股票代碼：4108

懷特生技新藥(股)公司
PhytoHealth Corporation

2023 Annual Report

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

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Company website: https://www. phytohealth.com.tw

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II. Headquarters, Branches and Plant：

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V. Overseas Trade Places for Listed Negotiable Securities and Method to Inquire for Such Overseas Negotiable Securities： None。

VI. Company website： www.phytohealth.com.tw

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1、Letter to Shareholders

Dear Shareholders,

First of all, we would like to express our sincere gratitude for your continuous support over the years. We are pleased to report our business achievements for the year 2023 and provide an overview of our business plan for the year 2024.

I. Business Results for the Year 2023

(I).Results of Business Plan Execution

1.PG2 Lyo. Injection 500mg (PG2®):

(1) Our refining plant completed the GMP and GDP routine inspections of raw materials in August 2022 and obtained the Good Manufacturing Practice (GMP) certificate on January 13, 2023.

(2) Continued accumulation of real-world clinical efficacy data under the National Health Insurance (NHI) scheme: In response to the National Health Insurance Administration's requirement for clinical benefit data post-NHI reimbursement, PhytoHealth initiated a Real-World Data (RWD) research project on Cancer Related Fatigue medication under NHI coverage in collaboration with seven medical centers including Taipei Chang Gung Memorial Hospital, Linkou Chang Gung Memorial Hospital, Tri-Service General Hospital, China Medical University, Taichung Veterans General Hospital, Kaohsiung Medical University, and E-Da General Hospital. The project aimed to collect data from 200 breast cancer patients receiving PG2 NHI reimbursement. According to the mid-term benefit assessment analysis of this project, the results showed that PG2 Lyo. Injection 500mg (PG2®) effectively alleviated fatigue in breast cancer patients under NHI coverage and demonstrated good medication satisfaction. The Corporation would continue to collect cases, and by December 2023, the number of cases analyzed had reached 200 and data compilation is currently underway.

(3) Conducting clinical trials on the impact of PG2 Lyo. Injection 500mg (PG2®) on breast cancer with chemotherapy: Assessing whether the concurrent use of chemotherapy drugs and PG2 Lyo. Injection 500mg (PG2®) can reduce the side effects of chemotherapy drugs, improve treatment compliance, and enhance the possibility of efficacy. The results of this study were presented at the 2023 ASCO Annual Meeting on June 4, 2023, and the paper is currently being written for publication.

(4) Conducting clinical trials on the impact of PG2 Lyo. Injection 500mg (PG2®) on preoperative chemoradiotherapy for esophageal cancer: All patients in this trial have completed the study and entered the follow-up period. Subsequent result analysis and preparation for international journal submission are ongoing.

(5) Conducting a pilot trial of PG2 Lyo. Injection 500mg (PG2®) for cancer-related fatigue during breast cancer chemotherapy: In preparation for future international clinical trials and in response to foreign market environments, a pilot trial with different combination therapy strategies has been initiated at pivotal medical centers. Patient enrollment has commenced, targeting completion by 2024.

(6) Research outcomes of using PG2 Lyo. Injection 500mg (PG2®) against COVID-19 have been published in the prestigious international medical journal Viruses in March 2023, and relevant patent applications were submitted in 2022, with Taiwanese patents already approved.

(7) Three basic research projects are underway to investigate the new indications and clinical mechanisms of action of Astragalus polysaccharides and PG2 Lyo. Injection 500mg (PG2®):

A. Investigating the mechanism of action of Astragalus polysaccharides on intestinal flora and anticancer immune regulation: In recent years, research on the interaction between intestinal flora and immune regulation has been increasing, establishing the importance of intestinal flora in immune function. Preliminary experiments have shown that Astragalus polysaccharides can improve intestinal damage in mice. This research project targets oral administration of Astragalus polysaccharides and has obtained trial results in the fourth quarter of 2022, demonstrating the regulation of intestinal flora function, inhibition of harmful bacteria, and promotion of beneficial probiotic growth. Verification in humans is planned for 2024, building on the preliminary research findings for publication.

B. Investigating the effect of Astragalus polysaccharides combined with targeted drugs on drug-resistant cancer cells: Preliminary studies have shown that Astragalus polysaccharides, when combined with targeted drugs, can reduce the drug resistance of lung cancer cells to targeted drugs, thereby improving the killing effect of targeted drugs on cancer cells. The scope has been expanded to include colorectal and ovarian cancer cell lines resistant to targeted drugs for Astragalus polysaccharide-enhanced drug killing tests. Relevant experiments have been completed, and results have been attained, with related patent applications in progress.

C. Initiating the development of new functional health ingredients from Astragalus polysaccharides: Batch production was completed in 2023, and ongoing work includes specification and efficacy functional analysis. Results will be applied to subsequent new product development and evaluation.

2. Oraphine®60mg soft Capsule

On March 18, 2020, Oraphine®60mg soft Capsule received notification from TFDA(Taiwan Food and Drug Administration) that it had passed the review and was granted a drug license (Department of Health Drug Manufacture No. 060459). On December 15, 2020, it was awarded the Silver Award for Drug Category of the 2020 Drug Technology Research and Development Award jointly presented by the Ministry of Health and Welfare and the Ministry of Economic Affairs. Currently, the company is actively negotiating technology licensing and product sales agency rights with domestic and foreign companies, as well as conducting regulatory consultations and related bridging clinical trial research assessments for listing permits in China, the Europe, and Asian countries. Clinical research findings have been published to support post-market applications. Pivot trial results were published in the Clinical Journal of Pain in 2023 Q3. Additionally, a clinical trial project was completed in March 2023, accumulating experiences from 50 hemorrhoid patients and 200 caesarean section patients for analysis, with an overall satisfaction rate of nearly ninety percent. A multicenter post-market study on orthopedic postoperative pain is being planned, expected to commence enrollment in 2024.

3.PHN031(Osteoporosis prevention)

The Phase IIa clinical trials, approved by the US FDA and Taiwan TFDA, have been completed. Meanwhile, the optimization of the Chemistry, Manufacturing, and Control (CMC) process necessary for new drug registration continues to ensure batch-to-batch consistency and product quality. Following the guidelines of Good Agricultural and Collection Practices (GACP), plans for the preservation and cultivation of medicinal materials have been executed. The medicinal materials planted according to the plan were harvested in February 2023. Collaboration with agricultural improvement authorities is anticipated to expand the production capacity of functional medicinal ingredients gradually while maintaining quality standards.

4. PHN033(Diabetic nephropathy)

The Phase IIa clinical trials, approved by the US FDA, have been completed. Meanwhile, the optimization of the Chemistry, Manufacturing, and Control (CMC) process necessary for new drug registration continues to ensure batch-to-batch consistency and product quality. Following the guidelines of Good Agricultural and Collection Practices (GACP), plans for the preservation and cultivation of medicinal materials have been executed. The medicinal materials planted according to the plan were harvested in February 2023. Collaboration with agricultural improvement authorities is anticipated to expand the production capacity of functional medicinal ingredients gradually while maintaining quality standards.

5. Astragalus Health Products and Raw Materials

Using patented herbal medicine extraction technology and top-quality membranous Astragalus as raw materials, PhytoHealth has developed exclusive extracts " Phytohealth Da Astragalus ®" for sub-healthy populations as Qi-enhancing health products, such as " PhytoHealth EnerCharge® Drink " and " PhytoHealth EnerCharge Capsule ®". Furthermore, using refined Astragalus polysaccharides as the main ingredient, we have developed "AmazPower®," a medicinal-grade health product for cancer patients suffering from fatigue after chemoradiotherapy. These products are marketed and sold by Maywufa in professional channels and e-commerce platforms. "AmazPower®" has obtained patents in Taiwan, Germany, and Japan for its proprietary layout and was awarded the SNQ National Quality Mark on December 10, 2020. Efficacy animal trials have been completed, and necessary safety and stability tests have been conducted, with efficacy results accepted for publication in international academic journals in December 2023.

6. International Exhibitions：

【Oraphine®60mg soft Capsule】

Participated in the 2023 US BIO conference and continued negotiations with sales agency partners for North America, Europe, and Southeast Asia. In support of market promotion, real-world clinical data collection is ongoing in domestic obstetrics, orthopedic, and colorectal surgery fields, with plans for clinical report submissions to support domestic and international applications.

【PG2 Lyo. Injection 500mg (PG2®)】

Participated in the 2023 US BIO conference and conducted feasibility assessments and sales agency negotiations for Named Patient Program in regions with well-established regulations for herbal medicines, including South Korea, Germany, and Turkey.

【Astragalus Health Products and Raw Materials】

Continued negotiations with leading European plant-based healthcare companies for collaboration on functional ingredient development.

(II).Budget Execution Status

According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies," financial forecast information for 2023 has not been disclosed, so this item is not applicable.

(III).Financial Revenue and Profitability Analysis

Unit: NT$ thousands

Items \ Year		2023	2022	Increase (decrease)%
Financials	Revenue	162,489	135,465	20
	Gross Profit	67,643	57,032	19
	Operating Loss	(121,677)	(156,664)	22
	Non-Operating Income (Expense)	47,530	41,941	13
	Net Income (Loss)	(74,147)	(114,723)	35
Profitability	Return on Assets（%）	(3.13)	(4.75)	34
	Return on Equity（%）	(3.26)	(4.92)	34
	Net Profit Margin（%）	(45.63)	(84.69)	46
	EPS(Loss) (NTD)	(0.24)	(0.4)	

(IV).Research and Development Status.

1. Research and development expenses.

Item \ Year	2023
Operating Revenue (A)	162,489 (in thousands)
R&D expenditure (B)	92,594 (in thousands)
Total employees (C)	129 people
R&D staff (D)	32 people
R&D expenditure ratio B/A	57%
R&D personnel ratio D/C	25%

2. 2023 annual research and development results

Major product development achievements：

Product	Indications/R&D direction	R & D progress
PG2 Lyo. Injection 500mg(PG2®)	Moderate to severe cancer-related fatigue	• Strengthen collaboration with oncology care medical societies to update clinical practice guidelines for cancer-related fatigue and promote medical education activities. • Conduct a multi-center real-world data (RWE) study to observe the clinical benefits for breast cancer patients eligible for NHI

		reimbursement. • Execute exploratory clinical trials combining PG2 Lyo. Injection 500mg (PG2®) with breast cancer chemotherapy • Execute exploratory clinical trials combining PG2 Lyo. Injection 500mg (PG2®) with esophageal cancer preoperative radiotherapy. • Plan and execute three basic research projects to investigate the new indications and clinical mechanisms of action of Astragalus polysaccharides and PG2 Lyo. Injection 500mg (PG2®). • Evaluate foreign regulations on herbal medicine requirements and actively negotiate licensing and collaborative development opportunities.
Oraphine® 60mg Soft Capsule	Acute moderate to severe pain	• On March 27, 2020 , it received a letter from the Ministry of Health and Welfare to inform that it had passed the review and issued a drug license. • Execute regulatory consultation for marketing authorization in China, the EU and other Asian countries, as well as bridging clinical trial evaluation, and negotiate foreign licensing opportunities. • Execute marketing plans for product launches in Taiwan and collect clinical data to support sales and promotion domestically and internationally.
PHN031 (Osteoporosis prevention)	Osteoporosis	• The Phase IIa clinical trials, approved by the US FDA and Taiwan TFDA, have been completed. Meanwhile, the optimization of the Chemistry, Manufacturing, and Control (CMC) process necessary for new drug registration continues to ensure batch-to-batch consistency and product quality.
PHN033(Diabetic nephropathy):	Diabetic nephropathy	• The Phase IIa clinical trials, approved by the US FDA, have been completed. Meanwhile, the optimization of the Chemistry, Manufacturing, and Control (CMC) process necessary for new drug registration continues to ensure batch-to-batch consistency and product quality.

II. The business plan for 2023 is summarized as follows:

(I).Business Policy

PhytoHealth Corporation specializes in the field of Astragalus-based pharmaceuticals globally. Our prescription drug PG2 Lyo. Injection 500mg (PG2®) is the only prescription drug globally approved for the treatment of Cancer Related Fatigue ranging from moderate to severe. It was approved for national health insurance reimbursement on March 1, 2021, which not only benefits breast cancer patients but also drives growth in the self-pay market. It has been adopted by ninety percent of medical centers domestically. PhytoHealth Corporation has continuously invested in clinical research for PG2 Lyo. Injection 500mg (PG2®) after its market launch and has been highly praised by the medical community. The research findings related to breast cancer were presented at the American Society of Clinical Oncology (ASCO) in the current year, garnering international attention. Oraphine® 60mg Soft Capsule is the only oral form of nalbuphine painkiller in the world, which has the advantages of oral administration and low addiction. Oraphine® 60mg Soft Capsule is the only oral form of nalbuphine painkiller in the world, which has the advantages of oral administration and low addiction. It has been swiftly adopted by medical centers in post-operative pain control. Technical licensing cooperation are ongoing in Europe and Southeast Asia in the same time, targeting the vast postoperative pain relief market.

In response to the rising global post-pandemic healthcare awareness, PhytoHealth Corporation leverages its expertise in herbal medicine, that has ventured into plant-based healthcare. We actively engaged in collaborations with leading European plant-based healthcare manufacturers to develop efficacious ingredients this year, and seized the global immunomodulatory healthcare business opportunities.

(II).Expected sales quantity and its basis

1. According to statistics from the Ministry of Health and Welfare, cancer accounts for 25% of deaths in Taiwan, Cancer has been the leading cause of death in Taiwan for many years. PG2 Lyo. Injection 500mg (PG2®) is currently the first "therapeutic" prescription drug for cancer-related fatigue and has no competition in the market. It was included in the National Health Insurance reimbursement and expected to gradually expand the market.
2. Oraphine® 60mg Soft Capsule has obtained the new drug certificate approved by the Ministry of Health and Welfare on 03.27.2020. It is highly safe, does not have the respiratory depressant side effects of opioid analgesics, and is not addictive. Compared with the original injection (Bain® Injection), which has high patient compliance and has analgesic efficacy comparable to that of opiates. It has gradually entered the medical channel in Taiwan and its efficacy is highly recognized

(III).Important Production and Sales Policies

1. "Phytohealth R&D, Maywufa Marketing": Successful products developed by Phytohealth will be quickly introduced to the market through the strong marketing team established by Maywufa.
2. Continuously stable production of " PG2 Lyo. Injection 500mg (PG2®)" to fully control the quality of the upstream Astragalus membranaceus herb slices and the production technology of the middle stream " PG2 Lyo. Injection 500mg (PG2®)"" raw materials.
3. Promote the launch of the new product Oraphine® 60mg Soft Capsule, increase product exposure and popularity through large-scale medical association exhibitions, and actively focus on the purchase and use of medicines in medical centers and primary medical institution.
4. Leveraging the clinical care and research capabilities of Taiwan's medical community, we will continue to promote post-market research collaborations to enhance the expansion of our product offerings both domestically and internationally.

III.Company’s Development Strategies in the future:

The company has not forgotten the original intention of developing new botanical drugs - to meet clinical needs that cannot be met by western medicine. It has invested many years and has successfully developed PG2 Lyo. Injection 500mg (PG2®). Since its launch, it has accumulated core capabilities in the development of botanical drugs through the promotion of clinical research. Up to now, " PG2 Lyo. Injection 500mg (PG2®)" has been designated for use by more than 110 medical centers and medical institutions in China. It has been prescribed by more than 600 oncologists, benefiting more than 17,000 cancer patients and helping them overcome the disease. Severe cancer-related fatigue that cannot be recovered during chemotherapy and radiotherapy can successfully complete the course of treatment and achieve the best therapeutic effect. " PG2 Lyo. Injection 500mg (PG2®)" is being developed for other indications (such as combined treatment with immunotherapy, etc.). The scope of these new indications and the potential market size are huge, which will become the driving force for the company's future growth.

The second new drug is Oraphine® 60mg Soft Capsule, which is the world's first oral nalbuphine dosage form. It has low side effects and low addiction. It targets the broad postoperative analgesic market. After it is launched, it will continue to invest in relevant research to support domestic and foreign markets. promotion.

In order to seize the post-epidemic health care business opportunities, the company will expand its product line and increase revenue momentum. The company will use its years of botanical extraction technology to cooperate with major foreign manufacturers to develop functional raw materials. At the same time, it will target the post-illness auxiliary and functional maintenance market to develop such as "PhytoHealth EnerCharge® Drink ", "AmazPower®" and other related health products.

IV. Impact of External Competitive, Regulatory, and Overall economy Environment

(I). External Competitive Environment:

Our company's herbal medicine has been verified by regulations and adopted for many years with a high threshold, establishing its irreplaceability.

(II). Regulatory Environment:

The implementation period of the"ENAct for the Development of Biotech and Pharmaceutical Industry" has been extended to December 31, 2031 and the scope of incentives has been expanded; new dosage forms, precision medicine, digital medicine and other incentive projects have been added to encourage advanced medical treatment and cross-domain cooperation, which will be more beneficial The development of the group company in various advanced technological fields.

(III). Overall business environment:

Phytohealth currently has two products with high market potential and technological barriers, which will continue to invest in post-market research to expand the clinical application value of the products. Additionally, leveraging years of expertise in herbal medicine extraction, we are developing high-value post-disease recovery functional health products. By integrating the group's distribution channels and marketing resources, we aim to drive revenue and maximize shareholder value.

Best wishes to all shareholders,

Chairperson: Lee Yi-li

General Manager: Lee I-lin

2.Company Profile

2.1、Date of establishment :1998.11.24

2.2、Company History

Year	Month	Milestones
1998	Nov	Phytohealth Corporationwas established as a research and development-oriented biotechnology company focused on developing new drugs.
1999	Apr	We have partnered with Pharmagenesis, Inc., U.S. to obtain the technology licensing for " PG2 Lyo. Injection 500mg".
2001	Jun	We have collaborated with National Yang-Ming University to develop a new plant-based medicine, and have obtained the exclusive global technology licensing for the anti-aging plant-based medicine " PHN031(Osteoporosis prevention) ".
	July	We have successfully passed the evaluation process for the "Operational Directions for the Evaluation of Technological Products with Development Success and Marketability" by the Industrial Development Bureau of the Ministry of Economic Affairs. We are proud to be the first research and development-oriented biotech company in the new drug industry to receive this recommendation for listing on the technology stock exchange.
	Nov	• " PG2 Lyo. Injection 500mg".was awarded the National Biotechnology and Medical Quality Award in 2001. • " PG2 Lyo. Injection 500mg" has been approved by the Institutional Review Board (IRB) of the Tri-Service General Hospital for conducting Phase I/II clinical trials at the hospital."
	Dec	" PG2 Lyo. Injection 500mg" had been approved by the Department of Health review, the Phase I/II clinical trials of the treatment will be conducted at Tri-Service General Hospital.
2002	May	Phyto health is the first domestically-listed biotech company specializing in new drug research and development.
2004	Nov	"Energy Bean®" has received dual certifications, the "National Quality Label Award 2004" and the "National Biotechnology and Medical Care Quality Award 2004"
2005	May	"Energy Bean®" has been certified as a health food product by the Health Food Association of the Republic of China (HFA) in its first round of certifications."
	Aug	" PG2 Lyo. Injection 500mg" has been approved by the Department of Health review for Phase IIb clinical trials at Tri-Service General Hospital."
	Oct	"Energy Bean®" Received the "Technology Commercialization Award" at the 2005 Taipei Biotech Award.
	Nov	"Energy Bean®" Received dual certifications, the "National Quality Label Award 2005" and the "National Biotechnology and Medical Care Quality Award 2005"."
2006	Jan	" PG2 Lyo. Injection 500mg" acquired a US patent
	Feb	PHN031(Osteoporosis prevention) acquired a US patent
	Jun	Phytohealth has been selected by the Industrial Technology Research Institute (ITRI) and included in the "Interdisciplinary Biotech Industry

		Business Opportunity Development and Investment Facilitation Program".
	Aug	PHN031(Osteoporosis prevention) acquired Australian patent
	Nov	"Energy Bean®"received certification of the "National Quality Label Award 2006
2007	Jan	PHN031(Osteoporosis prevention) acquired Taiwan patent
	Apr	"Energy Bean®" Received certification as a "Health Food" product from the Department of Health.
	May	Phytohealth was selected by the Industrial Development Bureau of the Ministry of Economic Affairs as a key assisted company for the "Customized Services and Guidance Program for Key Biotech Companies" in 2007."
	Jul	PHN031(Osteoporosis prevention) was approved by the Department of Health review, the Phase II clinical trials of the treatment will be conducted at Taipei Veterans General Hospital.
	Aug	Phase II/III。" PG2 Lyo. Injection 500mg" has been approved by the Department of Health review for Phase II/III clinical trials at Mackay Memorial Hospital
	Sep	Phytohealth was awarded the 2007 Industrial Technology Development Award by the Ministry of Economic Affairs.
	Oct	•PHN031(Osteoporosis prevention) has obtained IND approval from the US FDA to conduct Phase II clinical trials." •"Energy Bean®" has received certification of the "National Quality Label Award 2006.
	Nov	The GAP program has been approved for R&D subsidies by the Council of Agriculture's industry science and technology program.
2008	Apr	Obtained global exclusive licensing from the National Defense Medical Center's Education and Research Foundation for a new oral painkiller.
	May	Approved by the cross-agency review committee of the Industrial Development Bureau of the Ministry of Economic Affairs, and obtained eligibility under the "Biotech New Drug Industry Development Act.
	Jun	The shareholders' meeting has approved the change of the company name to "Phytohealth New Drug Co., Ltd.", making the company the first in the nation to officially include "biotech new drug" in its name.
	Jul	Became the first publicly traded company in Taiwan specializing in "biotech new drug".
	Oct	To receive an award of the "Gold Award for Technology Commercialization" and the "Silver Award for R&D Innovation" at the Taipei Biotech Awards.
	Nov	It is an honor to have been certified under the Taiwan Intellectual Property Management Standard (TIPS) by the Industrial Development Bureau of the Ministry of Economic Affairs, and to be the first and only biotech demonstration group in the country to have passed this certification. The certification was awarded by the Ministry of Economic Affairs.
2009	Feb	Oraphine®60mg soft Capsule has been awarded the "National Innovation Award" by the National Biotechnology and Medical Care Quality Development Association, recognizing its innovative contributions to the industry.
	Apr	PHN031(Osteoporosis prevention) has been granted approval by the Department of Health to conduct Phase II clinical trials at National Taiwan University Hospital and Chang Gung Memorial Hospital.

