeited in this period	(390)	22.93	(711)	21.37
Exercised in this period	(182)	16.50	(196)	16.50
Outstanding, end of year	670	22.93	1,242	21.99
Exercisable at the end of the year	670	22.93	1,242	21.99

The weighted average stock price of the employee stock options exercised in 2023 and 2022 was NT$19.20 and NT$18.03, respectively.

Information on outstanding employee stock options is as follows:

	December 31, 2023		December 31, 2022	
	Strike price	Weighted average remaining contract period	Strike price	Weighted average remaining contract period
The 5th employee stock option compensation plan	NT$24.8	3 months	NT$24.8	1 years and 3 months
The 6th employee stock option compensation plan	NT$16.5	1 years and 7 months	NT$16.5	2 years and 7 months

The Company uses the Black-Scholes valuation model to grant stock options to employees, and the input values used in the valuation model are as follows:

Type of agreement	Grant date	Stock price (NT$)	Strike price (NT$)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (share)
The 5th employee stock option compensation plan	2017-08-17	23	21.7 (Note)	39.36%	4 years	-	0.69%	NT$7.26
The 5th employee stock option compensation plan	2017-08-17	23	21.7 (Note)	39.36%	4 years and 6 months	-	0.72%	NT$7.70
The 5th employee stock option compensation plan	2018-03-30	26.2	24.8 (Note)	38.20%	4 years	-	0.64%	NT$8.03
The 5th employee stock option compensation plan	2018-03-30	26.2	24.8 (Note)	38.20%	4 years and 6 months	-	0.68%	NT$8.52
The 6th employee stock option compensation plan	2019-08-15	17.4	16.5 (Note)	37.36%	4 years	-	0.52%	NT$4.42
The 6th employee stock option compensation plan	2019-08-15	17.4	16.5 (Note)	37.36%	4 years and 6 months	-	0.53%	NT$4.68
The 6th employee stock option compensation plan	2019-11-05	22.25	21.1 (Note)	34.77%	4 years	-	0.57%	NT$6.24
The 6th employee stock option compensation plan	2019-11-05	22.25	21.1 (Note)	37.13%	4 years and 6 months	-	0.58%	NT$7.02

Note: The Company adjusted the strike price after the issue of shares for capitalization of capital surplus on September 10, 2021.

The compensation costs recognized in 2023 and 2022 were both NT$0 thousand.

XXIII. Capital risk management

The Company conducts capital management to ensure the continuity of business operations and maintain an optimal capital structure to lower the capital cost and create returns for shareholders. To maintain or adjust the capital structure, the Company will consider the working capital required for the future, capital expenditure and dividend disbursement. The Company monitors the funds and achieves the capital management goals by conducting financial analysis and regularly reviewing the asset to liability ratio.

The Company's strategy for 2023 remains the same as that for 2022. As of December 31, 2023 and 2022, the Company's debt-to-asset ratios were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 455,324	$1,038,395
Total assets	$3,808,066	$4,390,845
Asset to liability ratio	12%	24%

XXIV. Financial instruments

(1) Fair value information – Financial instruments not carried at fair value

December 31, 2022

	Carrying Amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial liabilities					
Corporate bonds payable	$528,604	$ -	$527,616	$ -	$527,616

For said Level 2 fair value measurement, the binary tree-based model for the valuation of convertible bonds is used to estimate the fair value.

(2) Fair value information – Financial instruments at fair value on a recurring basis

1. Fair Value Hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value through profit or loss				
Domestic emerging stocks	$ 36,302	$ -	$ -	$ 36,302
Foreign listed/over-the-counter stocks	11,913	-	-	11,913
	$ 48,215	$ -	$ -	$ 48,215

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value through profit or loss				
Domestic emerging stocks	$ 32,813	$ -	$ -	$ 32,813
Foreign listed/over-the-counter stocks	6,121	-	-	6,121
	$ 38,934	$ -	$ -	$ 38,934

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Evaluation technology or input for Level 3 fair value measurement.