	May	The construction of the first sterile raw material plant for herbal medicine in the country has begun.
	Aug	PG2 Lyo. Injection 500mg has obtained the IND approval from the U.S. FDA to conduct Phase II clinical trials.
	Sep	PHN033(Diabetic nephropathy) has been granted approval by the U.S. FDA to conduct Phase II clinical trials.
2010	Jan	Phytohealth has been awarded the Taiwan Intellectual Property Management Standard certification for two consecutive years by the Ministry of Economic Affairs."
	Mar	Oraphine®60mg soft Capsule has been granted a patent in China.
	Apr	PG2 Lyo. Injection 500mg has been approved by the Department of Health for registration and examination of new drugs. It is used to treat cancer-related fatigue for which no effective treatment currently exists, and it is the first plant-derived new drug in Taiwan to be approved for marketing.
	Sep	PHN033(Diabetic nephropathy) has been granted a patent in Australia.
	Nov	PHN033(Diabetic nephropathy) has been granted a patent in Europe.
2011	Feb	GAP(Good Agricultural Practice) research project on cultivation and planting techniques has received a subsidy from the Agriculture and Food Agency of the Council of Agriculture, Executive Yuan.
	Nov	PHN033(Diabetic nephropathy) has been awarded the National Innovation Award for the year 2011, and it is the only biopharmaceutical R&D company in the enterprise category to receive this award nationwide.
	Dec	PHN033(Diabetic nephropathy) has been granted a patent in South Korea.
2012	Mar	PHN033(Diabetic nephropathy) has been granted a patent in Canada. PHN033(Diabetic nephropathy) has been granted a patent in China.
	Apr	PG2 Lyo. Injection 500mg has been officially launched on the market.
	May	"Minyi Tablets®" have been granted a patent in Singapore.
	Aug	PHN033(Diabetic nephropathy) has been granted a patent in Japan.
	Sep	•PG2 Lyo. Injection 500mg has been designated as an orphan drug by FDA. •PHN031(Osteoporosis prevention) has been selected as a new drug R&D cooperation case for cross-strait collaboration.
	Nov	• PHN033(Diabetic nephropathy) has been granted a patent in Japan. • PHN031(Osteoporosis prevention) has been granted a patent in Canada.
2013	Feb	•Minyi Tablets®" have been granted a patent in China. •PHN031(Osteoporosis prevention) has been selected by the Center for Drug Evaluation (CDE) as a benchmark case. •PHN031(Osteoporosis prevention) has been granted a patent in Canada.
	Apr	Minyi Tablets®" has been granted a patent in Taiwan.
	Jun	•Our nanobiotechnology" has been granted a patent in the United States. •Oraphine®60mg soft Capsule has been granted a patent in Taiwan.
	Aug	•PHN031(Osteoporosis prevention) has been has been approved for a European patent in the United Kingdom, France, Switzerland, and Germany. •Oraphine®60mg soft Capsule has been granted a patent in Canada.
	Dec	PHN031(Osteoporosis prevention) has been granted a patent in the United States
2014	Jan	PG2 Lyo. Injection 500mg has been granted a patent in China for the

		treatment of ITP (Immune Thrombocytopenia).
	Feb	PHN033(Diabetic nephropathy) has been selected as a pharmaceutical R&D cooperation project between China and Taiwan.
	Sep	PG2 Lyo. Injection 500mg was invited to present a report on its effectiveness in treating hemorrhagic stroke at the Asia Pacific Stroke Conference.
2015	Apr	PG2 Lyo. Injection 500mg has been granted a patent in Japan for the treatment of ITP (Immune Thrombocytopenia).
	Nov	PG2 Lyo. Injection 500mg has been granted a patent in Taiwan for the treatment of ITP (Immune Thrombocytopenia).
2016	Mar	Oraphine®60mg soft Capsule has completed its blind test and is now applying for TFDA (Taiwan Food and Drug Administration) new drug registration.
	Sep	Phytohealth has passed the PIC/S GMP certification from the Department of Health, Taiwan.
2017	Jan	PhytoHealth EnerCharge ®Capsule has been certified as a "health food" by the Department of Health, Taiwan.
	Jun	PhytoHealth EnerCharge® Drink to go into mass production and hit the market
	Aug	Minyi Tablets®" has been granted a patent in Indonesia.
	Sep	PG2 Lyo. Injection 500mg has been granted a patent in Koria for the treatment of ITP (Immune Thrombocytopenia).
2018	May	The clinical trial results of PG2 Lyo. Injection 500mg won the second place in the Clinical Session at the Taiwan Joint Cancer Conference (TJCC).
	Jun	The clinical trial results of PG2 Lyo. Injection 500mg were presented at the international conferences of the American Society of Clinical Oncology (ASCO) in Chicago, USA, and the Multinational Association of Supportive Care in Cancer (MASCC) in Vienna, Austria.
	Jul	The clinical trial results of PG2 Lyo. Injection 500mg were presented at the 2018 World Congress of Pharmacology (WCP) in Kyoto, Japan.
	Nov	The clinical trial results of PG2 Lyo. Injection 500mg were presented at the REACTA (Regional East Asian Clinical Trial Alliance) meeting of the Asian Clinical Trials Medical Association in Taipei, Taiwan. The significant results were published in the top 20% ranking oncology journal "Cancers" (IF: 5.326).
	Dec	•Phytohealth Da Astragalus " has been launched on the market •A medicinal composition of Astragalus for preventing and treating aging and its applications" has been granted a patent in Taiwan.
2019	Apr	PG2 Lyo. Injection 500mg Frozen Crystal Injection for the cancer terminal patient project was facilitated through a collaboration with a Korean partner manufacturer.
	May	Five papers related to PG2 Lyo. Injection 500mg were presented at the 24th Taiwan Joint Cancer Conference (TJCC).
	Jun	•PG2 Lyo. Injection 500mg has been approved and granted a patent by the European Patent Office for the treatment of ITP (Immune Thrombocytopenia). •The exploratory clinical trial results of f PG2 Lyo. Injection 500mg or cancer-related fatigue were published and accepted by the oncology journal "Cancers" (IF: 6.102), which ranks in the top 20% of oncology journals.

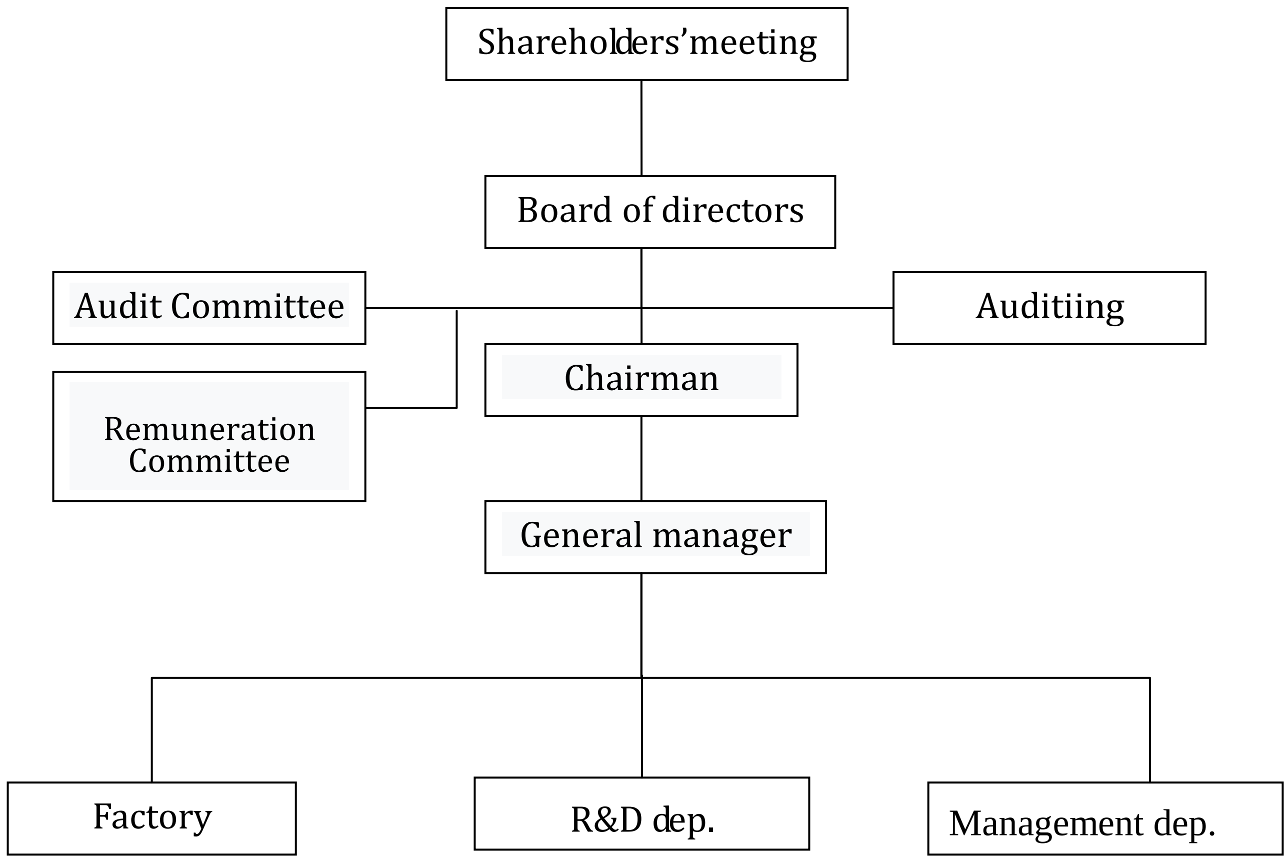
		•An Australian company visited Taiwan to conduct an on-site audit and signed a MOU for the exclusive sales cooperation of PG2 Lyo. Injection 500mgin Australia and New Zealand.
	Aug	•A method of producing Medici-Purpurone and its derivatives" has been granted patents in Taiwan and the United States. •The fundamental research paper on immune regulation of w PG2 Lyo. Injection 500mg as accepted for publication by the International Journal of Medical Science (IF: 2.333).
	Sep	•The basic research paper on the tumor microenvironment of PG2 Lyo. Injection 500mg was accepted for publication by Nutrients (IF: 4.171). •Journal of Cancer Research and Clinical Oncology (IF: 3.332)。 The clinical trial results of PG2 Lyo. Injection 500mg in head and neck cancer were accepted for publication in the Journal of Cancer Research and Clinical Oncology (IF: 3.332)."
	Nov	The use of Astragalus polysaccharide extract for preparing a medicament for enhancing the efficacy of cancer immunotherapy" has been granted a patent in the United States.
	Dec	PG2 Lyo. Injection 500mg has been awarded the 2019 National Quality Award.
2020	Mar	The Oraphine®60mg soft Capsule has received notification from the Ministry of Health and Welfare that its application for new drug registration has been approved, and licensing is expected to follow.
	Apr	• The structure of Huangqi Polysaccharide crystalline particles with improved dissolution and absorption rates" has been granted a patent in Germany. • The packaging structure with prolonged effectiveness preservation and anti-fungal for Huangqi obtained Germany patent."
	Jun	• A crystal particle structure of Astragalus polysaccharide with improved solubility and absorption rate" has been granted a patent in Taiwan. • The packaging structure with extended efficacy preservation and anti-fungal properties for Huangqi products" has been granted a Taiwan patent.
	Jul	The packaging structure with extended efficacy preservation and anti-fungal properties for Huangqi products" has been granted a Japan patent.
	Aug	Medici Dalbergia and its Derivatives, and the Manufacturing Method Thereof" has been granted a patent in China.
	Nov	The crystalline particle structure of Astragalus polysaccharides with improved dissolution and absorption" has been granted a patent in Japan.
	Dec	• Oraphine®60mg soft Capsule Received the "Silver Award for Medicinal Products" in the 2020 Medicinal Product Technology Research and Development Awards jointly presented by the Ministry of Health and Welfare and the Ministry of Economic Affairs. • AmazPower® received the 2020 National Quality Award certification • The patent for the use of PG2 Lyo. Injection 500mg in cancer immunotherapy has been approved in Taiwan and Korea.
2021	Mar	PG2 Lyo. Injection 500mg formally included in the National Health Insurance drug reimbursement program.

2022	Jul	METHOD FOR ENHANCING EFFECT OF IMMUNOTHERAPY FOR CANCER obtained Japanese Patent.
	Oct	Clinical Practice Guidelines for Cancer-Related Fatigue" published in international journals. Japanese Journal of Clinical Oncology (JJCR 2022)
2023	Jan	Passed the PICs/GMP & GDP inspection for the raw material and obtained the Certificate of Good Manufacturing Practice, with validity until 2025/10.
	Nov	"The application of Astragalus membranaceus extract in suppressing SARS-CoV-2 virus invasion and treating COVID-19-related cytokine storms" has been granted a patent approval in Taiwan.

3. Corporate Governance Report

3.1 Organizational System

3.1.1Company Organizational Structure:



3.1.2Business operations of each major department.

Department	Business Operations by Department
R&D	1.Apply for Investigational New Drug (IND), conduct human clinical trials, execute clinical trials, and file New Drug Application (NDA). 2.Conduct basic research and technological development on new products and technologies, and produce drugs for use in clinical trials. 3.Evaluate and execute technology licensing for new drug products.
Factory	Perform drug manufacturing, control, inventory, regulatory compliance, and raw material importation
Management Department	Responsible for administrative affairs related to accounting, cashiering, human resources, legal affairs, general affairs, and procurement.
Audit Department	Implementation and auditing of internal control systems within each department.

3.2 Information on Directors, General Manager, Vice President and Assistant Vice President and Heads of Departments and Branches:

3.2.1 Information on Directors：

March 30, 2024 (stock closing date)

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks(Note:1)
Chairman	R.O.C.	Maywufa Company Ltd. Representative ：Lee Yi-Li	F 41~50	05/24/2023 05/24/2023	3 years	05/20/2002	35,130,698	17.69%	35,130,698 300,000	17.69% 0.15%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	➢ MBA, Rutgers University ➢ BBA In Finance, National Taiwan University ➢ Director, PhytoHealth Corp. ➢ Director, AmCad BioMed Corp. ➢ Supervisor, Taiwan Bio Industry Organization. ➢ 2016 Top 10 Female Heads of The Biomedical Industry ➢ Vice President, International Global Corporate, Standard Chartered Bank ➢ Vice President, Credit Agricole Corporate and Investment Bank ➢ Manager, Corporate Banking Group, Citibank, N.A.	➢ Chairman, PhytoHealth Corp. ➢ Vice Chairman, Maywufa Company Ltd. ➢ Chairman / General Manager, AmCad BioMed Corp. ➢ Chairman, Broadsound Corporation ➢ Director, Maywufa Cosmetics (Shanghai) Co., Ltd. ➢ Director, Taiwan Incubator SME Development Corporation ➢ Director, Lu Te Na Company Ltd. ➢ Independent Director, Sinyi Realty Inc.	Director Vice Chairman Director	Lee Chen-Chia Lee I-Lin Lai Yu-Ju	Father and daughter Sisters Couple	None
Vice Chairman	R.O.C.	Lee I-Lin	F 41~50	05/24/2023	3 years	06/13/2017	196,485	0.10%	196,845	0.10%	0	0.00%	0	0.00%	➢ MBA, Carnegie Mellon University ➢ B.Acc., National Taiwan University ➢ Product Manager (Sales and Marketing), Janssen Pharmaceutical Factory of Johnson & Johnson ➢ Auditor/Risk Assessment Consultant, Deloitte Taiwan	➢ Vice Chairman / General Manager, PhytoHealth Corp. ➢ Executive Director, Maywufa Company Ltd. ➢ Vice Chairman, AmCad BioMed Corp. ➢ Vice Chairman, Broadsound Corporation ➢ Supervisor, Maywufa Cosmetics (Shanghai) Co., Ltd. ➢ Supervisor, Lu Te Na Company Ltd. ➢ Supervisor, Taiwan Bio Industry Organization.	Director Chairman Director	Lee Chen-Chia Lee Yi-Li Lai Yu-Ju	Father and daughter Sisters Affinity	None
Director	R.O.C.	Maywufa Company Ltd. Representative：Lee Chen-Chia	M 71~80	05/24/2023 05/24/2023	3 years	05/20/2002	35,130,698	17.69%	35,130,698 300,000	17.69% 0.15%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	➢ Honorary Ph.D. , National Taipei University of Technology ➢ EMBA, National Chengchi University ➢ B.Pharma., School of Pharmacy, Kaohsiung Medical University ➢ Founder / Chairman, PhytoHealth Corp. ➢ Founder / Chairman, AmCad BioMed Corp. ➢ Chairman, Broadsound Corporation ➢ National Policy Consultants, Presidential Palace ➢ Director, Central Bank of the Republic of China (Taiwan) ➢ Representatives of the National Assembly ➢ Director, Straits Exchange Foundation ➢ Chairman, Taiwan Federation of Industry ➢ Chairman, Taiwan Province Industry Association	➢ Director, PhytoHealth Corp. ➢ Chairman, Maywufa Company Ltd. ➢ Director, AmCad BioMed Corp. ➢ Chairman, Taiwan Incubator SME Development Corporation.	Chairman Vice Chairman Director	Lee Yi-Li Lee I-Lin Lai Yu-Ju	Father and daughter Father and daughter Father and son-in-law	None
Director	R.O.C.	Maywufa Company Ltd. Representative：Lai Yu-Ju	M 51~60	05/24/2023 05/24/2023	3 years	05/20/2002	35,130,698	17.69%	35,130,698 0	17.69% 0.00%	0 300,000	0.00% 0.15%	0 0	0.00% 0.00%	➢ MBA, UCLA ➢ BBA, National Taiwan University ➢ VP, Citibank, Taiwan ➢ The Ernst & Young Entrepreneur of the Year Awards in 2012	➢ Director, PhytoHealth Corp. ➢ Director / General Manager, Maywufa Company Ltd. ➢ Chairman, Maywufa Cosmetics (Shanghai) Co., Ltd. ➢ Director, Taiwan Incubator SME Development Corporation ➢ Director, Lu Te Na Company Ltd.	Director Chairman Vice Chairman	Lee Chen-Chia Lee Yi-Li Lee I-Lin	Father and son-in-law Couple Affinity	None