The Company's issuance of secured convertible bonds in the second quarter of 2020 resulted in a redemption value of NT$1,470 thousand, and its fair value was NT$0 thousand as of December 31, 2022. Regarding the conditions for the Company's issuance of convertible corporate bonds, please refer to Note 14.

Derivatives – The fair value for the call option of bonds was measured based on the binary tree-based model for the valuation of convertible bonds. Volatility was adopted as the significant unobservable input. Specifically, when the volatility increases, the fair value of the call option for the bonds increases relatively.

(2) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at fair value through profit or loss	$ 48,215	$ 38,934
Financial assets carried at amortized cost (Note 1)	1,456,031	1,877,151
Financial liabilities		
Financial liabilities carried at amortized cost (Note 2)	165,594	699,468

Note 1: The balances include the financial assets carried at amortized cost, such as cash and cash equivalents, financial assets carried at amortized cost, net notes receivable, net accounts receivable, other receivables (including related parties), and refundable deposits (stated as other non-current assets).

Note 2: The balances include the financial liabilities measured at amortized cost, such as notes payable, accounts payable, other payables (including related parties), and corporate bonds payable (including the current portion).

(3) Financial risk management objectives and policies

The major financial instruments of the Company include investments in equity instruments, accounts receivable, accounts payable, corporate bonds payable, and lease liabilities. The routine operation of the Company is affected by many financial risks, including market risk (such as exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The overall risk management policy of the Company emphasizes unpredictable events in financial markets. We are dedicated to reducing the potential effect on the financial status and performance of the Company.

The financial department is responsible for carrying out the risk management tasks of the Company pursuant to the policies approved by the Board of Directors. The finance department works closely with the operating unit of the Company to identify, assess, and avoid financial risks.

1. Market risk

The Company's operating activities expose it primarily to the financial risk of changes in exchange rates (please refer to the following subparagraph (1)) and interest rates (please refer to the following subparagraph (2)).

(1) Foreign exchange rate risk

The Company engages in foreign currency-denominated sales and purchases, and, therefore, exposes itself to the risk of exchange rate changes.

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, please refer to Note 28.

Sensitivity analysis

The Company is primarily exposed to the fluctuation in the exchange rate of USD. For the significant assets and liabilities generated from foreign currency-denominated transactions, the foreign currency-denominated assets and liabilities may offset each other based on the income generated from the changes in the exchange rate in the market. Notwithstanding, as the Company's foreign currency-denominated assets are more than the foreign currency-denominated liabilities, the consolidated entities have to bear exchange rate risk.

The sensitivity analysis of the Company aims at foreign currency-denominated monetary items on the balance sheet date, and their translation at the end of the year is adjusted by changes in exchange rates of 1%. If the NTD appreciated by 1% against USD, the net income before tax for 2023 and 2022 would have decreased by NT$8,942 thousand and NT$12,720 thousand, respectively.

(2) Interest rate risk

As the Company borrows funds primarily at fixed interest rates, the interest rate risk arises.

The carrying amounts of the consolidated entities' financial assets and financial liabilities with exposure to interest rates on the balance sheet date are stated as follows:

	December 31, 2023	December 31, 2022
with fair value interest rate risk		
- Financial liabilities	$ -	$ 528,604

(3) Other Price Risk

The equity securities market risk includes the risk arising from changes in the equity securities market price, namely the general market risk arising from changes in the overall market price. When the equity price declined by 1%, the Company's income before tax would have decreased by NT$482 thousand and NT$389 thousand, respectively, due to the changes in the financial assets measured at fair value through profit or loss as of December 31, 2023 and 2022.

2. Credit risk

Credit risk refers to the risk that a trading counterpart will default on its contractual obligations and thereby result in the risk of financial loss to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk (irrespective of collateral or other credit enhancement instruments, and irrevocable), which would cause a financial loss to the Company due to a trading counterpart's failure to discharge contractual obligation and the Company's provision of financial guarantee, would have primarily been caused by the carrying amount of the financial assets recognized in the standalone balance sheet.