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks(Note:1)
Director	R.O.C.	Jen Yu Ltd. Representative：Wang Pai-Sen	M 61~70	05/24/2023 05/24/2023	3 years	06/12/2014	54,000	0.03%	54,000 0	0.03% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	➢ MBA, Tulane University ➢ B.Pharma., School of Pharmacy, Kaohsiung Medical University ➢ Chairman / President, Fresenius Medical Care Taiwan Co., Ltd. ➢ Chairman / General Manager, AstraZeneca Taiwan Limited ➢ General Manager of the Western Medicine and Trade Division, Imperial Chemical Industries Ltd. (ICI) of Taiwan ➢ Executive Director and Convener of the Public Affairs Committee, International Research-Based Pharmaceutical Manufacturers Association, IRPMA ➢ Director, Research Foundation of Cardiovascular Medicine	➢ Director, PhytoHealth Corp. ➢ Chairman, Enrich Visions International Co., Ltd. ➢ Independent Director, TFBS Bioscience, Inc. ➢ Director, YES Health Co., Ltd.	None	None	None	None
Director	R.O.C.	Hua Wei Ltd. Representative：Tsai Ching-Chung	M 71~80	05/24/2023 05/24/2023	3 years	06/10/2011	46,000	0.02%	46,000 1,711	0.02% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	➢ B.Pharma., School of Pharmacy, Kaohsiung Medical University ➢ Director / Vice General Manager, China Chemical & Pharmaceutical Co., Ltd. ➢ Director, Sino-Japan Chemical Co., Ltd. ➢ Consultant, China Chemical & Pharmaceutical Co., Ltd. ➢ Consultant, PharmaCore Biotech Co., Ltd.	➢ Director / Senior Consultant, PhytoHealth Corp. ➢ Consultant, Standard Chemical & Pharmaceutical Co. Ltd.	None	None	None	None
Director	R.O.C.	Hua Wei Ltd. Representative：Wang Ming-Fu	M 71~80	05/24/2023 05/24/2023	3 years	06/10/2011	46,000	0.02%	46,000 0	0.02% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	➢ Ph. D. of Medical Science, The University of Tokushima, Japan ➢ Master of Medical Nutrition, The University of Tokushima, Japan ➢ B.Pharma. / Pharmacist, School of Pharmacy, China Medical University ➢ Research Fellow of Life Science and Technology Institute, Japan ➢ Instructor of Tokushima Bunri University, Japan ➢ The Founding Chairman of Anti-aging and Health Society of Taiwan ➢ Director of the Department of Food and Nutrition of Providence University ➢ Dean of Student Affairs / Research of Providence University ➢ Director of Innovation Incubation Center of Providence University ➢ Dean of the College of Health Sciences at Yuanpei University of Medical Technology ➢ President / Director, Yuanpei University of Medical Technology	➢ Director, PhytoHealth Corp. ➢ Chair Professor/School Affairs Consultant, Department of Food and Nutrition, Providence University ➢ Director of International Aging Industry Research and Development Center, Providence University. ➢ Visiting Professor of International Nutrition Research, Jyumonjigakuenjyoshidaigaku ➢ Executive Director of Health Food Society of Taiwan ➢ Examiner, Review Committee of Healthy Food, Ministry of Health and Welfare ➢ Convener / Advisory Committee Member, Review Committee of Healthy Food, Ministry of Health and Welfare ➢ Independent Director, Bio-Jourdeness International Group Co., Ltd. ➢ Director, Foundation for East-West Medicine	None	None	None	None
Director	R.O.C.	Jen Yu Ltd. Representative：Huang Tse-Hung	M 51~60	05/24/2023 05/24/2023	3 years	06/12/2014	54,000	0.03%	54,000 0	0.03% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	➢ Doctor of Medical Science, Institute of Clinical Medicine, Chang Gung University ➢ Master of Graduate Institute of Traditional Chinese Medicine, Chang Gung University ➢ MBBS, School of Medicine, China Medical University ➢ Director, Chinese Medicine Department of Keelung Chang Gung Memorial Hospital ➢ Chief Resident, Chinese Medicine Department of Taoyuan Chang Gung Memorial Hospital ➢ Resident, Chinese Medicine Department of LinKou Chang Gung Memorial Hospital ➢ Doctor, Capital Medical University	➢ Director, PhytoHealth Corp. ➢ Convener, Traditional Chinese Medicine Development of Chang Gung Medical System ➢ Director, Chinese Medicine Department of LinKou Chang Gung Memorial Hospital ➢ Assistant Professor, Graduate Institute of Health Industry Technology, Chang Gung University of Science and Technology ➢ Assistant Professor, College of Chinese Medicine of Chang Gung University ➢ Assistant Professor, MingChi University of Technology Department of Chemical Engineering	None	None	None	None

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks(Note:1)
Independent Director	R.O.C.	Wang Der-Shan	M 81~90	05/24/2023	3 years	06/19/2008	0	0.00%	0	0.00%	0	0.00%	0	0.00%	➢ Master of Public Finance, National Chengchi University ➢ Bachelor of Finance & Taxation, National Chengchi University Political Deputy Minister, Ministry of Finance ➢ Administrative Deputy Minister, Ministry of Finance ➢ Director, Taxation Department of Ministry of Finance ➢ Director-General, National Taxation Bureau of Taipei, Ministry of Finance ➢ Certified Public Accountant	➢ Independent Director, PhytoHealth Corp.	None	None	None	None
Independent Director	R.O.C.	Lai Sun-Quae	M 61~70	05/24/2023	3 years	06/13/2017	0	0.00%	0	0.00%	0	0.00%	0	0.00%	➢ Ph.D. of Business Administration, National Taipei University ➢ MBA, Indiana University of Pennsylvania ➢ BBA, Soochow University ➢ Chairman, Topco Scientific Co., Ltd. ➢ Chairman, CSBC Corporation, Taiwan ➢ Director, Small and Medium Enterprise Administration, Ministry of Economic Affairs ➢ Deputy Director General, Department of Commerce, MOEA	➢ Independent Director, PhytoHealth Corp. ➢ Independent Director, Yi Jinn Industrial Co., Ltd. ➢ Independent Director, Leatec Fine Ceramics Co., Ltd. ➢ Independent Director, Metaage Corporation ➢ Vice Chairman, Topco Scientific Co., Ltd. ➢ Chairman, Eco Technical Services Co., Ltd. ➢ Chairman, Yunyue Technology Co., Ltd. ➢ Chairman, Unitech New Energy Engineering Co., Ltd. ➢ Chairman, Xiang Yueh Industrial Co., Ltd. ➢ Director, ANYONG Freshmart, Inc.	None	None	None	None
Independent Director	R.O.C.	Lin Shoei-Loong	M 71~80	05/24/2023	3 years	05/26/2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	➢ MBBS, National Taiwan University College of Medicine ➢ MMS, University of Hawaii ➢ Surgical Research Fellow, Johns Hopkins University School of Medicine ➢ Assistant Professor of Surgery, National Taiwan University College of Medicine ➢ Superintendent of the hospital, Choninn Medical System ➢ Clinical Professor of Surgery, Taipei Medical University ➢ Clinical Professor of Surgery, National Yang-Ming University ➢ CEO, Hospital Administration Commission, Department of Health ➢ Chairman, Taiwan Public Hospital Association ➢ Chairman, Taiwan Drug Relief Foundation ➢ Director of the hospital, Ministry of Health and Welfare Puzi Hospital ➢ Director of the hospital, Ministry of Health and Welfare Tainan Hospital ➢ Director of the hospital, Ministry of Health and Welfare Chia Yi Hospital ➢ Director of the hospital, Ministry of Health and Welfare Taipei Hospital ➢ Director, Joint Commission of Taiwan ➢ Committee Member, Joint Commission of Taiwan	➢ Independent Director, PhytoHealth Corp. ➢ Superintendent, Taipei Jen-Chi Relief Institution ➢ Clinical professor, Fu Jen Catholic University ➢ Chairman, Nan-Hsing Medical Foundation ➢ Evaluation Committee, Institute for Biotechnology and Medicine Industry	None	None	None	None
Independent Director	R.O.C	Wu Yang-Chang	M 71~80	05/24/2023	3 years	05/24/2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	➢ Pharmacy Postdoctoral Fellow, University of North Carolina College / Meijo University College ➢ Doctor / Master, Kaohsiung Medical University ➢ B.Pharma., School of Pharmacy, Kaohsiung	➢ Independent Director, PhytoHealth Corp. ➢ Chair Professor, Graduate Institute of Integrated Medicine, China Medical University ➢ Executive director / Chairman of National	None	None	None	None

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks(Note:1)
															Medical University ➢ Chair Professor / Director, Kaohsiung Medical University Research Center for Natural Products and Drug Development ➢ Chair Professor / Vice-President, China Medical University School of Pharmacy / Chinese Medicine ➢ Committee Member of the East Asian Herbal Medicine Expert Committee of United States Pharmacopeia ➢ Director of Research and Development Office, Kaohsiung Medical University ➢ Convener of the Pharmaceutical and Traditional Chinese Medicine Sciences Panel, Biological Division, National Science and Technology Council ➢ Member of the Traditional Chinese Medicine Committee of the Department of Health, Executive Yuan ➢ Director / Professor, Kaohsiung Medical University Research Center for Natural Products and Drug Development	Standards Technical Committee, Niu-Chang-Chih, Industry Association, Taiwan ➢ Member of National Standards Technology Committee, Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, Taiwan ➢ Dean's Office Consultant, China Medical University Hospital				

Note 1:When the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, spouses or first-degree relatives, the reason, rationality, necessity and future improvement measures should be explained: Not applicable.

Note 2:Mr. Chen Wenhua, the representative director of Li Ling Investment Ltd., resigned on September 14, 2023. The position remains vacant pending appointment.

1. Major Shareholders of Corporate Shareholders

March 30, 2024 (stock closing date)

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Maywufa Company Ltd.	Cheng Yi Investment Company Ltd.(17.75％)、PhytoHealth Corp. (12.59%)、Li Ling Investment Company Ltd. (11.25％)、Chen Wen-Hwa (2.71％)、Cheng Hsin Investment Company Ltd.(2.36％)、Lee Chen-Chia (2.03％)、Yi Xin International Company Ltd.(1.17%)、Tsai Mau- Jen (1.14%)、Lee Yi-Li (1.05％) 、Huang Chao-Yu(0.87%)
Hua Wei Ltd.	Guo Li-Rong (100％)
Jen Yu Ltd.	Wu Pei-Ling (100％)
Li Ling Investment Company Ltd.	Lee Chen-Chia (41.33%)、Tsai Yu-Yun (38.31%)、Lee I-Lin (20.02%)、Lee Yi-Li (0.34%)

Note: The name of the main shareholder of the legal person shareholder (whose shareholding ratio accounts for the top ten) and the shareholding ratio.

2. If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

March 30, 2024 (stock closing date)

Name of corporate/juristic person	Major shareholders of the corporate/juristic person (Note)
Cheng Yi Investment Company Ltd.	Lee Yi-Li (43.26%)、Lee Chen-Chia (33.42%)、Tsai Yu-Yun (14.28%)、Lee I-Lin (9.04%)
PhytoHealth Corp.	Maywufa Company Ltd. (17.69%)、Wu Li-Hua (2.07%)、Yun Cheng Investment Corporation (0.90%) 、Chen Qing-Tang (0.61%)、Zheng An-Hang (0.56%)、Wu Yu-Kun (0.53%)、Wu Zhao-Xiong (0.50%)、Lu Xue-Chang (0.48%)、National Defense Education Foundation Research Foundation (0.48%)、Lin Chiu-Chuan (0.40%)
Li Ling Investment Company Ltd.	Lee Chen-Chia (41.33%)、Tsai Yu-Yun (38.31%)、Lee I-Lin (20.02%)、Lee Yi-Li (0.34%)
Cheng Hsin Investment Company Ltd.	Lee I-Lin (81.03%)、Tsai Yu-Yun (11.73%)
Yi Xin International Company Ltd.	Lee Bi-Jen (50.00%)、Lee Yu-Chia (35.00%)、Lee Yong-Rui (7.5%)、Lee Yin-Rui (7.5%)

Note : Fill in the names of the major shareholders of the legal person (whose shareholding ratio accounts for the top ten) and their shareholding ratio.

3.Information on Directors and Supervisors

(1)Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors：

Qualifi-cation / Name	Professional qualifications and experience (Note 1)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chairman Lee Yi-Li	1. Amcad Biomed Corp. Chairman and General Manager. 2. Maywufa Company Limited Vice Chairman. 3. Sinyi Realty Inc. Independent Director, Audit Committee Member, Remuneration Committee Member. 4. Director, International Global Corporate, Standard Chartered Bank 5. Vice President, Credit Agricole Corporate And Investment 6. The person has over 20 years of experience in the biotech and medical industry market, finance and banking, and capital markets.	There are no circumstances as specified in Article 30 of the Company Act.	1

Qualifi-cation / Name	Professional qualifications and experience (Note 1)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Vice Chairman Lee I-Lin	1. Phytohealth Corp. Vice Chairman and General Manager. 2. Amcad Biomed Corp. Vice Chairman. 3. Maywufa Company Limited Executive Director. 4. Product Manager (Sales And Marketing),Janssen Armaceutical Factory Of Johnson & Johnson 5. Auditor/Risk Assessment Consultant, Deloitte Taiwan 6. The person has over 15 years of experience in the biotech and medical industry market, risk management in accounting firms, and financial auditing.	There are no circumstances as specified in Article 30 of the Company Act.	0
Director Lee Chen-Chia	1. Maywufa Company Limited Founder and Chairman. 2. Phytohealth Corp.,Amcad Biomed Corp. Director, Founder, and Former Chairman. 3. National Policy Consultants,Presidential Palace 4. Director,Central Bank Of The Republic Of China (Taiwan) 5. Director,Straits Exchange Foundation Managing Director 6. Taiwan Federation Of Industry Managing Director, National Association of Small & Medium Enterprises, R.O.C. President. 7. The person has over 45 years of leadership experience in associations of listed and over-the-counter companies, related industries, government agencies, and the biotech and medical industry market.		0
Director Lai Yu-Ju	1. Maywufa Company Limited Director and General Manager. 2. Vice President, Citibank, Taiwan. 3. The person has over 25 years of experience in the e-commerce industry market, biotech and medical industry market, finance and banking, and capital markets.		0
Director Chen Wen-Hwa (Note 3)	1. Maywufa Company Limited and Amcad Biomed Corp. Director. 2. Certified Pharmacist. 3. Former Phytohealth Corp. Former director and General Manager. 4. Sales Manager, Bristol-Myers Squibbs Company, Taiwan 5. The person has over 45 years of experience in the biotech and medical industry market.		0
Director Wang Pai-Sen	1. Enrich Visions International Co., Ltd. Chairman. 2. Independent Director at Qihong Biotechnology Co., Ltd. 3. Director at Jump Lion Health Co., Ltd. 4. Former Chairman and CEO of Fresenius Medical Care Taiwan Co., Ltd., Former Chairman and General Manager of ASTRAZENECA TAIWAN LIMITED, Former General Manager of the Pharmaceutical and Trading Division at Taiwan Branch of Imperial Chemical Industries (ICI). 5. Former Executive Director and Convener of the Public Affairs Committee of the Taiwan Research-Based Pharmaceutical Manufacturers Association, Director of the Heart Medicine Research and Development Foundation. 6. Leader of foreign pharmaceutical and biotech companies and related business industry associations, with over 40 years of experience in the biotech and medical industry market.		1
Director Tsai Ching-Chung	1. Phytohealth Corporation senior advisor. 2. CHINA CHEMICAL & PHARMACEUTICAL CO., LTD. Director and Vice President and SINO-JAPAN CHEMICAL CO., LTD. Director. 3. Over 40 years of experience in the biotech and medical industry market.		0

Qualifi-cation Name	Professional qualifications and experience (Note 1)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Director Wang Ming-Fu	1. Director of the Department of Food and Nutrition, Dean of Student Affairs, Director of Research and Development, Distinguished Professor, Advisor to the President, Director of the International Research and Development Center for Aging Industry and the Innovation and Incubation Center at Providence University. 2. Health Food Society of Taiwan. Executive Director. 3. Convener/Advisory Committee Member of Health Food, Ministry of Health and Welfare. 4. BIO-JOURDENESS INTERNATIONAL GROUP CO., LTD. Independent Director. 5. Former Lecturer at Shikoku Women's University in Japan, Anti-aging and Health Society of Taiwan Founding President and Yuanpei University of Medical Technology Director, Principal, Dean of the College of Health Sciences. 6. Director of a government health agency, university professor, leader of a non-profit organization related to industry and commerce, with over 40 years of experience in the biotech and medical industries.	There are no circumstances as specified in Article 30 of the Company Act.	1
Director Huang Tse-Hung	1. Convenor of Traditional Chinese Medicine development in Chang Gung Health System. 2. Director of Department of Traditional Chinese Medicine at Linkou Chang Gung Memorial Hospital. 3. Director of Department of Traditional Chinese Medicine at Keelung Chang Gung Memorial Hospital. 4. Former Director of Traditional Chinese Medicine Department at Keelung Chang Gung Memorial Hospital and Chief Physician of Traditional Chinese Medicine Department at Taoyuan Chang Gung Memorial Hospital. 5. Physician at a large medical institution, university professor, with over 20 years of experience in the biotech and medical industries.		0
Independent Director Wang Der-Shan	1. Former Deputy Minister of Finance, Executive Deputy Minister of Finance, Director General of the Taxation Agency, Ministry of Finance and Director General of the Taipei National Taxation Bureau, Ministry of Finance. 2. The director of relevant units at the Ministry of Finance and has over 50 years of experience in financial, tax, and accounting matters. 3. Certified Public Accountant.	1.There are no circumstances as specified in Article 30 of the Company Act. 2.Note 2.	0
Independent Director Lai Sun-Quae	1. Vice Chairman of Chong Yue Group. 2. Independent Director of Yi Jin Industrial, Jiu Hao Precision Ceramics, and Ju Shuo Technology Co., Ltd. 3. Chairman of Jian Yue Technology Engineering, Yun Yue Technology, Guang Yu Engineering Consultants, and Xiang Yue Hing Ye Co., Ltd. 4. Director of Ernst & Young Lifestyle Ventures Co., Ltd. 5. Former Chairman of Taiwan International Shipbuilding Co., Ltd, Deputy Director General of the Department of Commerce, Ministry of Economic Affairs, and Director General of the Small and Medium Enterprise Administration 6. Over 30 years of managerial experience in relevant units of the Ministry of Economic Affairs and in business management.		3

<table>
<tr><th>Qualifi-cation
Name</th><th>Professional qualifications and experience (Note 1)</th><th>Independence analysis</th><th>No. of other public companies at which the person concurrently serves as an independent director</th></tr>
<tr><td>Independent Director Lin Shoei-Loong</td><td>1. Director-General of Renji Hospital.
2. Clinical Professor at Fu Jen Catholic University.
3. Chairman of Nanxing Foundation.
4. Evaluation Committee Member of the National Biotechnology and Medical Care Industry Promotion Office.
5. Former Chairman of the Taiwan Public Hospitals Association, Executive Director of the Hospital Management Committee, Department of Health, Executive Yuan, Director of Taipei Hospital, Tainan Hospital, Chiayi Hospital, and Puzi Hospital under the Ministry of Health and Welfare, member of the Pharmaceutical Relief Foundation and Director of the Taiwan Medical Foundation.
6. Over 40 years of experience in Chief of a medical institution, director of a government health agency, university professor, biotech and medical industries.</td><td rowspan="2">1.There are no circumstances as specified in Article 30 of the Company Act.
2.Note 2.</td><td>0</td></tr>
<tr><td>Independent Director Wu Yang-Chang</td><td>1. Adjunct Professor of Pharmaceutical Master's Program, China Medical University.
2. Executive Director of Taiwan Ganoderma Industry Association and Convener of the National Standards Technical Committee.
3. Committee Member of the Food National Technical Committee, Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.
4. Consultant to the Office of the President, China Medical University Hospital.
5. Former Professor and Director of the Institute of Natural Medicine and the Center for Natural Medicine and New Drug Development, Kaohsiung Medical University, Professor and Vice President of the School of Chinese Medicine and School of Pharmacy, China Medical University,Committee Member of the East Asian Herbal Medicine Expert Committee, United States Pharmacopeia Convention, Director of Research and Development and Professor at Kaohsiung Medical University, and former Director of the Institute of Natural Medicine, Convener of the Pharmacology and Traditional Chinese Medicine Division, Biochemical Sciences and Traditional Chinese Medicine Committee, National Science Council and Committee Member of the Traditional Chinese Medicine Committee, Department of Health, Executive Yuan.
6. 6.Over 40 years of experience in healthcare institutions, government health agencies, and as a university professor specializing in research and development of traditional Chinese herbal medicine.</td><td>0</td></tr>
</table>

Note1：Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note2：Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship 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)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 3: Director Chen Wen-Hwa resigned on September 14, 2023

Meets the Independence Criteria / Name and Title	Includes but is not limited to whether oneself, spouse, or first-degree relatives serve as directors, supervisors, or employees of the company or its affiliated enterprises.	The number and proportion of shares held by oneself, spouse, and first-degree relatives (or held under others' names).	Whether serving as a director, supervisor, or employee of companies with specific relationships with the company (referring to provisions 5-8 of Article 3, Paragraph 1 of the Measures for the Appointment of Independent Directors of Publicly Traded Companies).	The amount of compensation received for providing business, legal, financial, accounting, or other services to the company or its affiliated enterprises in the past 2 years.
Wang Der-ShanIndependent Director	No	0 stocks 0%	No	$0
Lai Sun-QuaeIndependent Director	No	0 stocks 0%	No	$0
Lin Shoei-LoongIndependent Director	No	0 stocks 0%	No	$0
Wu Yang-Chang Independent Director	No	0 stocks 0%	No	$0

(2)Board diversity and independence：

A. Board diversity：

The company has established "Corporate Governance Best Practice Guidelines", which stipulate that the composition of the board of directors should consider diversity and formulate a diversity policy for basic criteria and professional knowledge and skills based on its own operations, operating style, and development needs. When appointing directors, the company not only considers their professional background, but also diversity as an important factor. According to Article 20, Paragraph 3 of the "Corporate Governance Best Practice Guidelines", board members should generally have the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors as a whole should have the following abilities：

(A)Operational judgment capability.
(B)Accounting and financial analysis capability.
(C) Business management capability.
(D)Crisis management capability.
(E)Industry knowledge.
(F)International market perspective.
(G) Leadership capability.
(H) Decision-making capability.

Our company has a total of 12 directors, including 4 Independent Directors. Among them, 2 directors are female. The members have professional backgrounds covering management, medicine, pharmacy, finance, accounting, doctors, pharmacists, and certified public accountants, among other experts. The board members possess diverse backgrounds in industry, academia, and knowledge, which can provide professional opinions from different perspectives and greatly benefit the company's business and management performance. In addition, our company also values gender equality in the composition of the board members. The target for the proportion of female directors is above 15%, and the current ratio of female directors (including Independent Directors) is 16.67%. The implementation of board diversity is shown in the following table：

Core elements of diversity. / Director Name	Nationality	Gender	Employed by the company.	Age					Length of tenure as an independent director			Industry experience			Professional expertise			
				41 to 50	51 to 60	61 to 70	71 to 80	81 to 90	Less than 3 years.	3 to 9 years	9 years or more	Biotechnology and Medical Industry	Finance and banking	Business management	Doctor	Pharmacist	Financial Accounting	Risk Management
Lee Yi-Li Chairman	R.O.C	F	✓	✓								✓	✓	✓			✓	✓
Lee I-Lin Vice Chairman		F	✓	✓								✓	✓	✓			✓	✓
Lee Chen-Chia Director		M					✓					✓		✓				✓
Lai Yu-Ju Director		M			✓							✓	✓	✓			✓	✓
Chen Wen-Hwa Director (Note)		M					✓					✓		✓		✓		✓
Wang Pai-Sen Director		M				✓						✓		✓				✓
Tsai Ching-Chung Director		M					✓					✓		✓		✓		✓
Wang Ming-Fu Director		M					✓					✓		✓				✓
Huang Tse-Hung Director		M			✓							✓		✓	✓			✓
Wang Der-Shan Independent Director		M						✓			✓	✓	✓	✓			✓	✓
Lai Sun-Quae Independent Director		M				✓				✓		✓		✓			✓	✓
Lin Shoei-Loong Independent Director		M					✓		✓			✓		✓	✓			✓
Wu Yang-Chang Independent Director		M					✓		✓			✓				✓		

Note: Chen Wen-Hwa director resigned on September 14, 2023.

B.Independence of the Board of Directors：

(A)Our company currently has 12 directors, of which 4 are Independent Directors, accounting for 33% of the total board members.

(B)There are four directors in our company who have family relationships within the second degree of kinship. Lee Yi-Li, Chairman of the Board, and Lee I-Lin, Vice Chairman of the Board, are father and daughter. Lee Yi-Li, Chairman of the Board, and Lai Yu-Ju, director, are husband and wife. Lee Yi-Li, Chairman of the Board, and Lee I-Lin, Vice Chairman of the Board, are sisters. Lee I-Lin, Vice Chairman of the Board, and Lee Chen-Chia, director, and Lai Yu-Ju, director, are relatives by marriage. The proportion of these directors is only 33.33% and does not reach 50%, so there are no circumstances under the provisions of Article 26-3, paragraphs 3 and 4 of the Securities Exchange Act.

3.2.2 Information of General Manager, Deputy General Manager, Assistant General Manager, Department Heads, and Branch Managers：

March 30, 2024 (stock closing date)

Job title	Nationality or place of registration	Name	Gender, age	Commencement date of first term	No. of shares held at time of election		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Directors with which the person has a relationship of spouse or relative within the second degree			Remarks(Note: 1)
					Shares	%	Shares	%	Shares	%			Job title	Name	Relation	
General Manager	R.O.C.	Lee I-Lin	F	08/04/2021	196,845	0.10%	0	0.00%	0	0.00%	➢ MBA, Carnegie Mellon University ➢ B.Acc., National Taiwan University ➢ Product Manager (Sales and Marketing), Janssen Pharmaceutical Factory of Johnson & Johnson ➢ Auditor/Risk Assessment Consultant, Deloitte Taiwan	➢ Vice Chairman / General Manager, PhytoHealth Corp. ➢ Executive Director, Maywufa Company Ltd. ➢ Vice Chairman, AmCad BioMed Corp. ➢ Vice Chairman, Broadsound Corporation ➢ Supervisor, Maywufa Cosmetics (Shanghai) Co., Ltd. ➢ Supervisor, Lu Te Na Company Ltd. ➢ Supervisor, Taiwan Bio Industry Organization.	None	None	None	None
Plant Manager	R.O.C.	Hu Shun-Chieh	M	08/17/2015	0	0.00%	2	0.00%	0	0.00%	➢ Master of Chemical and Materials Engineering, Chang Gung University, Taiwan ➢ Supervisor, Production Technology Development Lab., China chemical & Pharmaceutical Co., Ltd ➢ Sr. Technical Service Specialist, Pfizer Biotech Corporation	None	None	None	None	None
Research Director	R.O.C.	Wang Teng-Hsu	M	07/30/2021	0	0.00%	0	0.00%	0	0.00%	➢ Ph. D., Department of Agricultural Chemistry, National Taiwan University ➢ Master, Department of Agricultural Chemistry, National Taiwan University (Bio-Industrial Chemistry Group) ➢ Director of International Clinical and R&D Division, PhytoHealth Corp. ➢ Pharmaceutical Academic Manager, Protech Pharmaservices Corporation ➢ Academic Department of Medicine, Janssen Pharmaceutical Factory of Johnson & Johnson	None	None	None	None	None

Financial Supervisor	R.O.C.	Huang Chih-Yuan	F	05/11/2021	0	0.00%	0	0.00%	0	0.00%	➢ BBA, Accounting Department of Soochow University, Taipei, Taiwan ➢ Financial / Accounting officer and spokesman AmCad BioMed Corp. ➢ Audit Supervisor, PhytoHealth Corp. ➢ Chief Financial Officer and Spokesperson, Wellell Inc. ➢ Group Accountant, Microlife Corporation ➢ Auditor General, Microlife Corporation	➢ Director, Broadsound Corporation	None	None	None	None
Audit Supervisor	R.O.C.	Yeh Li-Feng	F	05/11/2021	513	0.00%	0	0.00%	0	0.00%	➢ BBA, Accounting Department of Soochow University, Taipei, Taiwan ➢ Finance Supervisor and Spokesperson, Maywufa Company Ltd. ➢ Accounting Manager, Maywufa Company Ltd. ➢ Director of Finance and Accounting, AOC International	➢ Supervisor, Broadsound Corporation	None	None	None	None

Note 1: When the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, spouses or first-degree relatives, the reason, rationality, necessity and future improvement measures should be explained: Not applicable.

3.3 Remuneration to Directors, Supervisors, General Manager, and Vice Presidents

3.3.1Remuneration of general directors and independent directors (disclosing individual names and remuneration methods).

Dec. 31, 2023 Unit: NTD thousands

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration from Invested Businesses Other than Subsidiaries or Parent Company
		Remunerations (A)		Retirement pension (B)		Directors Compensation (C)		Allowances (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F) (Note 1)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	The Company	
																Cash	Stock	Cash	Stock			
Chairman	Maywufa Company Ltd. Representative：Lee Yi-Li	0	0	0	0	0	0	505	1,014	505 (1.07%)	1,014 (2.15%)	1,948	6,642	0	0	0	0	0	0	2,453 (5.21%)	7,656 (16.25%)	6,998
Vice Chairman	Lee I-Lin	0	0	0	0	0	0	265	533	265 (0.56%)	533 (1.33%)	3,900	5,067	108	174	0	0	0	0	4,273 (9.07%)	5,774 (12.25%)	5,079
Director	Maywufa Company Ltd. Representative：Lai Yu-Ju	0	0	0	0	0	0	265	366	265 (0.56%)	366 (0.78%)	0	0	0	0	0	0	0	0	265 (0.56%)	366 (0.78%)	8,272
Director.	Hua Wei Ltd. Representative：Chen Wen-Hwa	0	0	0	0	0	0	200	301	200 (0.42%)	301 (0.64%)	0	0	0	0	0	0	0	0	200 (0.42%)	301 (0.64%)	542
Director.	Maywufa Company Ltd.. Representative：Lee Chen-Chia	0	0	0	0	0	0	260	520	260 (0.55%)	520 (1.10%)	0	0	0	0	0	0	0	0	260 (0.55%)	520 (1.10%)	14,871
Director.	Jen Yu Ltd. Representative：Huang Tse-Hung	0	0	0	0	0	0	260	260	260 (0.55%)	260 (0.55%)	0	0	0	0	0	0	0	0	260 (0.55%)	260 (0.55%)	0
Director.	Hua Wei Ltd. Representative：Tsai Ching-Chung	0	0	0	0	0	0	265	265	265 (0.56%)	265 (0.56%)	0	0	0	0	0	0	0	0	265 (0.56%)	265 (0.56%)	0
Director.	Hua Wei Ltd. Representative：Wang Ming-Fu	0	0	0	0	0	0	260	260	260 (0.55%)	260 (0.55%)	0	0	0	0	0	0	0	0	260 (0.55%)	260 (0.55%)	0
Director.	Jen Yu Ltd. Representative：Wang Pai-Sen	0	0	0	0	0	0	265	265	265 (0.56%)	265 (0.56%)	0	0	0	0	0	0	0	0	265 (0.56%)	265 (0.56%)	720
Independent director.	Wu Yang-Chang	0	0	0	0	0	0	175	175	175 (0.37%)	175 (0.37%)	0	0	0	0	0	0	0	0	175 (0.37%)	175 (0.37%)	

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration from Invested Businesses Other than Subsidiaries or Parent Company
		Remunerations (A)		Retirement pension (B)		Directors Compensation (C)		Allowances (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F) (Note 1)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	The Company	
																Cash	Stock	Cash	Stock			
Independent director.	Wang Der-Shan	0	0	0	0	0	0	300	300	300 (0.64%)	300 (0.64%)	0	0	0	0	0	0	0	0	300 (0.64%)	300 (0.64%)	0
Independent director.	Lai Sun-Quae	0	0	0	0	0	0	300	300	300 (0.64%)	300 (0.64%)	0	0	0	0	0	0	0	0	300 (0.64%)	300 (0.64%)	0
Independent director.	Lin Shoei-Loong	0	0	0	0	0	0	300	300	300 (0.64%)	300 (0.64%)	0	0	0	0	0	0	0	0	300 (0.64%)	300 (0.64%)	0

1.The policy, system, standards, and structure of remuneration for independent directors, as well as the correlation between their remuneration amount and factors such as their responsibilities, risks, and time input, are stated as follows: According to Article 25 of the Company's Articles of Association, the remuneration of all directors is authorized by the Board of Directors. It shall be paid at the same level as that of the industry, regardless of the operating profit or loss. In addition, the "Director Remuneration Payment Method" was formulated and approved by the Remuneration and Compensation Committee and the Board of Directors on August 9, 2022, and the relevant provisions for the remuneration of independent directors are implemented in accordance with this method.

2. In addition to the disclosure in the table above, the remuneration received by the company's directors for providing services to all companies in the financial report (such as serving as non-employee consultants, etc.) in the recent fiscal year amounted to 3,600NT thousand

Note 1: The actual payment amount for retirement pensions in 2023 was $0, and the provision for retirement pensions expense was recorded as $108,000.

3.3.2 Remuneration of the general manager and deputy general manager.

Dec. 31, 2023 Unit: NTD thousands

Job title	Name	salary (A)		salary (A)		Retirement pay and pension (B) (Note 1)		Rewards and special disbursements. (C)				Employee profit-sharing compensation (D)		Sum of A+B+C+D and ratio to net income (%) All consolidated entities
		The Company	The Company	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		All consolidated entities	The Company	
								cash	stock	cash	stock			
General manager.	Lee I-Lin	3,300	4,380	108	174	600	687	0	0	0	0	4,008 (8.51%)	5,241 (11.12%)	5,079

Note 1: The actual payment amount for retirement pensions in 2023 was $0, and the provision for retirement pensions expense was recorded as $108,000.

Remuneration Range Table

Remuneration Range for Each of the Company's Director	Name of Directors	
	The Company	All consolidated entities (Note)
Under NTD 1,000,000		
NTD 1,000,000 (inclusive)		
NTD 2,000,000 (inclusive)		
NTD 3,500,000 (inclusive)	Lee I-Lin	
NTD 5,000,000 (inclusive)		Lee I-Lin
NTD 10,000,000 (inclusive)		
NTD 15,000,000 (inclusive)		
NTD 30,000,000 (inclusive)		
NTD 50,000,000 (inclusive)		
Over NTD 100,000,000		
Total	1	1

Note: Parent company and all affiliated invested businesses.

3.3.3The top five highest-paid executives and their remuneration (disclosed by name and remuneration method).

Job title	Name	salary (A) The Company	salary (A) All consolidated entities	Retirement pay and pension (B) (Note 1) The Company	Retirement pay and pension (B) (Note 1) All consolidated entities	Rewards and special disbursements. (C) The Company	Rewards and special disbursements. (C) All consolidated entities	Employee profit-sharing compensation (D) The Company cash	Employee profit-sharing compensation (D) The Company stock	Employee profit-sharing compensation (D) All consolidated entities cash	Employee profit-sharing compensation (D) All consolidated entities stock	Sum of A+B+C+D and ratio to net income (%) The Company	Sum of A+B+C+D and ratio to net income (%) All consolidated entities	Remuneration received from investee enterprises other than subsidiaries or from the parent company
Manager	A	3,300	4,380	108	174	600	687	0	0	0	0	4,008 (8.51%)	5,241 (11.12%)	5,079
Manager	B	1,649	1,649	100	100	400	400	0	0	0	0	2,149 (4.56%)	2,149 (4.56%)	0
Manager	C	1,667	1,667	103	103	269	269	0	0	0	0	2,039 (4.33%)	2,039 (4.33%)	0
Manager	D	1,482	1,482	91	91	220	220	0	0	0	0	1,793 (3.81%)	1,793 (3.81%)	0
Manager	E	1,373	1,373	83	83	161	161	0	0	0	0	1,617 (3.43%)	1,617 (3.43%)	0

3.3.4Name(s) of manager(s) who received employee remuneration and the allocation situation: As the Company has newly launched drugs and is continuously investing in R&D, there are no earnings yet, and thus no employee bonuses have been distributed.

3.3.5Comparison and analysis of the total remuneration paid to the directors, general managers, and deputy general managers of the Company and all companies in the consolidated financial statements in the past two years, as a percentage of the post-tax net profit of the individual financial statements. The policy, standards, and composition of remuneration, the procedures for determining remuneration, and their relationship with business performance should also be explained.

Explanation:

1.The percentage of the total remuneration paid to the directors, general managers, and deputy general managers of the Company and all companies in the consolidated financial statements in the past two years, as a percentage of the post-tax (loss) profit of the individual financial statements.

	Ratio of total remuneration paid to directors, supervisors, general manager and vice presidents to net income (%)				Increase (decrease) %	
	2023		2022			
Category	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	-12.32%	-21.54%	-11.74%	-21.03%	0.58%	0.41%
General Manager / Vice presidents						

2.Policies, standards, and composition of remuneration, procedures for determining remuneration, and their relationship with business performance and future risks:

To establish a sound salary and compensation system for the directors and managers of the Company, the Board of Directors has established a "Remuneration Committee" in accordance with the "Regulations on the Establishment and Exercise of Powers of Salary and Remuneration Committees for Companies Listed on the Stock Exchange or Traded at Securities Firms." The Committee adopts a professional and objective approach, taking into account factors such as individual time and responsibility, achievement of goals, and the remuneration of other employees in similar positions in the Company and the industry. In addition, the Committee considers the Company's short-term and long-term business objectives, financial condition, and future risks, and formulates policies and systems for the remuneration of directors and managers, without encouraging them to engage in behaviors that exceed the Company's risk tolerance in pursuit of remuneration.

The Company's "Manager's Salary and Remuneration Payment Measures" are used as the basis for evaluating managers, with evaluation criteria including salary levels in the industry, the scope of responsibilities within the Company, and contributions to the Company's operational objectives, as well as financial indicators such as revenue, pre-tax and after-tax net profit achievement rates, and non-financial indicators such as the progress of clinical trials in the R&D stage of new drugs, the completion of planning and execution of various projects, and significant deficiencies in compliance with laws and regulations and operational risks of subordinate units.

The annual remuneration of directors and managers is determined in accordance with Article 30 of the Company's Articles of Association. If the Company has profits for the year (meaning pre-tax profit minus employee and director remuneration), after reserving for accumulated losses, a portion ranging from 3% to 6% is allocated for employee remuneration and no more than 4% is allocated for director remuneration.

The above-mentioned remuneration for directors and managers must be approved by the Remuneration Committee and submitted to the Board of Directors for resolution.

3.4 The operating status of corporate governance.

3.4.1Operation of the Board of Directors

Prior to the recent annual election, the board of directors convened 2 times (A1), while after the election, the board of directors convened 3 times (A2)

The attendance by the directors and supervisors was as follows:：

Prior to the shareholders' meeting held on May 24, 2023					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%)【B/A1】	Remarks
Chairman	Maywufa Company Limited Legal Representative：Lee Yi-Li	2	0	100%	Former
Vice Chairman	Lee I-Lin	2	0	100%	Former
Director	Maywufa Company Limited Legal Representative：Lai Yu-Ju	2	0	100%	Former
Director	Hua Wei Ltd. Legal Representative：Lee Chen-Chia	2	0	100%	Former
Director	Hua Wei Ltd. Legal Representative：Chen Wen-Hwa	2	0	100%	Former
Director	HENG HONG Limited. Legal Representative：Wang Pai-Sen	2	0	100%	Former
Director	JEN YU Limited. Legal Representative：Tsai Ching-Chung	2	0	100%	Former
Director	JEN YU Limited. Legal Representative：Wang Ming-Fu	2	0	100%	Former
Director	HENG HONG Limited. Legal Representative：Huang Tse-Hung	2	0	100%	Former
Independent Director	Wang Der-Shan	2	0	100%	Former
Independent Director	Lai Sun-Quae	2	0	100%	Former
Independent Director	Lin Shoei-Loong	2	0	100%	Former
After the shareholders' meeting held on May 24, 2023					

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A2】	Remarks
Chairman	Maywufa Company Limited Legal Representative：Lee Yi-Li	3	0	100%	May 24, 2023 Re-elected
Vice Chairman	Lee I-Lin	3	0	100%	May 24, 2023 Re-elected
Director	Maywufa Company Limited Legal Representative：Lee Chen-Chia	2	1	66.67%	May 24, 2023 Re-elected
Director	Maywufa Company Limited Legal Representative：Lai Yu-Ju	3	0	100%	May 24, 2023 Re-elected
Director	Li Ling Investment Company Ltd. Legal Representative：Chen Wen-Hwa	2	0	100%	May 24, 2023 Re-elected September 14, 2023 Resignation
Director	Jen Yu Ltd. Legal Representative：Wang Pai-Sen	3	0	100%	May 24, 2023 Re-elected
Director	Hua Wei Ltd. Legal Representative：Tsai Ching-Chung	3	0	100%	May 24, 2023 Re-elected
Director	Hua Wei Ltd. Legal Representative：Wang Ming-Fu	2	1	66.67%	May 24, 2023 Re-elected
Director	Jen Yu Ltd. Legal Representative：Huang Tse-Hung	2	1	66.67%	May 24, 2023 Re-elected
Independent Director	Wang Der-Shan	3	0	100%	May 24, 2023 Re-elected
Independent Director	Lai Sun-Quae	3	0	100%	May 24, 2023 Re-elected
Independent Director	Lin Shoei-Loong	3	0	100%	May 24, 2023 Re-elected
Independent Director	Wu Yang-Chang	3	0	100%	May 24, 2023 Newly appointed

Other information required to be disclosed：

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors：

(I) Any matter under Article 14-3 of the Securities and Exchange Act(All independent directors had no objections to the resolutions of the board meetings of the Company for the year 2023 and the first quarter of 2024, and therefore, the Company did not need to address any opinions from independent directors.)：

Board of Directors Date/Term	Agenda items and follow-up actions
2023.02.24 8th 16th	1. To discuss the amendment of the company's articles of association.
	2.To discuss the amendment of the "Shareholders Meeting Rules".
	3.To discuss the removal of restrictions on directors and their representatives from engaging in competitive activities.
	4.To discuss the revision of the "Corporate Governance Best Practices Guidelines."
	5.To discuss the remuneration/attendance fees proposal for the directors of the 9th Board of Directors, the 3rd Audit Committee, and the 5th Remuneration Committee.
	The above resolutions：Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.
2023.05.05 8th 17th	1.To discuss the appointment of the Corporate Governance Officer.
	2.To discuss the revision of the "Standard Operating Procedure for Handling Director Requests."
	The above resolutions：Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.
2023.07.28 9th 2nd	1.Approved list of employees eligible to become shareholders through the issuance of stock options in the first round of the 2023 fiscal year, along with the allotted number of shares each individual is entitled to.
	2.To discuss the revision of the "Organizational Regulations of the Compensation Committee" of our company.
	Resolution：The proposal was approved as presented after the Chairman consulted with all attending directors and found no objections.
2024.02.26 9th 4th	1. To discuss the amendment of the "Board Meeting Rules."
	2.To discuss the removal of restrictions on director's non-compete obligations.
	The above resolutions：Upon the Chairman's inquiry, all attending directors had no objections and the proposals were approved accordingly.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution：None.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director’s name, the content of the motion, the cause for recusal, and whether and how the director voted：There were no such incidents in 2023.