According to the documented internal credit policy, the Company must carry out customer management and credit risk analysis for each new customer before establishing payment terms and delivery conditions with the new customer. Internal risk control is performed in consideration of the financial status of the customer, previous experience and other factors to assess the credit quality of the customer. The credit facilities with respect to individual risks are determined by the

Board of Directors pursuant to internal or external rating. Use of the credit facilities is monitored on a regular basis.

3. Liquidity risk

The cash flow forecast is implemented by the management of the Company and summarized by the financial department. The financial department monitors the forecast of the Company's liquidity demands to ensure sufficient funds for the business operation. The financial department also maintains adequate unused loan commitment limits at all times to ensure the Company will not act in violation of related loan limits or terms. The forecast is subject to consideration of the Company's financing plan, compliance with liability clauses, and conformity to the financial ratio in the internal balance sheet.

(1) Statement of liquidity and interest risk rate of non-derivative financial liabilities

The analysis of the remaining contractual maturity for the non-derivative financial liabilities is prepared based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company (including the principal and estimated interest) can be required to pay. The analysis of maturity for the Company's non-derivative financial liabilities is prepared based on the agreed repayment dates.

December 31, 2023

	Less than 3 months	3 months–1 year	1–5 years	Over 5 years
Non-derivative financial liabilities				
Accounts payable	$ 51,574	$ 2,623	$ -	$ -
Other payables	107,841	1,984	-	-
Lease liabilities	5,203	15,586	54,695	363,680
	$164,618	$ 20,193	$ 54,695	$363,680

December 31, 2022

	Less than 3 months	3 months–1 year	1–5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable	$ 120	$ -	$ -	$ -
Accounts payable	66,524	3,226	-	-
Other payables	68,255	32,739	-	-
Lease liabilities	4,842	14,453	57,242	374,872
Corporate bonds payable	-	530,257	-	-
	$139,741	$580,675	$ 57,242	$374,872

(2) Facility

	December 31, 2023	December 31, 2022
Bank facility		
- Amount already disbursed	$ -	$ -
- Amount not yet disbursed	370,000	760,000
	$370,000	$760,000

XXV. Transactions with related parties

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

(1) Names of related parties and their relationships

Name	Relationship with the Company
SLC BioPharm Co., Ltd. (SLC BioPharm)	Subsidiary:
Ruize Biotechnology Co., Ltd. (Ruize Biotechnology)	Subsidiary:
Pengrui Construction Co., Ltd. (Pengrui Construction)	Subsidiary:

(2) Receivables from related parties

Presentation account	Category/Name of related party	December 31, 2023	December 31, 2022
Other accounts receivable	Subsidiary		
	SLC BioPharm Co., Ltd.	$ 1,615	$ 1,563

No guarantee is received for the accounts receivable from related parties still outstanding. No allowance for loss was provided for the receivables from related parties in 2023 and 2022.

(3) Accounts payable to related parties

Presentation account	Category/Name of related party	December 31, 2023	December 31, 2022
Other payables	Subsidiary		
	Ruize Biotechnology Co., Ltd.	$ 1,572	$ -

The outstanding balance of payables to related parties is not guaranteed.

(4) Rent income

Category/Name of related party	December 31, 2023	December 31, 2022
Subsidiary:		
SLC BioPharm Co., Ltd.	$ 7,800	$ 6,500

In the lease contract between the Company and its related parties, the rent is calculated with reference to the regional market price and is collected or paid on a monthly basis.

(5) Transactions with other related parties

Presentation account	Category/Name of related party	December 31, 2023	December 31, 2022
Cost of sales	Subsidiary		
	SLC BioPharm Co., Ltd.	$ 188	$ -
Operating expenses	Subsidiary		
	Ruize Biotechnology Co., Ltd.	$ 4,022	$ -
	SLC BioPharm Co., Ltd.	505	-
		$ 4,527	$ -

(6) Remuneration to key management personnel

	December 31, 2023	December 31, 2022
Short-term employee benefits	$ 19,824	$ 19,168

Total amount of salary and compensation to directors and other key management are decided by the Remuneration Committee based on personal performance and market trend.