III. Implementation of Evaluations of the Board of Directors：

Assessment cycle	The evaluation period	Evaluation Scope	Assessment methods	Evaluation Content
Once a year	January 1st, 2023 to December 31st, 2023	Board of Directors, individual directors, and functional committees	Overall board of directors, individual board members, and functional committees performance evaluation.	Note

Note：The evaluation content shall include at least the following based on the scope of the evaluation:

(1)Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.

(2)Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.

(3)Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement there of：

①The operation of the board of directors of our company is exercised in accordance with the law, the company's articles of association, and resolutions of the shareholders' meeting. All directors not only possess the necessary professional knowledge, skills and qualities required for performing their duties, but also act in good faith and exercise due care to create the maximum benefits for all shareholders.

②The company appointed four independent directors during the 2023 shareholders' meeting. In order to establish a sound corporate governance system, strengthen supervisory functions and enhance management capabilities, our company has established a board meeting protocol in accordance with the regulations of the securities regulator. The protocol includes the main content of the agenda, operating procedures, matters to be recorded in the minutes, announcements and other requirements to be followed.

③Our company has established a board of directors performance evaluation system, and the board has passed the board performance evaluation method, which is reviewed and summarized by self-assessment and peer assessment questionnaires every year. At least once every three years, an external professional independent agency or team of experts and scholars will be commissioned to conduct an evaluation as needed to encourage self-discipline among board members and improve the sound operation of the board of directors.

④In addition to conducting regular self-inspections of the operation of the board of directors and strengthening its functions, the internal audit staff also prepares an audit report on the operation of the board of directors, and the monthly audit report is submitted to each independent director for review by the end of the following month, in compliance with the regulations of the securities regulator.

⑤ Our company has established a compensation committee in compliance with the regulations of the securities regulator, which was approved by the board of directors on December 15, 2011. In 2023, the committee held three meetings in compliance with regulations to review the compensation policies of directors and managers to ensure the implementation of sound corporate governance.

⑥ In order to comply with the regulations of the securities regulator, our company established an audit committee to replace the supervisor at the board of directors meeting held on February 21, 2017. In 2023, the committee held four meetings and submitted its resolutions to the board of directors for decision-making, thereby enhancing corporate governance.

V. Attendance of independent directors at each board meeting in the current and recent fiscal year：

(◎：Personally attended ★：Proxy Attendance ◆：Absent)

2023	1st	2nd	3rd	4th	5th
Wang Der-Shan	◎	◎	◎	◎	◎
Lai Sun-Quae	◎	◎	◎	◎	◎
Lin Shoei-Loong	◎	◎	◎	◎	◎
Wu Yang-Chang (Note)			◎	◎	◎
2024	1st				
Wang Der-Shan	◎				
Lai Sun-Quae	◎				
Lin Shoei-Loong	◎				
Wu Yang-Chang	◎				

Note:On May 24, 2023, new director was elected during the shareholders' meeting. In the fiscal year 2023,he should attend three board meetings.

3.4.2Operation of the Audit Committee：

In 2023, the annual shareholders' meeting elected four independent directors, who subsequently formed the Audit Committee. The Audit Committee meets at least once a quarter and aims to assist the Board of Directors in overseeing the quality and integrity of the Company's accounting, auditing, financial reporting processes, and financial controls. The matters reviewed by the Audit Committee mainly include：

The matters reviewed by the Audit Committee mainly include：

1. First quarter, second quarter, third quarter, and annual financial reports.
2. Audit of financial statements and accounting policies and procedures.
3. Internal control system and related policies and procedures.
4. Assessment of the effectiveness of the internal control system.
5. Significant asset or derivative transactions.
6. Significant loans, endorsements, or guarantees.
7. The issuance or offering of securities.
8. Appointment, removal, or compensation of the certifying accountant.
9. Appointment or removal of financial, accounting, or internal audit executives.
10. Self-evaluation questionnaire of the Audit Committee's performance assessment.

Before the recent annual shareholders' meeting, the Audit Committee held 2 meetings (A1), and after the election, the Audit Committee held 2 meetings (A2). The attendance by the independent directors was as follows：

Before the shareholders' meeting on May 24, 2023					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%)【B/A1】	Remarks
Independent Director	Wang Der-Shan	2	0	100%	Former
Independent Director	Lai Sun-Quae	2	0	100%	Former
Independent Director	Lin Shoei-Loong	2	0	100%	Former
After the shareholders' meeting on May 24, 2023					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%)【B/A2】	Remarks
Independent Director	Wang Der-Shan	2	0	100%	May 24, 2023 Re-elected
Independent Director	Lai Sun-Quae	2	0	100%	May 24, 2023 Re-elected
Independent Director	Lin Shoei-Loong	2	0	100%	May 24, 2023 Re-elected
Independent Director	Wu Yang-Chang (Note)	2	0	100%	May 24, 2023 Newly appointed

Note:On May 24, 2023, new director was elected during the shareholders' meeting. In the fiscal year 2023, he should attend two Audit Committee meetings.

Other information required to be disclosed：

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee：

1. Any matter under Article 14-5 of the Securities and Exchange Act：

Board of Directors Date/Term	Audit Committee Date/Term	Agenda items and follow-up actions
2023.02.24 8th 16th	2023.02.24 2nd 12th	1. Please approve the financial statements, consolidated financial statements, and operating report for the year 2022.
		2. Please approve the assessment of the effectiveness of the internal control system and the internal control system statement for the year 2022.
		3. Please discuss the issuance of employee stock options.
		4. Please discuss the revised "Internal Control System".
		5. Please approve the replacement of the company's auditor, compensation and evaluation of the independence of the auditor.
		6. Please discuss the company has established the "General Principles for Pre-

		approval of Non-Assurance Services Policy" in conjunction with Ernst & Young Certified Public Accountants and its affiliated entities.
		Audit Committee Resolution：Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company：All attending directors agreed to approve.
2023.05.05 8th 17th	2023.05.05 2nd 13th	Please approve the consolidated financial statements for the first quarter of 2023.
		Audit Committee Resolution：Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company：All attending directors agreed to approve.
2023.07.28 9th 2nd	2023.07.28 3rd 1st	1. Please approve the consolidated financial statements for the second quarter of 2023.
		2. Please approve the list of employees who are eligible to become subscribers (non-managers) of 2023 first round of employee stock options and the corresponding number of options to be granted.
		Audit Committee Resolution：Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company：All attending directors agreed to approve.
2023.11.02 9th 3rd	2023.11.02 3rd 2nd	1.Please approve the consolidated financial statements for the third quarter of 2023.
		2. Please discuss the amendment of the "Operating Procedures for Specific Company, Group Enterprises, Related Parties, and Related Company Transactions".
		3.Please discuss the internal audit plan for the year 2024.
		Audit Committee Resolution：Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company：All attending directors agreed to approve.
2024.02.26 9th 4th	2024.02.26 3rd 3rd	1. Please approve the financial statements, consolidated financial statements, and operating report for the year 2023.
		2. Please approve the assessment of the effectiveness of the internal control system and the internal control system statement for the year 2023.
		3. Please discuss the revised "Internal Control System" and “The internal control self-assessment procedure”.
		4. Please discuss the amendment of the "Organizational Regulations of the Audit Committee".
		5. Please approve the payment of auditor fees and evaluation of their independence.
		6. Please discuss the process and general policies for obtaining prior consent for non-assurance services from Ernst & Young LLP and its related entities, as well as the list of non-assurance services.
		Audit Committee Resolution：Upon consultation with all attending members of the audit committee and receiving no objections, the proposal has been passed and will be brought up for discussion at the board of directors meeting.
		Handling of the audit committee's opinions by the company：All attending directors agreed to approve.

2.In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors：None。

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director’s name, the content of the motion, the cause for recusal, and whether and how the independent director voted：None.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)：

1. The company's internal audit manager regularly communicates the results of audit reports and their follow-up execution with the Independent Director on a monthly basis, and has fully communicated the implementation and effectiveness of the audit business.
2. The company's internal audit manager regularly communicates the results of audit reports and their follow-up execution with the Independent Director before each quarterly audit committee meeting, and has fully communicated the implementation and effectiveness of the audit business.
3. Prior to the Audit Committee meeting on February 26, 2024, the auditor communicated and fully discussed the results of the annual financial statement audit and other related legal requirements with the Independent Director.
4. The audit manager and the auditor maintain open communication channels and are in direct contact with the Independent Director as needed.

3.4.3 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons：

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		1. The company established the "Corporate Governance Best Practice Guidelines" on June 24, 2010, which was approved by the Board of Directors. The guidelines have been revised on February 24, 2015, April 28, 2015, August 8, 2017, August 13, 2019, and most recently on February 24, 2023, to comply with regulatory updates and align with the company's actual operation, and were reported to the shareholders' meetings accordingly. 2. The company has disclosed the Corporate Governance Best Practice Guidelines on its website.	No difference.
2. Shareholding Structure and Shareholders’ Rights (1)Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		The company has established a spokesperson and proxy spokesperson system in accordance with regulations, and has published their contact telephone numbers and email addresses on the official website for shareholders to contact. The spokesperson and proxy spokesperson use these channels to understand and assist shareholders in resolving their issues.	No difference.
(2)Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		The company has commissioned the stock transfer agent, "Grand Fortune Securities Co., Ltd. Share Transfer Agency Department," to regularly update the shareholder and major shareholder rosters, in order to fully understand the ultimate controllers of the company's equity, and to comply with legal requirements for internal personnel to report changes in their shareholding status to the company on a monthly basis. This enables the company to effectively maintain the list of major shareholders.	No difference.
(3)Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		The company has established relevant systems in its internal control system in compliance with legal requirements, such as the "Regulations for Supervision and Management of Subsidiaries," "Management Procedures for Related Party Transactions," and " Operating procedures for financial transactions among related parties."	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(4)Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		The company has established relevant systems in its internal control system in compliance with legal requirements, such as the "Management Procedures for Preventing Insider Trading."	No difference.
3. Composition and responsibilities of the board of directors (1)Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		The company has established the "Corporate Governance Best Practice Guidelines," which stipulate that the composition of the board of directors should take into account diversity, and that the company should develop a diversity policy for basic conditions and professional knowledge and skills based on its own operations, business models, and development needs. When appointing directors, the company considers not only their professional background but also their diversity as an important factor. In accordance with Article 20, Paragraph 3 of the Corporate Governance Best Practice Guidelines, members of the board of directors should posess the knowledge, skills, and competencies necessary to perform their duties. To achieve the ideal goal of corporate governance, the overall capabilities that the board of directors should possess are as follows： 1. Operational judgment capability. 2. Accounting and financial analysis capability. 3. Business management capability. 4. Crisis management capability. 5. Industry knowledge. 6. International market perspective. 7. Leadership capability. 8. Decision-making capability. The company has a total of 12 directors (including 4 Independent Directors), with 2 female directors. The members' professional backgrounds cover management, medicine, pharmacy, finance, accounting, chemical engineering, law, pharmacy, and accounting. The board of directors has diverse backgrounds in industry, academia, and knowledge, providing professional opinions from different perspectives, which greatly enhances the company's operational and management performance. In addition, the company also places importance on gender equality	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			in the composition of the board of directors, with a target female director ratio of over 15%, and the current female director (including Independent Director) ratio is 16.67%. For information on the implementation of the board of directors' diversity policy, please refer to page 23-25 of this year's annual report.	
(2)Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee		✓	Currently, the company has established an audit committee and a compensation committee in accordance with the law, and will consider setting up other functional committees in the future as needed.	Other types of functional committees will be considered for establishment in the future based on actual needs.
(3)Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		The Company has established the Board of Directors' Performance Evaluation Rules and its evaluation methods, which were approved by the Board of Directors on February 24, 2016, and subsequently amended on August 8, 2017, November 9, 2017, and August 12, 2020. In addition, on August 13, 2019, the Board of Directors added the performance evaluation of functional committees. The annual performance evaluation is conducted at the end of each fiscal year, and at least once every three years, an external professional independent organization or a team of external experts and scholars is commissioned to conduct an evaluation as needed. The scope of the evaluation includes the overall Board of Directors, individual directors, and performance evaluation of functional committees. The measurement items for the performance evaluation of the Board of Directors of our company include the following five aspects： 1. Participation in the company's operations. 2. Improving the quality of the Board's decisions. 3. Composition and structure of the Board of Directors. 4. Selection and continuous education of directors. 5. Internal control. The measurement items for the performance evaluation of individual directors should include at least the following six aspects：	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			1. Understanding of the company's goals and mission. 2. Awareness of the duties of a director. 3. Participation in the company's operations. 4. Management of internal relationships and communication. 5. Professionalism and continuous education of directors. 6. Internal control. The measurement items for the performance evaluation of functional committees should include at least the following five aspects： 1. Participation in the company's operations. 2. Awareness of the duties of the functional committee. 3. Improving the quality of the functional committee's decisions. 4. Composition and member selection of the functional committee. 5. Internal control. Scoring method: 1 point is given for full compliance, 0.75 points for mostly compliance, 0.5 points for partial compliance, 0.25 points for minor compliance, and 0 points for non-compliance. The final score is obtained by summing up the points and dividing by the total number of items * 100. The secretariat of the Board of Directors reports the evaluation results during the Board meeting and provides recommendations on areas that need improvement. According to the above-mentioned method, the evaluation report of the board of directors for the year 2023 was submitted to the board of directors on February 26, 2024 , as follows： 1. The average score for the 2023 self-assessment questionnaire of the Board of Directors was 96.11, after weighting the scores of each director. Analysis showed that the main area for improvement was question 2: "Did the directors attvending the shareholders' meeting reach at least half of the total number of directors?" and question 6"Do board members have a clear understanding of the company, the management team, and the industry to which the company belongs? " 2. The average score for the 2023 individual director self-assessment questionnaire was 98.08, after weighting the scores of each director. Analysis showed that the	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			main area for improvement was question 2: Do you understand the characteristics and risks of the industry in which the company operates?" 3. The average score for the 2023 self-assessment questionnaire of the Audit Committee was 99.58, after each member's self-assessment was weighted. Analysis showed that the main area for improvement was question 6: " The company provides the Audit Committee with complete, timely, and quality information, enabling the Audit Committee to fulfill its responsibilities smoothly. When necessary, relevant managers, internal auditors, accountants, legal advisors, or other personnel are invited to attend." 4. The average score for the 2023 self-assessment questionnaire of the Compensation Committee was 99.43, after each member's self-assessment was weighted. Analysis showed that the main area for improvement was question 10: "Is the composition of the Compensation Committee appropriate? Does it members possess the necessary expertise for the decision-making process?" In summary, the results of the 2023 performance evaluations of the Board of Directors, individual directors, and functional committees were impacted by Less than half of the directors attended the shareholders' meeting, and will timely provide directors with industry characteristics and risvvvk information for their understanding. Additionally, the company will enhance two-way communication with the audit committee and the compensation committee to enable committee members to better understand the company's actual situation and provide better recommendations. Looking forward, the company's board of directors, individual directors, and functional committees are expected to better fulfill their functions and lead the company to a higher level of corporate governance.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(4)Does the Company regularly evaluate its external auditors' independence?	✓		On February 26, 2024, the Audit Committee and the Board of Directors of our company approved the remuneration payment to the auditor and assessed the independence of the auditor. Currently, the appointed signing auditors are Yu Chien-ju and Chang Chiao-Ying, who have been signing auditors since the first quarter of 2022 and the first quarter of 2023, respectively. They have not yet reached the required seven-year term for rotation. In accordance with the Auditing Standards Bulletin of our country, accountants should provide governance units with statements about the independence of personnel, firms, and affiliated firms of accounting firms who follow the independence regulations stipulated in the Code of Ethics for Professional Accountants, and communicate all possible relationships and other matters (including related protective measures) that may affect the independence of accountants. Our company has obtained the AQI information and independence statement of the signing accountant. The information did not detect any reason that may affect their independence with our company. Furthermore, based on our company's internal self-assessment, the signing accountant hired by our company is not a director or shareholder of our company, not paid by our company, and is not a related party, thus meeting the relevant regulations on independence.	
4.Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their	✓		Currently, the company's governance affairs are overseen by the Accounting director who also serves as the Governance Officer, who has over three years of experience in managing financial, stock-related, and deliberation affairs of publicly traded companies. They are responsible for planning corporate governance-related matters, safeguarding shareholder rights, and strengthening the role of the board of directors. Their main responsibilities include providing information required by directors and independent directors to carry out their duties and keeping them informed of the latest legal and regulatory developments relevant to the company's operations to assist them in complying with the laws and regulations. The implementation of corporate governance in the year 2023 is as follows, and	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			has been reported to the Board of Directors on February 26, 2024： Timely inform board members of significant company news after its release. 1. The company promptly informs board members after releasing significant information, ensuring that board members are timely informed of important company updates. 2. Provide timely notifications to board members regarding the latest legislative and regulatory amendments related to corporate governance, as well as the direction of development, during board meetings. 3. Timely formulation of updates to corporate governance-related systems and organizational structures is essential to ensure the independence of the board of directors, demonstrate the company's transparency and compliance with laws, and reflect the actual operation of internal audits and controls. 4. Regarding the continuing education of board members, periodic training materials are provided intermittently to remind board members of their training status and hours. 5. Report on the "Directors and Officers Liability Insurance" that is annually insured for board members 6. Convene communication meetings with the auditor, finance director, audit director, and independent directors as necessary. 7. Consult all directors' opinions prior to board meetings to plan and develop agendas, notify all directors to attend at least 7 days before the meeting, and provide sufficient information about the issues to help them understand the content of the meeting. If the content of the issue is related to interested parties, it will give relevant personnel prior notice. 8. Register the shareholder meeting date annually according to the legal deadline, prepare and file meeting notices, annual reports, agendas, and minutes before the deadline, and make changes to the charter or board members after reelection. 9. In addition to self-assessing the performance of the board, individual directors, audit committee, and compensation committee annually, the company conducts an internal performance evaluation of its overall operations annually. It shall also appoint an external professional independent organization or expert every	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			three years, as needed, to conduct a performance evaluation. 10. On November 28, 2023, a joint corporate briefing was held at the invitation of KGI Securities. The management team presented the latest developments in the company's research and business expansion to corporate entities and investors Phytohealth Corp. is Taiwan's first publicly traded R&D-based pharmaceutical company. Its "PG2 Lyo. Injection 500mg" is the first prescription drug approved by the TFDA to treat cancer-related fatigue, and is the only one of its kind globally. Since March 2021, it has been covered by the National Health Insurance system. In addition, Oraphine®60mg Soft Capsule has also received regulatory approval, and is the world's first low-addiction oral medication containing nalbuphine for the relief of moderate to severe pain. It is currently in negotiations with multiple pharmaceutical companies for licensing. Among the nine drugs approved by the Ministry of Health and Welfare for listing on the market to date, Phytohealth Corp. is the only company to have received two licenses.	
5.Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has established a communication channel for stakeholders in the Stakeholder Relations section on its official website, with dedicated personnel responsible for responding to important corporate social responsibility issues of concern to stakeholders in an appropriate manner. The Company maintains open communication channels with its stakeholders, and respects and protects their legal rights and interests. The Company reports on its communication with stakeholders to the Board of Directors on a regular basis, with a report presented in the first quarter of each year. The Company submitted a report on its communication with stakeholders for 2023 to the Board of Directors on February 26, 2024, and details can be found on the Company's website.	
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		Our company has appointed the "Shareholder Services Department of Fubon Securities Co., Ltd." as our shareholder services agency to handle shareholder meetings and related matters.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
7. Information Disclosure (1)Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		Our company has established the website: www.phytohealth.com.tw and complies with relevant regulations to regularly disclose or update financial, business, and corporate governance information on the Taiwan Stock Exchange Market Observation Post website. The company website also provides a link to access the Taiwan Stock Exchange Market Observation Post for further information.	None
(2)Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		Our company has established an English version of our official website and designated the head of the accounting department as responsible for collecting company information. We are committed to following the regulations on information disclosure set by the competent authorities and reporting information that should be disclosed. We have also implemented a spokesperson and proxy spokesperson system and made available the process of our investor relations conference on our company website.	None
(3)Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓		The financial statements, both individual and consolidated, for the year 2023 have been disclosed and reported on February 27th, 2024. The consolidated financial statements for the first, second, and third quarters of 2023 in Chinese have been disclosed and reported on May 5th, July 31th, and November 7th of 2023, respectively. The consolidated financial statements for the first, second, and third quarters of 2023 in English have been disclosed and reported on July 13th, September 15th, and December 14th of 2023, respectively. All the aforementioned financial statements and monthly operating results were disclosed and reported within the prescribed time limits.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights	✓		1. Employee benefits：The Company values employee rights and follows legal requirements. A labor-management conference is held to reach labor-management harmony, and the Employee Welfare Committee regularly organizes employee welfare activities and establishes various system measures to fulfill its social responsibilities. For example, the Company has established an employee retirement system, purchased group insurance for employees, and held educational training. The Company's management team, consisting of the	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?			General Manager and various department heads, plans the annual "Manager Inspirational Meeting" for manager training and development. The team also has a leisure activity committee, which plans various group activities and holiday gifts, and a care committee that cares for colleagues and their families. To facilitate employee complaints, the Company has set up an electronic mailbox for employees to submit their opinions. 2. Employee care：The Company respects the human rights of all colleagues, provides equal opportunities to job applicants and employees without discrimination based on their race, belief, religion, party affiliation, gender, marital status, disability, or other government-protected factors that are unrelated to work. This principle applies to recruitment, employment, training, promotion, salary, welfare, transfer, and the Company discloses its "Measures for the Prevention and Punishment of Workplace Sexual Harassment," ensuring a friendly workplace for women and establishing a safe and healthy working environment. 3. Investor relations：In order to enable investors to better understand the Company's business status, the Company has set up an "Investor Relations" section on its website, regularly updating various stock and financial information. 4. Supplier relations：When the Company signs a contract with a supplier, it also signs a statement of integrity in business. The Company strictly requires its employees and cooperation partners not to provide, promise, request or receive bribes, commissions, hospitality, kickbacks, improper gifts, or other improper benefits directly or indirectly during business activities. In order to establish a good cooperative relationship, the Company also requests that its cooperation partners not engage in any form of promise, bribery, commission, kickback, gift, hospitality or other improper benefit to any employee of the Company. Payment to suppliers is also made on time within the agreed payment period to maintain good relationships. 5. Rights of stakeholders：The Company has established a stakeholder section on its official website and is committed to fulfilling its promises to stakeholders	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			such as suppliers, customers, shareholders, and employees, valuing quality and service, to safeguard their related rights. 6. Board of Directors training situation：Please refer to the detailed explanation on page 83 of this year's annual report for relevant information regarding further education or training. 7. Risk Management Policy and Implementation of Risk Measurement Standards: The company has established a Risk Management Program according to PIC/S GMP as the highest guiding principle for risk management. To ensure effective control of the safety of drug quality, the company has developed methods for identifying, analyzing, evaluating, and controlling processes related to products in a standard operating procedure, which it follows strictly. The company conducts risk assessments immediately during design changes and production phases to identify product hazards. After conducting risk analysis and evaluation, it implements risk control measures to reduce risks and assesses whether the overall risk is acceptable. The process of risk management for products does not end with the end of product design and production but extends to post-production stages, including collecting post-production information to conduct risk management and control risks arising from various activities within an acceptable range. The company has established a risk management unit responsible for risk management and operates according to internal control regulations and customer information, credit, and order management measures to establish complete customer information, set credit limits to control product shipments, and acquire collateral from customers as necessary to control the company's risks. 8. Implementation of Customer Policy: The company has established customer information, credit, and order management measures. All products have obtained government permits and a contact mailbox is provided on the company's website to protect consumers. 9. The company's purchase of liability insurance for directors: The company's articles of association clearly stipulate that it may purchase liability insurance for directors and senior executives. The company has reported the	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			implementation status to the board of directors on August 9, 2022, and has executed the policy effectively.	
9.Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. The explanation of the areas for improvement and the corresponding measures for the governance assessment results for the year 2023 are as follows:： (1)In 2024, the company will actively invite more than half of the directors and the convener of the audit committee to attend the shareholder meetings in person. (2)In 2024, the company will actively invite members of the remuneration and compensation committee to attend meetings at least twice. (3)The company will comply with legal requirements and policies and will develop risk management policies for future years based on actual circumstances. (4)The company will actively invite independent directors to complete continuing education hours in accordance with the guidelines for directors and supervisors of listed and OTC companies.				