XXVI. Pledged and mortgaged assets

The following assets of the consolidated entities are provided as collateral for bank guarantees, bank facilities and right-of-use assets:

	December 31, 2023	December 31, 2022
Time deposits (stated as financial assets carried at amortized cost – current)	$ -	$297,887
Time deposits (stated as financial assets measured at amortized cost – non-current)	4,040	-
Property, plant and equipment	612,879	642,671
Refundable deposits (stated as other non-current assets)	1,830	2,399
	$618,749	$942,957

XXVII. Significant contingent liabilities and unrecognized contractual commitments

The Company's significant commitments on the balance sheet date, in addition to those already specified in other notes, are specified as follows:

(1) As of December 31, 2023 and 2022, the amount of the unused letters of credit of the Company already issued was US$73 thousand and US$86 thousand, respectively.

(2) The Company's unrecognized contractual commitments are as follows:

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	$ 11,625	$ 11,955

XXVIII. Information on assets and liabilities denominated in foreign currencies with significant impact

The following information is summarized according to the foreign currencies other than the functional currency of each of the Company. The foreign exchange rates disclosed are used to translate the foreign currency into functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2023

	Foreign Currency	Foreign exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 30,128	30.705 (USD:NTD)	$ 925,069
Non-monetary items			
Financial assets carried at fair value through profit or loss			
USD	388	30.705 (USD:NTD)	$ 11,913
Foreign currency liabilities			
Monetary items			
USD	1,006	30.705 (USD:NTD)	$ 30,891
Non-monetary items			
USD	652	30.705 (USD:NTD)	$ 19,802

December 31, 2022

	Foreign Currency	Foreign exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 42,545	30.71 (USD:NTD)	$1,303,490
Non-monetary items			
Financial assets carried at fair value through profit or loss			
USD	199	30.71 (USD:NTD)	$ 6,121
Foreign currency liabilities			
Monetary items			
USD	1,027	30.71 (USD:NTD)	$ 31,539
Non-monetary items			
USD	2,018	30.71 (USD:NTD)	$ 58,906

(Unrealized) exchange gains or losses on foreign currency assets and liabilities with significant impact are specified as follows:

	2023		2022	
Functional currencies of entities holding foreign currencies	Foreign exchange rate	Net exchange (losses) gains	Foreign exchange rate	Net exchange (losses) gains
USD	30.705 (USD:NTD)	($ 6,316)	30.71 (USD:NTD)	$ 1,535

XXIX. Disclosure of Notes

Information on (1) material transactions and (2) investees:

1. Loans to others: None.
2. Endorsements/guarantees for others: None.
3. Securities – ending (excluding those controlled by invested subsidiaries and affiliates): Table 1.
4. Aggregate purchases or sales of the same marketable securities reaching NT$300 million or more than 20% of paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or more than 20% of paid-in capital: None.
6. Disposal of property reaching NT$300 million or more than 20% of paid-in capital: None.
7. Purchases or sales of goods from and to related parties reaching NT$100 million or more than 20% of paid-in capital: None.
8. Accounts receivable from related parties reaching NT$100 million or more than 20% of the paid-in capital: None.
9. Trading in derivatives: None.
10. Information on investees: Table 2.

(3) Information on investment in China

1. Investees' name, business operations, paid-in capital, investment method, capital inward or outward, shareholding ratio, current gains or losses, and recognized investment gains or losses, investment year end carrying amount, investment gain or loss inward, and investment limits in the mainland China: None.
2. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

(1) Purchase amount and percentage and the related payables ending balance and percentage: None.

(2) Sale amount and percentage and the related receivables ending balance and percentage: None.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

(5) The highest balance, end of period balance, interest rate range, and total current interest with respect to financing of funds: None.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the provision or acceptance of services: None.

(4) Information on major shareholders

Name, number and percentage of shareholdings for shareholders with more than 5% of shareholdings: None.

Marketable Securities Held by Savior Lifetec Corporation and subsidiaries at the end of the period

December 31, 2023

Table 1

Unit: Amounts in NTD thousand, Unless Otherwise Specified

Holding company	Type and name	Relationship with the issuer of securities	Account title	End of period				Remarks
				Shares	Carrying Amount	Shareholding percentage	Fair value	
Savior Lifetec Corporation	Stock							
	Formosa Pharmaceuticals, Inc.	—	Financial assets carried at fair value through profit or loss – current	726,469	$ 36,302	0.542%	$ 36,302	Note 1
	Sana Biotechnology, Inc.	—	Financial assets carried at fair value through profit or loss – current	88,700	11,112	0.045%	11,112	Note 2
	Spero Therapeutics, Inc.	—	Financial assets carried at fair value through profit or loss – current	17,743	801	0.033%	801	Note 2

Note 1: The fair value was calculated based on the average transaction price on December 31, 2023.

Note 2: The fair value was calculated based on the closing price on December 31, 2023.

Note 3: For information about investments in subsidiaries, please refer to Table 2.

Name, location, and other relevant information of Savior Lifetec Corporation, Ltd. and its subsidiaries.

January 1 to December 31, 2023

Table 2

Unit: NTD thousand

Name of investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Held at End of Period			Investment Income or Loss on Investees	Investment Income or Loss Recognized for this Period	Remarks
				End of Current Period	End of Last Year	Number of shares (thousand shares)	Percentage (%)	Carrying Amount			
The Company	SLC BioPharm Co., Ltd.	Taipei City	Biotechnology R&D and wholesale of western pharmaceutical	$ 60,000	$ 60,000	6,000	100	$ 17,618	($ 22,444)	($ 22,444)	Note 1
The Company	Ruize Biotechnology Co., Ltd.	Taichung City	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	10,000	10,000	1,000	33.33	8,144	(5,170)	(1,723)	Note 1
The Company	Pengrui Construction Co., Ltd.	Taipei City	Urban renewal and reconstruction business and investment consulting business	241,000	-	24,100	100	241,129	129	129	Note 1
SLC BioPharm Co., Ltd.	Ruize Biotechnology Co., Ltd.	Taichung City	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	5,300	5,300	530	17.67	4,317	(5,170)	(913)	Note 1
Pengrui Construction Co., Ltd.	Huan Pin Construction Co., Ltd.	Taipei City	Residential and building development, leasing and sales business, and urban renewal and reconstruction business	147,000	-	14,700	35	146,961	(110)	(39)	Note 1

Note: Calculated based on investees’ 2023 financial statements audited by accountants.

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Savior Lifetec Corporation

Statement of cash and cash equivalents

December 31, 2023

Statement 1

Unit: NTD and foreign currency, thousands

Item	Summary	Amount
Cash on Hand		$ 364
Demand deposits - NTD	—	38,531
Demand deposits - USD	USD 982 thousand (Note)	30,146
Demand deposits - RMB	CNY 1,295 thousand (Note)	5,602
Demand deposits - other foreign currency	—	1,045
Time deposit - NTD	October 2, 2023 to March 29, 2024, interest rate of 1.10% to 1.16%	241,350
Time deposits - USD	October 2, 2023 to February 21, 2024, interest rate of 5.30% to 5.40% (Note)	604,888
Repurchase agreements	November 14, 2023 to January 30, 2024, interest rate of 1.12% to 1.15%	48,000
Total		$969,926

Note: The exchange rates of foreign currency deposits are as follows:

NTD:USD = 1:30.705

NTD:CNY = 1:4.327

Savior Lifetec Corporation

Current statement - financial assets measured at fair value through profit or loss