3.4.4 If the company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed：

The remuneration committee is responsible for assisting the board of directors in implementing and evaluating the company's overall compensation and benefits policies, as well as the remuneration of executives.

1. The Compensation Committee was established and approved by the board of directors on December 15, 2011. The members of the fifth Compensation Committee were appointed by the board of directors on May 24, 2023 and July 28, 2023. Mr. Wang Der-Shan serves as the convener of the current committee, which consists of four Independent Directors who meet the qualifications set forth in the Securities and Exchange Act and the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the Stock Exchange or Traded Over-the-Counter at Securities Firms.
   Please refer to our company website for the organization regulations of the Compensation Committee.
   (1)Information on Remuneration Committee Members

Qualifications / Capacity / Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member

Convener (Independent Director)	Wang Der-Shan	Please refer to pages 19-23 of this annual report for information disclosure regarding the professional qualifications of directors and the independence of independent directors.	0
Committee member (Independent Director)	Lai Sun-Quae		3
Committee member (Independent Director)	Lin Shoei-Loong		0
Committee member (Independent Director)	Wu Yang-Chang		0

(2)Operation of the Remuneration Committee

A. The Company's remuneration committee has a total of 3 members.

B. The term of the current members is from May 24th, 2023 to May 23th, 2026. Before the recent annual election, the Compensation Committee met once (A1), while after the election, the Compensation Committee met twice (A2).. The attendance by the members was as follows：

May 24, 2023, before the shareholder meeting for re-election (Fourth Term)					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A1)	Remarks
Convener	Wang Der-Shan	1	0	100.00%	Former
Committee member	Lai Sun-Quae	1	0	100.00%	Former
Committee member	Lin Shoei-Loong	1	0	100.00%	Former
After the shareholder meeting on May 24, 2023, following the election (fifth term)					
Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A2)	Remarks
Convener	Wang Der-Shan	2	0	100.00%	May 24, 2023 Re-elected
Committee member	Lai Sun-Quae	2	0	100.00%	May 24, 2023 Re-elected
Committee member	Lin Shoei-Loong	2	0	100.00%	May 24, 2023 Re-elected
Committee member	Wu Yang-Chang	1	0	100.00%	July 28, 2023 Newly appointed

Other information required to be disclosed:

1.If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons).：None.

2.With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion.：None.

3.The operation of the Remuneration Committee should be disclosed, including the date and term of the Board meeting, the agenda, the resolution of the Remuneration Committee, and the company's handling of the opinions of the Remuneration Committee regarding remuneration and compensation：

Board of Directors Date/Term	Compensation Committee Date/Term	Agenda items and follow-up actions
2023.02.24 8th 16th	2023.02.24 4th 8th	Discussion on the compensation/attendance fees proposal for the members of the 9th Board of Directors, the 3rd Audit Committee, and the 5th Compensation Committee.

		Resolution of the Compensation Committee: After the chairman consulted with all members of the Audit Committee and there were no objections, the proposals were approved and submitted to the Board of Directors for further discussion.
		Handling of the Company's opinions on the Compensation Committee: The proposal was approved by all attending directors.
2023.07.28 9th 2nd	2023.07.28 5th 1st	1.Discussion on amending the "Organizational Regulations of the Compensation Committee" within our company.
		2. Approved list of employees (managers) eligible to hold stock options for the first time in 2023, along with the number of options granted.
		Resolution of the Compensation Committee: After the chairman consulted with all members of the Audit Committee and there were no objections, the proposals were approved and submitted to the Board of Directors for further discussion.
		Handling of the Company's opinions on the Compensation Committee: The proposal was approved by all attending directors.
2023.11.02 9th 3rd	2023.11.02 5th 2nd	Request for discussion on the allocation of year-end bonuses and performance-based bonuses for the fiscal year 2023.
		Resolution of the Compensation Committee: After the chairman consulted with all members of the Audit Committee and there were no objections, the proposals were approved and submitted to the Board of Directors for further discussion.
		Handling of the Company's opinions on the Compensation Committee: The proposal was approved by all attending directors.

Other resolution items not approved by the Compensation Committee but have been approved by over two-thirds of the entire board of directors: None.

4. The implementation of recusal by the Compensation Committee for matters involving conflicts of interest should include the names of the committee members, the content of the resolution, the reasons for recusal, and their participation in the vote: No such cases exist.
5. Communication between the Compensation Committee and the internal personnel manager and the board meeting unit should include：
   (1) The personnel manager and the board meeting unit of the Company communicate with the Compensation Committee irregularly.
   (2) The personnel manager and the board meeting unit of the Company communicate the content of the current agenda to the Compensation Committee before each scheduled meeting. The execution situation and results of personnel affairs have been fully communicated.
   (3) For the agenda of the third Compensation Committee meeting in 2023, the personnel manager and the board meeting unit have reported and fully communicated with the Compensation Committee in advance.
   (4) The communication channels between the personnel manager and the board meeting unit and the Compensation Committee are smooth and they can contact each other directly as needed.

3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons：

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>I、 Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</td><td>✓</td><td></td><td>Corporate Social Responsibility Practice Guidelines" to the "Sustainable Development Practice Guidelines" in the board meeting held on February 22, 2022. We established a governance framework for promoting sustainable development in accordance with the "Pathway to Sustainable Development for Listed and OTC Companies" plan issued by the Financial Supervisory Commission on March 9, 2022 (Ref. No. 1110381030). The committee, consisting of cross-functional team members, was set up to oversee the promotion of sustainable development. The Human Resources Department is in charge of this part-time unit and is responsible for proposing and implementing sustainable development policies, systems, or related management principles and specific promotion plans. We report on the execution of these plans to the board of directors on a regular basis, and the report on the execution for the year 2023 was submitted on February 26, 2024. The details are as follows：
<table><tr><th>Item</th><th>Execution status</th></tr><tr><td>1</td><td>Our company website has disclosed the actual implementation status of various important sustainability issues that the company continues to promote.</td></tr><tr><td>2</td><td>We have formulated practical guidelines for sustainable development and placed them on the website and in a network-attached storage (NAS) system that all company colleagues can access, while strengthening related preventive measures and education campaigns.</td></tr><tr><td>3</td><td>We have established an employee complaint area on our company website, allowing employees to have the right and channel to obtain information and express opinions about the company's business management activities and decisions.</td></tr><tr><td>4</td><td>We have also set up a customer complaint area on our company website, enabling consumers to have a transparent and effective consumer</td></tr></table></td><td>No difference.</td></tr>
</table>

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			complaint process for our products and services, with fair and timely handling of consumer complaints. 5 Our company implements waste sorting on a daily basis and recycles paper and paper mills at the end of each year. 6 Our Yangmei plant, leased from Maywufa Company Limited, has a qualified certified wastewater treatment facility to avoid polluting water resources. 7 All employees of our company have signed labor contracts, and the contract content complies with relevant laws and regulations related to human rights, gender equality, job rights, and benefits. 8 Our refining plant has obtained the PIC/S GMP certification from the Ministry of Health and Welfare, and we follow relevant domestic regulations related to drug production. 9 We have developed personal data protection management guidelines and comply with relevant laws and regulations related to personal data protection, ensuring the protection of consumer privacy and the personal data provided by consumers. 10 In January and July 2023, we sponsored the Chinese National Federation of Industries to assist industrial and commercial enterprises in facing new market competition with innovative thinking, effectively grasping future investment and operational opportunities. 11 In January and November 2023, we sponsored the Taiwan Society of Neurotrauma and Critical Care Symposium to enhance and improve physicians' professional knowledge, and to advance the application of clinical medical care in long-term rehabilitation for brain injuries. 12 In April 2023, we sponsored the Junior Chamber International Taiwan to encourage young people to pursue outstanding achievements in their careers and enhance the overall competitiveness of society. 13 In April, September and October 2023, we sponsored the Consensus Meeting on Updates to Clinical Treatment Guidelines for Cancer-Related	

I t e m	I m p l e m e n t a t i o n s t a t u s				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description		
				Fatigue Syndrome to enhance and improve the quality of cancer fatigue treatment, aiming to elevate the standard of cancer care.	
			14	In June and October 2023, we sponsored the Taiwan Women Directors' Association to assist in nurturing and connecting more new-era female leaders, injecting diverse and comprehensive thinking into enterprises, and exerting sustainable influence.	
			15	In June of 2023, we sponsored the 2023 Taichung International Breast Cancer Symposium (2023TICBCS) to enhance the quality of medical care for breast cancer treatment provided by healthcare professionals.	
			16	From June to September 2023, we sponsored the academic symposium of the Taiwan Society for Palliative Medicine to enhance and improve the quality of cancer fatigue treatment, aiming to elevate the standard of cancer care.	
			17	In July 2023, we sponsored the Taiwan Alumni Association of the University of California, Berkeley, to support Taiwanese students studying abroad and cultivate their professional abilities in innovation, entrepreneurship, and more.	
			18	In July 2023, we sponsored the Seminar of the Taiwan Breast Cancer Education and Prevention Association to support breast cancer patients and raise public awareness and concern for breast cancer.	
			19	In August 2023, we sponsored the Bay Voice Choir to support the promotion of Taiwan's local music culture.	
			20	In August 2023, we sponsored the Mackay Memorial Hospital to Enhance Clinical Medicine and Related Academic Research.	
			21	In September 2023, we sponsored the Taiwan Breast Cancer Society's 2023 Taiwan International Conference on Breast Cancer Surgery to enhance the quality of medical care for breast-related diseases provided by healthcare professionals.	
			22	In October of 2023, we sponsored Ancient Keyboard Art to promote the	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
				ancient keyboard environment in Taiwan and deepen public cultural awareness of various Western ancient keyboard instruments.	
			23 In October of 2023, we sponsored the Taiwan University Academic Development Foundation to enhance academic development and cultivate outstanding talents. 24 In October of 2023, we sponsored the Taiwan Biotech Industry Development Association, dedicated to bringing together industry, relevant government departments, and academia to jointly promote the biotech industry. 25 In November 2023, we sponsored the annual conference of the Taiwan Society of Anesthesiologists to enhance the quality of medical care in pain management and postoperative anesthesia management provided by healthcare professionals. 26 In November 2023, we sponsored the annual conference of the Taiwan Stroke Association, aiming to enhance the clinical care and long-term rehabilitation for post-stroke patients, thereby improving the overall quality of medical services. 27 In November 2023, we sponsored the annual conference of the Taiwan Society for Minimally Invasive Spine Surgery and Endoscopy to enhance and improve the professional knowledge of physicians. 28 In November 2023, we sponsored the Kao Hsiung Alumni Table Tennis Association to promote a sporting culture and healthy lifestyle. 29 In December 2023, we sponsored the biennial conference of the Asian Society of Gynecologic Oncology to enhance and improve the quality of gynecologic cancer treatment. 30 We sponsored multiple events of the Taiwan Society for Palliative Medicine to enhance in 2023 and improve the quality of cancer fatigue treatment, aiming to elevate the standard of cancer care. In 2023, our company actively participated in relevant social welfare activities and collaborated with various medical associations and institutions to organize academic conferences, clinical education courses, and expert seminars, aiming to	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			enhance the quality of medical professionals and promote patient welfare. The events benefited more than 60,000 healthcare workers and recipients. During the board meeting held on February 26th, 2024, the board members provided guidance and recommendations regarding the execution of sustainable development in 2023.	
2.Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		1. This disclosure covers the sustainable performance of the company's main locations from January to December 2023. The risk assessment boundary is primarily based on the company and includes existing locations in Taiwan. 2. The company has established a "Risk Management Procedure" based on PIC/S GMP as the highest guiding principle for its risk management. To ensure the safety of drug quality, the company must establish methods for identifying, analyzing, evaluating, and controlling processes related to products. This standard operating procedure has been developed and followed accordingly. The company immediately assesses risks during design changes and production to identify hazards, conducts risk analysis and risk evaluation, and implements risk control measures to reduce risks and assess whether the overall risks are acceptable. The product risk management process does not end with the design and production of the product, but extends to the post-production stage, including collecting post-production information for risk management and controlling risks generated from various activities within an acceptable range. 3. Based on the risk assessment, the following risk management policies or strategies have been established： ① Environmental Protection The company is mainly engaged in research, development, and manufacturing of plant-based medicines, which have less adverse impact on the environment, as they are developed using plant-based materials instead of chemical substances. ② Product Responsibility The company requires its suppliers to obtain necessary environmental permits (e.g. emission monitoring), approvals, and registration documents,	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			and to maintain and update them regularly. The company also requires suppliers to identify and manage chemicals and other substances that may cause harm when released into the environment, to ensure safe handling, transportation, storage, use, recycling, reuse, and disposal of these substances. ③ Labor Relations Employees are the company's greatest asset, and the company is committed to creating a friendly and equal work environment, following the principles of "hiring the right people for the right jobs" and "mutual trust and respect" among colleagues and between employees and the company, in order to enable each employee to contribute their talents. ④ Anti-Corruption The company's personnel department is responsible for revising, implementing, interpreting, providing consulting services, and recording related content of this regulation, and supervising its implementation. The company has established "Code of Conduct", "Code of Ethics", "Integrity Management Operating Procedures and Behavioral Guidelines", internal control systems, and methods for defining rights and responsibilities, as well as other measures to prevent corruption. In addition, the company coordinates internal audit operations, internal control self-assessment operations, and provides a hotline for reporting violations of professional ethics. When the company signs contracts with suppliers, they are also required to sign a statement of integrity, strictly prohibiting the direct or indirect provision, promise, request, or receipt of bribes, commissions, gifts, kickbacks, or other undue benefits to or from any employee of the company. To establish a good working relationship, the company also requests that its suppliers not engage in any direct or indirect form of commitment, bribery, commission, kickbacks, gifts, entertainment or other improper benefits to any employee of the company. The company's contracts with its main suppliers contain a clause for maintaining their corporate social	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			responsibility policies, and for terminating or dissolving the contract when the supplier violates the law and is unable to improve in a timely manner. ⑤ Intellectual Property Rights The company has formulated "Intellectual Property Management Measures", "Standard Operating Procedures for Retrieving Intellectual Property Data", and "Patent Application Procedures", strictly adhering to the confidentiality of trade secrets, and prohibiting the collection or acquisition of non-job-related internal trade secrets, trademarks, patents, copyrights, and other intellectual property. The company also signs confidentiality agreements (Non-Disclosure Agreement, NDA) with its suppliers and customers, and follows the "Network Use and Confidential Document Management Measures" and "BI Business Intelligence Use Management Measures" to protect its trade secrets. ⑥ Compliance with Social and Economic Regulations The company follows the laws and regulations of the countries where it operates and exports its products, as well as international standards. All products comply with international safety standards, international environmental regulations, and import and export regulations, ensuring that the company's commercial operations comply with relevant regulations and ethical standards. The company also holds training courses for its employees on a regular basis to promote compliance with legal regulations.	
3.Environmental Issues (1)Has the Company set an environmental management system designed to industry characteristics?	✓		Our company is primarily engaged in researching, developing, and manufacturing plant-based medicines. Our philosophy is to develop new drugs for the treatment of diseases based on plants rather than chemical substances, which has less adverse impact on the environment.	No difference.
(2)Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		Our company has established an environmental management system based on the characteristics of our plant-based pharmaceutical refining and extraction facilities. We require strict testing for pesticide residues and heavy metals for the Chinese medicinal materials used. Our plant-based pharmaceutical refining and extraction	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			facilities are located in the Yangmei Youshi Industrial Park in Taoyuan County, and are built in accordance with PIC/S GMP standards. We actively promote various energy-saving measures, select equipment with high energy efficiency and energy-saving designs, and expand the use of renewable energy to optimize energy consumption for the company and our products. We use raw materials that comply with EU regulations, such as environmental permits (such as emission monitoring), approval and registration documents, and regularly maintain and update them. We also require our suppliers to identify and manage chemical and other substances that may cause harm when released into the environment, to ensure safe handling, transportation, storage, use, recycling, reuse, and disposal of these substances. In green manufacturing, we reduce unnecessary resource waste, seek waste reduction and reuse technology development, and collaborate with our supply chain partners to share packaging materials. Additionally, we strive to use low-impact recycled materials in our products to maximize the benefits of a circular economy.	
(3)Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		Regarding the potential risks and opportunities associated with climate change and greenhouse gas emissions: 1. Risks to companies from climate change-related regulations As regulations and agreements related to climate change become more stringent globally, companies operating in the new drug development industry like ours are minimally affected by the impact of global climate change and greenhouse gas emissions. However, as responsible corporate citizens, we will continue to monitor relevant domestic and foreign regulations and strive to meet industry trends in social responsibility. 2. Real risks to companies from climate change In response to the dramatic effects of greenhouse gases on global climate change, companies may incur indirect or direct increases in operating costs. These real risks to our company include： (1)Water resource instability after typhoons causing decreased production or production shutdowns.	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			(2) Heavy rainfall leading to road collapses or waterlogging, preventing the company's products from reaching customers. (3) Strong winds causing power outages, affecting the company's ability to operate fully. 3. Opportunities for companies from climate change In response to climate change, companies will have a greater demand for energy-saving or green products, which will encourage them to actively invest in the use and development of energy-saving or green products, contribute to sustainable environments, and enhance the competitiveness of their industry. To reduce the above-mentioned risk factors, our company is simultaneously identifying feasible opportunities and devising corresponding measures. In terms of mitigating climate change, we are developing green operations, energy management, carbon information disclosure, and green building projects. In terms of adapting to climate change, our company has implemented measures to strengthen basic infrastructure, build sustainable operation capabilities, and fully utilize green buildings.	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?			Strategies, methods, and goals for managing greenhouse gas emissions, water usage, and total waste weight： 1. Our company (including the Taipei office and Yangmei refining plant) has completed greenhouse gas emission, water usage, and waste inventory for the years 2022 and 202 in accordance with the planning content of the "Sustainable Development Pathway for Listed and OTC Companies" by the Financial Supervisory Commission. The details are as follows：	No difference.