2023

Statement 2 | Unit: NTD thousand

Name of financial instruments	Summary	Number of shares or sheets	Face value	Total Amount	Interest rate	Acquisition cost	Fair value		Changes in fair value attributed to credit risks	Remarks
							Fair value unit price	Total Amount		
Stock	Formosa Pharmaceuticals, Inc.	726,469	10.000	$ 36,302	None	$ 19,972	$ 49.97	$ 36,302	$ -	—
Stock	Sana Biotechnology, Inc. common stock	88,700	0.003	11,112	None	21,190	125.27	11,112	-	—
Stock	Spero Therapeutics, Inc. common stock	17,743	0.031	801	None	8,212	45.13	801	-	—
				$ 48,215		$ 49,374		$ 48,215	$ -	

Savior Lifetec Corporation

Current statement - financial assets measured at amortized cost

December 31, 2023

Statement 3 Unit: NTD thousand, unless stated otherwise

Item	Interest rate per annum (%)	Term	Amount
NTD time deposit			
Sunny Commercial Bank	1.34%	September 8, 2023 to March 8, 2024	$ 50,000
CTBC Bank	1.40%	November 1, 2023 to May 1, 2024	100,000
Foreign currency time deposit			
CTBC Bank			
US Dollar	5.35%	August 15, 2023 to February 15, 2024	46,058
			$ 196,058

Savior Lifetec Corporation

Statement of accounts receivable

December 31, 2023

Statement 4 Unit: NTD thousand

Name of Customer	Amount
Non-related party	
A02C001	$192,771
A01C005	23,407
C01C004	20,658
Others (Note)	34,648
	271,484
Less: Allowance loss	-
	$271,484

Note: The balance of each customer did not exceed 5% of the account balance.

Savior Lifetec Corporation

Statement of inventories

December 31, 2023

Statement 5

Unit: NTD thousand

Item	Summary	Cost	Net realizable value	Remarks
Raw materials		$ 159,142	$ 159,853	Net realizable value as the market price
Work in process		456,073	429,172	Net realizable value as the market price
Finished goods		321,276	349,681	Net realizable value as the market price
		936,491	$ 938,706	
Less: Allowance for inventory devaluation and loss		(81,434)		
		$ 855,057		

Savior Lifetec Corporation

Non-current statement - financial assets at amortized cost

December 31, 2023

Statement 6 Unit: NTD thousand, unless stated otherwise

Item	Interest rate per annum (%)	Term	Amount
NTD time deposit			
Mega International Commercial Bank	0.56%	December 12, 2023 to December 12, 2024	$ 4,040

Savior Lifetec Corporation

Statement of changes in investments using the equity method

2023

Statement 7

Unit: NTD thousand, unless stated otherwise

Investment Income or Loss on Investees	Balance at the beginning of the year		Increase this year		Decrease this year		Investments recognized using the equity method	Balance at the end of the year			Net equity value	Collateral or mortgage	Remarks
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	(Loss) Profit	Number of shares (thousand shares)	Shareholding percentage %	Amount			
SLC BioPharm Co., Ltd.	6,000	$ 40,062	-	$ -	-	$ -	($ 22,444)	6,000	100	$ 17,618	$ 17,618	None	Note 1
Ruize Biotechnology Co., Ltd.	1,000	9,867	-	-	-	-	(1,723)	1,000	33.33	8,144	8,144	None	Note 1
Pengrui Construction Co., Ltd.	-	-	24,100	241,000	-	-	129	24,100	100	241,129	241,129	None	Note 1 & 2
		$ 49,929		$241,000		$ -	($ 24,038)			$266,891	$266,891		

Note 1: The net equity value is calculated based on the investee's 2023 financial statements audited by accountants.

Note 2: The increase in the current period is due to investments in companies incorporated.