Year	Greenhouse gas emissions (tonnes of CO2 equivalent)			Water consumption (in metric tons)	Waste (in metric tons)		
	Scope1	Scope2	TTL		Scope1	Scope2	TTL
2022	121.12	1,336.92	1,458.04	21,427.81	0	6.00	6.00
2023	114.71	1,440.75	1,555.46	20,203.01	0	5.50	5.50

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			2. Strategies for addressing climate change or greenhouse gas management: In response to the global trend of carbon reduction and to fulfill corporate social responsibility, our company is committed to the following actions： (1) Accurately monitor greenhouse gas emissions. (2) Develop a greenhouse gas reduction plan. (3) Actively engage in greenhouse gas reduction efforts. (4) Increase the proportion of green energy use. 3. Reduction targets and progress for greenhouse gas emissions, water usage, and waste： In 2023, the greenhouse gas emissions of our company increased by approximately 97.42 metric tons, representing an increase of 6.68% compared to the previous year. However, the water usage decreased by 1,224.8 metric tons, showing a reduction of 5.72%. Additionally, waste generation decreased by 0.5 metric tons, indicating an 8.33% reduction. Although the greenhouse gas emissions did not meet the target of reducing by at least 3% annually, we are committed to actively improving management and controlling emissions sources to gradually reduce greenhouse gas emissions in the future. 4. Budget and plans for reducing greenhouse gas emissions, water usage, and waste： Our company's environmental cost accounts for about 1% of the company's output value. As the company's output value continues to increase, we will continue to invest in environmental protection expenses and energy-saving measures to achieve our annual reduction target of more than 3% for greenhouse gas emissions, water usage, and waste.	
4.Social Issues (1)Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international	✓		In compliance with labor-related laws and regulations, our company ensures that all employees are covered by labor insurance, national health insurance, and contribute to a personal account for labor retirement pension. Additionally, we provide accident insurance for all employees to ensure protection in case of accidents occurring outside of work. Our company's regulations regarding work	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
human rights conventions?			hours, rest, vacation, overtime, and retirement fully comply with labor laws and have been approved by the competent authorities. Furthermore, we have established a welfare committee to organize regular activities and advocate for the maximum benefits of our employees. Regarding retirement, whether under the old or new system, we fully comply with the Labor Standards Act and relevant regulations, ensuring that employees' rights and benefits are fully protected. During the financial crisis, we took into consideration the employees' families and did not implement measures such as layoffs or unpaid leave, thus fulfilling our corporate social responsibility. In terms of human rights, we refer to international human rights standards such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization. We aspire to be an international corporate citizen that advocates for human rights. Regarding diversity in the workplace, our company provides a safe and healthy work environment and respects and implements diversity. In the process of selection, employment, training, and promotion, we do not discriminate based on race, class, language, religion, political affiliation, place of origin, gender, sexual orientation, age, marital status, appearance, physical or mental disability, or past union membership. We protect our employees from discrimination, harassment, or unequal treatment based on applicable laws and regulations.	

Indicator	%
Percentage of female employees among total employees	51%
Percentage of female supervisors among all supervisors	62%
Percentage of female top executives among all top executives	75%

Gender pay equity indicator	Gap
Gender pay gap in average salary	0.66
Gender pay gap in median salary	0.76
Gender gap in average variable bonus	0.60
Gender gap in median variable bonus	0.63

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			Our company, though not having a labor union organization, still adheres to government labor laws and holds regular labor-management meetings for two-way communication and negotiation. In addition, we occasionally hold labor-management meetings in accordance with Article 83 of the Labor Standards Act to discuss issues related to promoting labor-management cooperation, coordinating labor relations, improving labor conditions, and planning labor welfare. We also require our suppliers to comply with the same human rights policies and are committed to creating the best practices for human rights in the biopharmaceutical industry. The policy and specific management plan for safeguarding human rights that our company implemented in 2023 are summarized as follows: 1. No operational locations or suppliers violate or seriously endanger freedom of association and collective bargaining. 2. No operational locations or suppliers have significant risks of using child labor. 3. No operational locations or suppliers have significant risks of forced or compulsory labor. 4. No human rights issues have been filed, processed, and resolved through formal complaint mechanisms. 5. Our company and suppliers have not been involved in any events related to violating indigenous peoples' rights. 6. No human rights complaints have been filed. 7. No discrimination events have occurred. 8. No violations of regulations related to social categories have occurred, nor have any fines been imposed. 9. There are no significant actual or potential negative impacts on human rights in the supply chain. In addition, our company has established "Measures for Preventing and Dealing with Workplace Sexual Harassment Complaints and Disciplinary Actions," which have been posted on the company's website. In 2023, there were a total of 3 human rights protection-related training sessions for new employees, with a combined duration of 6 hours. These sessions were attended by a total of 14	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			individuals. In the future, we will continue to focus on human rights protection issues, promote relevant education and training, and raise awareness of human rights protection to reduce the likelihood of related risks occurring.	
(2)Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		1. Our company has established a Welfare Committee for employees in accordance with government regulations, and allocated welfare funds as required by law. Both labor and management jointly supervise the use and management of the welfare funds. We also comply with the Labor Standards Act and related laws to establish various salary standards, attendance and leave policies, and welfare measures for employees. We provide competitive benefits to motivate our employees, conduct regular evaluations, distribute performance bonuses, and share the profits with our colleagues. 2. In addition to the salaries set forth in the company's bylaws, our employees' compensation is estimated based on the company's annual profits and their performance, and adjustments and incentive rewards are made accordingly. We aim to improve employees' sense of belonging and loyalty to the company by providing appropriate compensation and benefits.	No difference.
(3)Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		1. Security and access control system： There are access control systems at all workplace entrances and exits, and security personnel coordinate access control operations. The facility is equipped with surveillance systems and 24-hour security personnel to conduct regular safety patrols and ensure the safety and protection of the plant. 2. Fire Safety Management： No fire incidents occurred in our company in 2023. To enhance fire safety management, our company conducts regular fire safety inspections every year, establishes a fire prevention management team, and holds fire safety training sessions with practical fire extinguisher drills every six months. All equipment, such as emergency lighting, evacuation signs, and fire extinguishers, undergo regular inspections. 3. Occupational safety and health： Before new employees start working, they are required to submit a physical	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			examination report to identify their suitability for the job and assess whether they are fit for the work to avoid threats or injuries to their health caused by work. Regular health checks are also implemented for current employees. Outdoor smoking areas are planned in accordance with the government's smoke-free workplace policy, and lactation rooms are set up for postpartum female employees. Monthly overtime hours for employees do not exceed 46 hours. 4. Establishment of occupational safety and health management units： According to the Regulations for Occupational Safety and Health Management, an occupational safety and health supervisor is appointed to implement the relevant provisions of the Occupational Safety and Health Act and its enforcement regulations, prevent occupational accidents, protect employee safety and health, maintain the common rights and interests of labor and management, and promote sound business development. 5. Company Verification Status: As of the printing date of the 2023 annual report, the company has not obtained relevant labor safety verification. 6. Occupational Accident Situation: The company regards disaster prevention and disaster mitigation as core principles, utilizing appropriate management tools and available resources to integrate occupational safety and health issues. Effective measures are proposed and continuously improved to promote a culture of occupational safety. Additionally, protective management for operational personnel is strengthened to create a zero-accident environment. In 2023, there were no occupational accidents involving employees, with zero cases and zero individuals affected.	
(4)Has the Company established effective career development training programs for employees?	✓		We prioritize long-term talent development in our company, and plan various internal and external training programs based on the needs of our organization, departments, and individual employees. For example, we hold motivational	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			meetings every month and invite well-known external figures to share new information with our employees, to enhance and update their knowledge and skills, and to establish effective career capabilities, please refer to page 123 of this year's annual report.	
(5)Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		Our company has established "Personal Information Protection Guidelines" and "Internet Use and Confidential Document Management Measures" to protect consumer rights and establish complaint procedures. We have also created a stakeholder area on our official website, providing customers with a channel to voice their complaints. We continuously monitor product safety information and implement a sound personal information management mechanism to fulfill our commitment to manage and protect customer privacy. Through internal auditing, crisis prevention, and education and training, we safeguard our customers' personal information.	No difference.
(6)Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		Our company has established a PIC/S GMP-certified plant and formulated a "Supplier Management Procedure." In terms of raw material supply, engineering, and machinery equipment design, contractors and suppliers are required to comply with relevant regulations regarding environmental protection, occupational safety and health, and labor rights. We conduct annual evaluations of supplier implementation, and if a supplier violates our corporate social responsibility policy and has a significant negative impact on the environment or society, we may terminate or rescind the contract based on mutual agreement. If a supplier violates legal regulations and cannot improve promptly, we reserve the right to terminate the contract.	No difference.
5.Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or		✓	Our company has not yet compiled a sustainability report. However, all employees are actively promoting energy conservation and carbon reduction to enhance the effectiveness of sustainable development. The company is also considering the compilation of a sustainability report in accordance with regulatory policies and operational conditions.	Not yet compiled.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
certification for the reports above?				

6.If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations：

In April 24, 2014, the board of directors of our company passed the "Corporate Social Responsibility (CSR) Practices Guidelines," which was renamed the "Sustainability Practices Guidelines" on February 24, 2015 and February 22, 2022. The guidelines have been revised to strengthen the implementation of corporate social responsibility. Our company regularly reviews and improves its implementation in accordance with these guidelines, and reports on the execution of our sustainability practices to the board of directors every year during the first quarter (2024.02.26). Our company operates under a corporate culture of "integrity, reciprocity, and politeness," where everyone from top management to all employees shares a common belief and code of conduct, and actively practices our social responsibility as a corporation. Therefore, there have been no significant deviations in our implementation thus far.

7. Other important information to facilitate better understanding of the company's promotion of sustainable development：

(1) In terms of promoting sustainable development, our company adheres to the corporate culture of "integrity, mutual benefit, and courtesy" as a code of conduct：

①Integrity - Conducting business with integrity and regularly reporting on the implementation of sustainable development to the board of directors.

②Mutual benefit - Adhering to the principle of mutual benefit in our relationships with stakeholders, including employees, shareholders, suppliers and customers upstream and downstream, consumers, communities, and banks, and sharing the economic value created by the company.

③Courtesy - Placing importance on corporate ethics internally and following laws and moral standards externally. Our company has established a code of ethics for directors and supervisors and a code of ethical behavior for first-level managers to regulate their ethical standards.

(2) In terms of environmental protection, our company mainly engages in the research and development of plant-based medicines. We value environmental protection from the acquisition of raw materials (Chinese medicinal herbs) and strictly test for pesticide residues and heavy metals. The production processes and equipment for refining plant-based medicines also incorporate the reuse of recyclable resources in their design to reduce their impact on the environment, fulfilling our responsibility as a corporate citizen to protect the earth and promote sustainable development. Our production factory meets the PIC/S GMP standards, and all products are produced in accordance with international environmental regulations and have obtained relevant certifications.

(3) The wastewater discharged from our factory is treated in the wastewater treatment plant of the Yongmei Lion Industrial Park with the permission of the management. The Yongmei factory we lease has also submitted a plan for water pollution prevention and control to the Taoyuan County Environmental Protection Bureau, and obtained a water pollution prevention and control permit with the permit number H3615-00, valid until April 20, 2025, with the option to apply for an extension upon expiration.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Our company engages in the development of new drugs, and the human clinical trials involved in the process must be approved by the "Institutional Review Board" (IRB) of participating hospitals before proceeding. For clinical trials registered for inspection, approval from the Food and Drug Administration of the Ministry of Health and Welfare is required before proceeding. After the completion of human clinical trials, we must apply for new drug inspection registration from the Ministry of Health and Welfare, and only upon approval can we obtain the drug certificate.				

3.4.5.1 Execution status of climate-related information:

Item	Implementation status
1. Describe the oversight and governance of climate-related risks and opportunities by the board of directors and management.	The Board of Directors of the company will report annually in the first quarter on the implementation status of sustainable development initiatives in the preceding year. Led by the Chairman, the company will assist in promoting corporate sustainability and climate change-related management actions. It will evaluate climate change issues, company characteristics, and relationships within the supply chain to identify significant risks and opportunities while addressing the substantial risks posed by global warming to the global economy. This proactive approach aims to mitigate the impact of climate change and maximize the company's benefits. In the future, the company will regularly report on the progress of ESG initiatives and ESG implementation goals to the Board of Directors.
2. The identified climate risks and opportunities are explained below in terms of their impact on the business, strategy, and finances of the enterprise in the short, medium, and long term.	The company will identify risk and opportunity items for the short, medium, and long term, and evaluate their impact on the company's future business, strategy, and finances.
3. Description of the financial impact of extreme weather events and transition actions.	Based on the preliminary preventive risk assessment, climate change-induced flood risks and extreme heat and drought risks have no significant impact on the operation of the company's headquarters.
4. Description of how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	The company will incorporate risk management into its policies and procedures in the future, with regular assessments and reviews of risk issues aimed at reducing strategic and operational risks. Climate change and environmental risk management will also be included in identifying risk and opportunity topics.

5. If using scenario analysis to assess resilience to climate change risks, the following should be explained: the scenarios, parameters, assumptions, analysis factors, and main financial impacts used in the analysis.	The company has not yet used scenario analysis to assess resilience to climate change risks. In the future, various scenarios will be analyzed to formulate response strategies to mitigate potential financial losses resulting from these risks, turning crises into opportunities.
6. If there is a transformation plan in response to managing climate-related risks, please explain the content of the plan, as well as the indicators and goals used to identify and manage physical risks and transition risks.	The company actively implements risk mitigation measures to reduce organizational carbon emissions, as follows: (1) Upgrading or replacing existing equipment with more energy-efficient alternatives. (2) Conducting greenhouse gas inventories for organizational carbon emissions in accordance with regulations in the future.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	Not applicable.
8.If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planned schedule, progress achieved each year, etc., should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related goals, the source and quantity of carbon offset credits exchanged or the quantity of RECs should be disclosed.	The company will continue to invest in various environmental expenditures and energy-saving measures to establish carbon reduction goals. It will continue to strive towards the annual reduction targets of over 3% for greenhouse gas emissions, water usage, and waste volume.
9. Greenhouse gas inventory, verification status, reduction targets, strategies, and specific action plans (also filled in sections 1-1 and 1-2).	In accordance with the Financial Supervisory Commission's Order No. 11203852314 issued on November 13, 2023, companies, whose paid-in capital does not exceed NT$5 billion, should complete information disclosure reviews starting from 2026, and full disclosure starting from 2028 for the parent company. Subsidiaries included in the consolidated financial statements should complete information disclosure reviews starting from 2027, and full disclosure starting from 2029. As the current regulations do not require disclosure, it is not applicable.

3.4.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons：

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1.Establishment of ethical corporate management policies and programs (1)Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		The company has established a "Code of Ethics" which sets out the principles of fair, honest, trustworthy, and transparent business practices. In order to implement the policy of integrity management and prevent non-compliant behavior, all personnel (including subsidiaries) of the company must comply with the guidelines and principles when conducting business activities. The guidelines include upholding the spirit of honesty, rigor, and professionalism in performing duties, being loyal to their duties, and not engaging in any illegal or improper activities. They must also avoid any conflict of interest that may arise between personal interests and company interests, and must not engage in any behavior that would bring discredit to the company. The company follows the law and regulations, including the Company Act, Securities and Exchange Act, Commercial Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Conflict of Interest Avoidance Act, and other relevant laws and regulations to ensure integrity in its business operations. The company's management team and board of directors are committed to promoting the implementation of the code of ethics. The board of directors practices self-discipline and refrains from participating in discussions and voting on proposals where they or their affiliated entities have a conflict of interest that could be harmful to the company. They may only provide opinions and answer questions related to the proposal. During discussions and voting, they must abstain from voting and recuse themselves from the matter. Directors are also not allowed to represent other directors in exercising their voting rights. The board of directors practices self-discipline and refrains from engaging in any improper mutual support.	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(2)Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		Our company has established the "Integrity Operating Procedures and Code of Conduct" and has disclosed it on our official website. The code of conduct prohibits bribery, accepting or offering improper benefits, providing or accepting facilitation payments, engaging in unfair competition practices, improper charitable donations or sponsorships, disclosing business secrets, and harming the rights and interests of stakeholders. We have implemented measures to prevent these behaviors and conducted education and training to ensure the implementation of our integrity management policy.	No difference.
(3)Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		The company engages in commercial activities based on principles of fairness, honesty, trustworthiness, and transparency. To implement a policy of ethical business practices and to prevent dishonest behavior, the company established the "Code of Conduct" on April 24, 2014, and revised it on February 24, 2015, August 8, 2017, and August 13, 2019, in accordance with the "Code of Ethics for Listed and Over-the-Counter Companies" and relevant laws and regulations in the countries and regions where the company and its subsidiaries operate. On July 20, 2017, the "Standard Operating Procedures and Behavioral Guidelines for Ethical Operations" were also established to specify the procedures and guidelines for each operation, penalties for violations, and the complaint system, and applied to the company's subsidiaries, affiliated organizations or entities that receive direct or indirect donations of more than 50% of their accumulated funds from the company, and other group companies and organizations that the company has substantial control over.	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
2.Ethical Management Practice (1)Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		Our company conducts business activities in a fair and transparent manner. Before engaging in any business transactions, we carefully consider the legality of agents, suppliers, customers, or other business partners and avoid conducting business with those who have a record of dishonest behavior. In the code of conduct agreement signed with our suppliers, we strictly prohibit our employees and cooperating factories from directly or indirectly providing, promising, requesting, or accepting bribes, commissions, entertainment, kickbacks, improper gifts, or any other illegitimate benefits during any business activity. To establish a good relationship, we also request that our cooperating factories do not engage in any form of bribery, commissions, kickbacks, gifts, entertainment, or other illegitimate benefits with any employee of our company. If any supplier violates the code of conduct agreement and is unable to improve their behavior in a timely manner, we reserve the right to terminate the contract.	No difference.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</td><td>✓</td><td></td><td>The company's "Code of Conduct" specifies that the personnel department is responsible for revising, implementing, interpreting, providing consultation services, and recording related operations and supervising the execution of this regulation. It also requires regular reporting to the board of directors on the implementation status. On February 26, 2024, the company reported to the board of directors on the implementation of the Code of Conduct in 2023 as follows：
<table>
<tr><th>Item</th><th>Execution Status</th></tr>
<tr><td>1</td><td>Our company has established a "Code of Conduct," which is available on our official website and a network-attached storage system accessible to all employees. We have also strengthened relevant preventive measures and educational campaigns.</td></tr>
<tr><td>2</td><td>Newly-hired employees are required to provide a "Commitment to Integrity and Cleanliness" document, and training programs emphasize adherence to the "Labor Contract," "Employee Rules," and "Code of Conduct," with an obligation to keep company trade secrets confidential.</td></tr>
<tr><td>3</td><td>We have established a stakeholder area on our official website and encourage stakeholders to communicate their reasonable expectations and needs. We will respond appropriately to issues related to ethical business practices.</td></tr>
<tr><td>4</td><td>To prevent improper gift acceptance, all gifts given to our employees by vendors must be reported and handled by the Chairman's Office.</td></tr>
<tr><td>5</td><td>We require important suppliers to sign a declaration of integrity and hold them responsible for damages if they violate the agreement.</td></tr>
<tr><td>6</td><td>We have implemented our intellectual property policies, and there have been no incidents of infringement or leakage in the past year.</td></tr>
<tr><td>7</td><td>There have been no situations in which directors had to avoid interests at any of our five board meetings in the past year, and we have complied with all relevant laws and regulations.</td></tr>
<tr><td>8</td><td>We have not had any off-book accounts or secret accounts, and our audit department has carried out annual audit plans thoroughly.</td></tr>
<tr><td>9</td><td>In 2023, we continued to use weekly meetings or monthly motivational meetings to periodically promote and cultivate a culture of integrity and ethical business practices among all employees.</td></tr>
<tr><td>10</td><td>We have established a chairman's mailbox and hotline for employee communication and whistleblowing on violations of ethical business practices.</td></tr>
</table></td><td>No difference.</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(3)Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		Our company's "Integrity Management Code of Conduct" also sets forth a policy for avoiding conflicts of interest. When our company personnel encounter situations in which there is a conflict of interest with themselves or the legal entities they represent, or which could result in improper benefits for themselves, their spouse, parents, children, or any other stakeholders, they must proactively disclose such situations and report them to their immediate supervisor and the responsible department of our company (i.e., the human resources department) for appropriate guidance. Our company personnel may not use company resources for business activities outside the company and may not let such activities affect their job performance.	No difference.
(4)Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		To implement effective accounting and internal control systems in accordance with the principles of ethical operation, our company has established effective accounting and internal control systems for business activities with higher risks of unethical behavior. These systems are regularly reviewed as part of the risk assessment process, and there is absolutely no allowance for off-the-books accounts or secret accounts. The design and execution of these systems are constantly reviewed to ensure their continued effectiveness. The internal audit unit also includes high-risk operating items in the annual audit plan based on risk assessments, regularly checks compliance with these systems, and reports to the Audit Committee and the Board of Directors.	No difference.
(5)Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		Our company arranges annual education and training sessions, as well as seminars, related to ethical business practices for our directors and employees. These sessions include the monthly motivational meetings and weekly team meetings. For more detailed information on the relevant education and training sessions, please refer to pages 82.83.123. of our annual report.	No difference.
3.Implementation of Complaint Procedures (1)Has the company established specific whistle-blowing and	✓		The company has established the "Code of Conduct and Guidelines for Ethical Business Operations," which includes a whistleblowing and rewards system, providing a normal reporting channel, and designating appropriate personnel to	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?			handle reported cases. The company evaluates the effectiveness of the reported facts and provides appropriate rewards to the whistleblower.	
(2)Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		Our company has established the "Integrity Operation Procedures and Code of Conduct," which provides detailed guidelines for the investigation of reported incidents and outlines the standard operating procedures, follow-up actions to be taken after the investigation, and the relevant confidentiality mechanism.	No difference.
(3)Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		Our company has established the "Code of Conduct for Ethical Business Operations," which includes a reporting and rewards system and provides normal reporting channels. Appropriate personnel are assigned to handle reported matters, and effective measures are taken in response to the facts reported.	No difference.
4.Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		Our company's website is www.phytohealth.com.tw. We regularly disclose or update information related to our code of conduct and the progress of our integrity initiatives on our company website and the Taiwan Stock Exchange Market Observation Post (MOPS).	No difference.
5.If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation：				