Savior Lifetec Corporation

Statement of changes in right-of-use assets

January 1 to December 31, 2023

Statement 8

Unit: NTD thousand

Item	Balance – beginning	Increase in the current period	Decrease in the current period	Balance – ending	Remarks
Land	$ 267,139	$ 462	$ -	$ 267,601	
Buildings	41,454	-	1,034	40,420	
Transport equipment	2,421	2,120	1,178	3,363	
Machinery and equipment	320	-	320	-	
Other equipment	-	4,998	-	4,998	
Total	$ 311,334	$ 7,580	$ 2,532	$ 316,382	

Savior Lifetec Corporation

Statement of changes in accumulated depreciation of right-of-use assets

January 1 to December 31, 2023

Statement 9

Unit: NTD thousand

Item	Balance – beginning	Increase in the current period	Decrease in the current period	Balance – ending	Remarks
Land	$ 23,831	$ 6,804	$ -	$ 30,635	
Buildings	23,366	7,075	1,034	29,407	
Transport equipment	1,648	704	1,178	1,174	
Machinery and equipment	320	-	320	-	
Other equipment	-	250	-	250	
Total	$ 49,165	$ 14,833	$ 2,532	$ 61,466	

Savior Lifetec Corporation

Statement of accounts payable

December 31, 2023

Statement 10 Unit: NTD thousand

Name of Supplier	Amount
Regular suppliers	
1002090	$ 24,147
1002085	7,991
1001056	7,021
2001221	3,593
1002084	3,378
Others (Note)	8,067
	$ 54,197

Note: The balance of each supplier did not exceed 5% of the account amount.

Savior Lifetec Corporation

Statement of operating revenue

2023

Statement 11 Unit: NTD thousand

Item	Quantity	Amount
Sales revenue		
Antibiotics	332,138 packages/box	$ 880,961
Others		165,787
Total operating revenue		1,046,748
Less: Sales returns and discounts		(101)
Net operating revenue		$1,046,647

Savior Lifetec Corporation

Statement of operating cost

2023

Statement 12

Unit: NTD thousand

Item	Amount
Raw material – beginning	$ 389,417
Plus: Purchase of material in the current period	165,998
Less: Material – ending	(159,142)
Loss on scrapped inventory	(2,848)
Sale of raw material	(12,504)
Transfer to expense	(5,796)
Raw material consumption in the current period	375,125
Direct labor	80,976
Manufacturing expense	337,600
Manufacturing cost	793,701
Plus: Work in process – beginning	474,244
Less: Work in process – ending	(456,073)
Loss on scrapped inventory	(6,862)
Transfer to expense	(3,487)
Sale of work in process	(21)
Cost of work in process	801,502
Plus: Finished goods – beginning	309,578
Purchase of material in the current period	577
Transfer to expense	866
Less: Finished good – ending	(321,276)
Loss on scrapped inventory	(7,342)
Cost of sales	783,905
Add: Unamortized manufacturing overhead	19,518
Sale of raw material	12,504
Sale of work in process	21
Labor cost	47,400
Others	1,917
Less: gain on recovery in inventory devaluation and obsolescence	(38,417)
Total operating costs	$ 826,848

Savior Lifetec Corporation

Statement of manufacturing expenses

2023

Statement 13 Unit: NTD thousand

Item	Summary	Amount
Depreciation expense		$133,757
Salary and bonus		86,618
Water, electricity and fuel expenses		50,828
Consumables		36,326
Insurance premium		22,216
Others (Note)		27,373
Less: Unamortized manufacturing expense		(19,518)
		$337,600

Note: The amount of each item did not exceed 5% of the account amount.

Savior Lifetec Corporation

Statement of sales and marketing expenses

2023

Statement 14 | Unit: NTD thousand

Item	Summary	Amount
Salary and bonus		$ 8,372
Import/export expense		5,937
Commission disbursement		5,591
Service fee		3,523
Insurance premium		1,697
Depreciation expense		1,681
Others (Note)		6,611
		$ 33,412

Note: The amount of each item did not exceed 5% of the account amount.

Savior Lifetec Corporation

Statement of administrative expenses

2023

Statement 15 Unit: NTD thousand

Item	Summary	Amount
Salary and bonus		$ 42,559
Service fee		4,243
Remuneration to directors		3,872
Others (Note)		19,390
		$ 70,064

Note: The amount of each item did not exceed 5% of the account amount.

Savior Lifetec Corporation

Statement of R&D expenses

2023

Statement 16 Unit: NTD thousand

Item	Summary	Amount
Depreciation expense		$ 40,801
Annual (membership) fee		27,232
Salary and bonus		13,276
Service fee		5,650
Others (Note)		14,304
		$101,263

Note: The amount of each item did not exceed 5% of the account amount.

Savior Lifetec Corporation

Summary of employee benefits, depreciation, and amortization expenses by function

2023 and 2022

Statement 17

Unit: NTD thousand

	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Payroll expense	$ 167,594	$ 64,207	$ 231,801	$ 155,819	$ 65,143	$ 220,962
Labor and health insurance expense	18,453	5,550	24,003	16,938	5,705	22,643
Pension expense	8,245	3,073	11,318	7,963	3,050	11,013
Remuneration to directors	-	3,872	3,872	-	3,873	3,873
Other employee benefit expenses	9,270	2,325	11,595	9,134	2,631	11,765
Depreciation expense	133,757	44,496	178,253	148,281	57,125	205,406
Amortization expense	2,320	927	3,247	2,830	485	3,315

1. The number of employees of the Company as of December 31, 2023 and 2022 was 319 and 309, respectively, of which 7 directors did not serve as employees concurrently.
2. The company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the information as follows:
   (1) The average employee benefits expense amounted to NT$893 thousand.
   The average employee benefits expense amounted to NT$882 thousand in the previous year.
   (2) The average employee salary expense amounted to NT$743 thousand.
   The average employee salary expense amounted to NT$732 thousand in the previous year.
   (3) The average employee salary expense adjustment increased by 1.50%.
   (4) NT$0 remuneration to supervisors for the current year and NT$0 for the previous year (the Company has an Audit Committee, so no remuneration to supervisors).
   (5) Please specify the Company's remuneration policy (including directors, supervisors, managers and employees).
      1. Employee remuneration policy and system principles
         (1) The remuneration to employees includes minimum wage (including base pay, food allowance, etc.), year-end bonus, performance bonus, and so on. The salary payment standard is established in consideration of the current conditions in the salary market, the operating status of the Company, and the structure of the organization. It is adjusted, if necessary, depending on the trend of the salary market, the overall economic development and change of prosperity, and the regulations of the government.
         (2) The salary and remuneration to individual employees are determined by their academic background, experience, professional knowledge and technique, professional seniority and experience, and personal performance. No employees are discriminated against in remuneration due to their age, gender, race, religion, political standpoint, marriage, or membership in any labor union.

(3) The Company establishes an incentive system to encourage employees to perform better. The personal performance of the employee is evaluated based on the goal of production, business promotion, and other operating performance criteria established by the Company, and a related performance bonus is provided based on the result of the evaluation. The Company pays a year-end bonus depending on the profitability.

(4) The starting salary standard for employees without experience and foreign laborers meets the legal requirements of the government.

2. Policy of remuneration to directors and managers and its relation to operating performance and result

(1) According to the Company's Articles of Incorporation, the remuneration to directors shall be determined by the Remuneration Committee based on directors' involvement in and contributions to the Company's operation and with reference to the peer level in Taiwan. The remuneration is then reported to the Board of Directors for resolution. Remuneration to independent directors may be determined pursuant to the scope of their duties. It may be different from the remuneration to regular directors.

(2) The performance evaluation and remuneration to managers shall refer to the ordinary level paid by industry peers, and take into consideration factors such as the time devoted by the specific individual, the responsibilities assumed, the goals achieved by the individual, the performance of the individual when assuming other positions, the remuneration the Company paid to the same position in recent years, as well as the short term and long term business goals achieved by the Company, and the financial position of the Company. All these shall be considered when evaluating the reasonableness of and correlation with the individuals' performance, the Company's performance, and future risks. Then, the Remuneration Committee shall submit a proposal to the Board of Directors for approval before the proposed remuneration takes effect.

Savior Lifetec Corporation

Chairman: Concord Consulting Inc.

Representative: Rebecca Lee