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
Our company has established the "Code of Conduct for Ethical Management" and the "Operating Procedures and Behavior Guidelines for Ethical Management," and has implemented them without any violations. The content and related operations are not significantly different from the "Code of Conduct for Ethical Management" for listed and OTC companies.				
6.Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles)： A. The company adheres to the corporate culture of "Integrity, Reciprocity, and Courtesy" as a code of conduct： ①Integrity - uphold the principles of ethical corporate management and regularly report the implementation of ethical management to the board of directors. ②Reciprocity - interact with stakeholders, including employees, shareholders, upstream and downstream suppliers and customers, consumers, communities, and banks, on the basis of reciprocity and share the economic value created by the company. ③Courtesy - place emphasis on corporate ethics internally and comply with laws and ethical standards externally. B. The company pays attention to the development of domestic and international ethical management regulations at all times and encourages directors, managers, and employees to provide suggestions for improving the company and enhancing the effectiveness of ethical management. C. All 12 directors have signed the Integrity Declaration, reaching a ratio of 100%. D. The company has signed the Integrity Management Statement with its suppliers and strictly requires its employees and all cooperation partners not to provide, promise, request or receive bribes, commissions, entertainment, kickbacks, improper gifts or any other illegitimate benefits, directly or indirectly, in any business activities. To establish a good cooperative relationship, the company also requests its cooperation partners not to engage in any form of direct or indirect form of contract, bribery, commission, kickback, gift, entertainment, or other improper benefits to any employee of the company. In case a supplier violates the ethical management policy and fails to make immediate improvement, the company may terminate the contract. As of 2023, all contracted suppliers have signed a declaration of integrity in business operations, representing 100% compliance for the entire year E. The company has established a stakeholder section on its official website, hoping that stakeholders can understand their reasonable expectations and needs through appropriate communication channels. The company will respond appropriately to important corporate social responsibility issues that stakeholders are concerned about. F. The company has implemented relevant measures regarding intellectual property rights and has not had any infringement or leakage incidents in 2023. G. The company does not have any secret external or secret accounts, and the audit unit executes the annual audit plan strictly. H. The company has signed the Anti-Money Laundering and Counter-Terrorism Financing Statement with Taiwan Depository & Clearing Corporation, Fubon Securities, and other banks with whom it has business transactions.				

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

The regulations related to corporate governance are disclosed on the company's website, and the important internal regulations related to investor relations are available at http://www.phytohealth.com.tw.

3.4.8 Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance：

1. The company follows the "Guidelines for Establishing Internal Control Systems for Public Companies to Handle Material Nonpublic Information," and has added the "Operating Procedures for Preventing Insider Trading Management." This system has been communicated to all employees, managers, and directors to prevent violations and occurrences of insider trading.
2. The company has established the "Corporate Governance Best Practice Guidelines," "Corporate Social Responsibility Guidelines," "Code of Ethics," "Integrity Management Guidelines," and "Operating Procedures and Conduct Guidelines for Integrity Management." These guidelines have been posted on the company's official website and communicated to all directors, managers, and employees to ensure compliance.
3. The courses attended by the managers of our company in 2023 are as follows：

(1) Financial and Accounting Supervisor/Manager：Wong Chi-yuan

Item	Institution of Continuing Education	Course title	Training hours
1	Chinese Accounting Association	IFRS15	3
2	Chinese Accounting Association	Evaluation Practice	3
3	Chinese Accounting Association	Preparation of consolidated financial statements	3
4	Chinese Accounting Association	In line the IFRS sustainability disclosure standards.	3

(2)Audit Manager：Yeh Li-Fong

Item	Institution of Continuing Education	Course title	Training hours
1	Chinese Accounting Association	Regulatory authorities require the establishment of "corporate governance personnel" for audit compliance practices.	6
2	Chinese Accounting Association	Driving sustainable development in enterprises through risk management.	6

(3)Audit agent：Kuo Hua-Ying

Item	Institution of Continuing Education	Course title	Training hours
1	Chinese Accounting Association	Policy analysis of self-compiled financial reports and sustainability reports, and in-depth discussions on internal audit and control practices.	6
2	Foundation for Taiwan Securities and Futures Markets Development	Exploring the latest corporate governance development blueprint and evaluation.	6

In the future, we will continue to arrange for our managers and supervisors to participate in relevant training courses.

4. The courses attended by the directors of our company in 2023 are as follows：

Title	Name	Training dates	Organizer	Training Course	Training hours
Chairman	Lee Yi-Li	2023.03.27	Chinese National Association Of Industry And Commerce	Corporate Resilience and Taiwan's Competitiveness	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
		2023.09.21	Taiwan Corporate Governance Association.	AI Transformation: Embracing the True Computer Era	3
Vice Chairman	Lee I-Lin	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director	Lee Chen-chia	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director	Lai Yu-Ju	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director	Tsai Ching-Chung	2023.10.13	Foundation for Taiwan Securities and Futures Markets	Internal Trading Prevention Awareness Seminar for 2023	3
Director	Wang Pai-Sen	2023.03.27	Chinese National Association Of Industry And Commerce	Corporate Resilience and Taiwan's Competitiveness	3
Director	Wang Ming-Fu	2023.12.21	Taiwan Investor Relations Association	Introduction to the Amendments to the Gender Equality Acts and Practical Application of Regulations	3
		2023.12.21	Taiwan Investor Relations Association	Criminal and Civil Liabilities for Publicly Listed Companies for Misleading Non-Financial Disclosures - Using Corporate ESG Information as an Example	3
Director	Chen Wen-Hwa	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Independent Director	Wang Der-Shan	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Lin Shoei-Loong	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
		2023.12.08	Foundation for Taiwan Securities and Futures Markets	Seminar on Compliance with Insider Trading Laws for 2023	3
Independent Director	Lai Sun-Quae	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
		2023.06.02	Chinese National Association Of Industry And Commerce	Taiwan New Net Zero Energy Summit for 2023	3
Independent Director	Wu Yang-Chang	2023.10.13	Foundation for Taiwan Securities and Futures Markets	Internal Trading Prevention Awareness Seminar for 2023	3

Note: Resigned on September 14, 2023.

5. .For other information, please refer to the execution status of corporate governance-related items of our company on the "Taiwan Stock Exchange and Taipei Exchange Market Observation Post System".

3.4.9The implementation status of internal control system.

1.A Statement on Internal Control：

Phytohealth Corp.
Statement of Internal Control System

Date：2024.02.26

In accordance with the results of our self-assessment, we hereby declare the following regarding our internal control system for the fiscal year 2023：

1. We acknowledge that it is the responsibility of our board of directors and management to establish, implement, and maintain our internal control system, which aims to achieve the goals of operational effectiveness and efficiency (including profitability, performance, and asset security), reliable reporting, timeliness, transparency, compliance with relevant regulations and laws, and provide reasonable assurance.
2. Internal control systems have inherent limitations and can only provide reasonable assurance for achieving the aforementioned goals. Furthermore, due to changes in the environment and circumstances, the effectiveness of our internal control system may change. However, our internal control system includes a self-supervision mechanism, and any deficiencies identified will be rectified immediately.
3. We evaluate the effectiveness of our internal control system design and execution based on the criteria for judging the effectiveness of internal control systems set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The criteria classify internal control systems into five components: control environment, risk assessment, control activities, information and communication, and monitoring activities, each of which includes several items. Please refer to the regulations for the specific details.
4. We have evaluated the effectiveness of our internal control system design and execution based on the aforementioned criteria.
5. Based on our evaluation, we believe that our internal control system, including the supervision and management of subsidiaries, as of December 31, 2023, has effectively achieved the goals of understanding the degree of effectiveness and efficiency of operations, reliable and timely reporting, transparency, and compliance with relevant regulations and laws. We believe that our internal control system can provide reasonable assurance for the achievement of the aforementioned goals.
6. This statement will become the main content of our annual report and public disclosure. If the content is found to be fraudulent, concealed, or illegal, it will be subject to legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors on February 26, 2024, with no objections from the 12 attending directors, and is hereby declared.

Phytohealth Corp.

Chairman：Lee Yi-Li Signature

General Manager：Lee I-Lin Signature

2.Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report：Not applicable.

3.4.10If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement：

1.The company and its internal personnel have not been subject to any significant penalties for violation of legal regulations up to the date of the annual report printing, in the current and previous fiscal year.
2.The company has not imposed any penalties on its internal personnel for violation of internal control system regulations up to the date of the annual report printing, in the current and previous fiscal year.

3.4.11Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report：

1.Important resolutions passed in the 2023 annual general meeting of our company are as follows：

(1) Agenda：To approve the individual financial statements, consolidated financial statements, and business report for the fiscal year 2022.

Resolution：The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
128,501,121	122,959,658	4,822,757	0	718,706
100.00％	95.68％	3.75％	0.00％	0.55％

(2) Agenda：Approval of the allocation of the 2022 deficit and the replenishment of accumulated deficit through capital surplus.

Resolution：The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
128,501,121	122,946,554	4,835,528	0	719,039
100.00％	95.67％	3.76％	0.00％	0.55％

(3) Agenda：Discuss the amendment of the "Company Bylaws".

Resolution：The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
128,501,121	122,700,192	5,077,367	0	723,562
100.00%	95.48%	3.95%	0.00%	0.56%

(4) Agenda：Discuss the amendment of the "Rules of Procedure for Shareholders Meetings".

Resolution：The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
128,501,121	122,947,944	4,833,382	0	719,795
100.00%	95.67%	3.76%	0.00%	0.56%

(5) Agenda：Discuss the complete election of directors.

Resolution：The list of elected directors and independent directors, along with their respective voting rights, is as follows:

Title	Actual names	Voting rights
Director	Maywufa Company Ltd. Representative:LeeYi-Li	218,132,648
Director	Lee I-Lin	141,167,564
Director	Maywufa Company Ltd. Representative:Lee Chen-Chai	136,161,378
Director	Maywufa Company Ltd. Representative:Lai Yu-Ju	129,956,767
Director	Li Ling Investment Company Ltd. Representative:Chen Wen-Hwa	125,285,076
Director	Jen Yu Ltd. Representative:Wang Pai-Sen	120,141,645
Director	Hua Wei Ltd. Representative:Tsai Ching-Chung	115,133,361
Director	Hua Wei Ltd. Representative:Wang Ming-Fu	110,133,189
Director	Jen Yu Ltd.	106,677,838

	Representative:Huang Tse-Hung	
Independent Director	Wang Der-Shan	102,508,858
Independent Director	Lai Sun-Quae	98,440,223
Independent Director	Lin Shoei-Loong	95,625,307
Independent Director	Wu Yang-Chang	92,409,412

(6) Agenda：Discuss the lifting of restrictions on competition for directors and their representatives.

Resolution：The voting results of the shareholders present (including those exercising their voting rights electronically) show that the affirmative votes have exceeded the legally required threshold, and the proposal is passed accordingly.

The number of voting rights of attending shareholders	Number of votes in favor	Number of dissenting votes	Invalid votes	Abstain/Non-vote count
128,501,121	122,664,124	5,100,649	0	736,348
100.00％	95.45％	3.96％	0.00％	0.57％

2.The important resolutions adopted by the Board of Directors during the period from the fiscal year 2023 to the date of publication of the annual report are as follows：

Date/session number	Important agenda items and decisions
2023.02.24 8th 16th	1. Request to approve the individual financial statements, consolidated financial statements and business report for the year 2022.
	2. Request to approve the deficit carried forward and to make up the deficit with capital surplus for the year 2022.
	3. Request to discuss the amendment of the company's articles of incorporation.
	4. Request to discuss the amendment of the rules of the shareholder meeting.
	5. Request to discuss the complete re-election of directors.
	6. Request to discuss the nomination and resolution of candidates for directors and independent directors.
	7. Request to discuss the lifting of restrictions on competition for directors and their legal representatives.
	8. Request to discuss the amendment of the "Corporate Governance Practice Guidelines".
	9. Request to approve the physical shareholders' meeting for the year 2023.
	10. Request to approve the effectiveness assessment of the internal control system and the internal control system statement for the year 2022.
	11. Request to discuss the issuance of employee stock options.

	12. Request to discuss the compensation/attendance fee proposal for the 9th board of directors, the 3rd audit committee, and the 5th compensation committee members.
	13. Request to discuss the amendment of the "Internal Control System".
	14. Request to approve the independence of the replacement of the company's auditors, compensation and evaluation of the signing auditors.
	15. Request to discuss the establishment of the "General Principles for Pre-approval of Non-assurance Services Policy" with Ernst & Young and its affiliated entities.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2023.05.05 8th 17th	1. Request for approval of the consolidated financial statements for the first quarter of 2023.
	2. Discussion on the appointment of a corporate governance officer.
	3. Discussion on the revision of the "Standard Operating Procedure for Handling Director Requests."
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2023.05.24 9th 1st	1. Request for the election of Chairman and Vice Chairman.
	Election Result: All attending directors unanimously elected Director Lee Yi-Li as Chairman, and Director Lee I-Lin as Vice Chairman.
	2. Request for the appointment of members to the fifth term of the Compensation Committee.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2023.07.28 9th 2th	1. Request for approval of the consolidated financial statements for the second quarter of 2023.
	2. Request for approval of the revision to the "Issuance and Exercise Guidelines for the One Hundred and Twelfth Fiscal Year Employee Stock Warrants".
	3. Request for approval of the list of employees eligible for the First Employee Stock Warrant of 2023, along with the number of warrants each is entitled to.
	4. Request to discuss the revision of the "Organization Regulations of the Compensation Committee" within our company.
	5. Request for the appointment of one member to the fifth term of the Compensation Committee.
	6. Request for approval of the short-term credit line agreement with financial institutions.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2023.11.02 9th 3rd	1. Request for approval of the consolidated financial statements for the third quarter of 2023.
	2. Discussion of the operating plan for the year 2024.
	3. Discussion on the revision of the "Operating Procedures for Transactions with Specific Companies, Group Enterprises, Related Parties, and Related Enterprises" within the company.

	4. Discussion of the internal audit plan for the year 2024 of the Company.
	5. Discussion of the year-end and performance bonus distribution plan for the year 2023 of the Company.
	6. Approval of the short-term credit line agreement with financial institutions.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.
2024.02.26 9th 4th	1. Request to approve the individual financial statements, consolidated financial statements and business report for the year 2023.
	2. Request to approve the deficit carried forward and to make up the deficit with capital surplus for the year 2023.
	3. Request to discuss the lifting of restrictions on competition for directors.
	4. Request to approve the physical shareholders' meeting for the year 2024.
	5. Request to approve the effectiveness assessment of the internal control system and the internal control system statement for the year 2023.
	6. Request to discuss the amendment of the "Internal Control System" and "The internal control self-assessment procedure".
	7. Request to discuss the revision of the "Board Meeting Rules and Procedures" of the company.
	8. Request to discuss the revision of the "Audit Committee Charter".
	9. Request to discuss the case of remuneration, assessment of independence, and payment to the company's signing accountant.
	10. Request to discuss the process and general policies for reconfirming the pre-approval procedure for non-assurance services provided by Ernst & Young Certified Public Accountants and its affiliated enterprises.
	The above resolutions were passed by the chairman after consulting all attending directors and receiving no objections.

3.Review of the implementation of resolutions passed at the 2023 Annual Shareholders' Meeting.

Resolution items	Execution status
1. Approve the individual financial statements, consolidated financial statements, and operating report for the year 2022.	As announced on the day of the shareholders' meeting.
2. Approved the allocation of losses and the use of capital surplus to offset accumulated losses for the fiscal year 2022.	The decision has been recorded in accordance with the resolution of the shareholders' meeting.
3. Discuss the amendment of the "Company Bylaws".	The change of registration has been approved by the Ministry of Economic Affairs and recorded on June 16th.
4. Discuss the amendment of the "Rules of	Implemented according to the

Resolution items	Execution status
Procedure for Shareholders Meetings".	resolution of the shareholders' meeting.
5. Discuss the complete election of directors.	The change of registration has been approved by the Ministry of Economic Affairs and recorded on June 16th.
6. Discuss the lifting of restrictions on competition for directors and their representatives.	As announced on the day of the shareholders' meeting.

3.4.12Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof：In the latest fiscal year and up until the date of printing of the annual report, the directors of the Company have not expressed any dissenting opinions regarding the important resolutions passed by the Board of Directors.

3.4.13A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer：None.

3.5 Information on the public fees for certified public accountants for visa applications.:

3.5.1 Information on the public fees for certified public accountants for visa applications

Amount unit: NTD thousands

Accounting Firm Name	Auditor Name	Audit Period	Audit Fee	non-audit fee	Total Fee	Remarks
Ernst & Young	Yu Chien-ju	January 1, 2023 to December 31, 2023	1,450	100	1,550	None
	Chang Chiao-Ying					

3.5.2 If the accounting firm is changed and the audit fees for the year of change are lower than the audit fees for the previous year, the amounts of audit fees before and after the change and the reasons for the change should be disclosed. However, there is no such situation.

3.5.3 If the reduction in audit fees compared to the previous year is more than 10%, the amount, percentage, and reason for the reduction should be disclosed. However, there is no such situation.

3.6 Information on changing the accounting firm

3.6.1Information about the former accountant.

<table>
<tr><td>Date of change</td><td colspan="4">Approved by the board of directors on February 24, 2023.</td></tr>
<tr><td>Reasons for the change</td><td colspan="4">Beginning from Q1 2023, in response to internal adjustments within the accounting firm,there hasa been a change from the original signing accountant of our company was Yu Chien-ju and Lin Su-wen,to Yu Chien-ju and Chang Chiao-Ying. All of them certified public accountants from Ernst & Young.</td></tr>
<tr><td rowspan="3">The explanation is that the former signing accountant voluntarily terminated their appointment.</td><td colspan="2">party involved
situation</td><td>accountant</td><td>appointer</td></tr>
<tr><td colspan="2">Voluntarily terminated appointment</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">no longer accepts</td><td>None</td><td>None</td></tr>
<tr><td>There were no opinions other than unqualified opinions issued in the audit report for the past two years, and therefore there is no reason to disclose any such opinions.</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">There were differences of opinions with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">disclosures in financial reports</td></tr>
<tr><td></td><td colspan="2">audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">others</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">None</td></tr>
<tr><td>Other disclosure items (Article 10, paragraph 6, items 4 to 7 of these Guidelines should be disclosed.)</td><td colspan="4">Our company is not subject to the disclosure requirements of items 4 to 7, paragraph 6, Article 10 of the "Guidelines for Disclosure of Annual Reports by Public Companies".</td></tr>
</table>

3.6.2Information about the succeeding accountant.

Accounting firm name	Ernst & Young
Accountant name	Yu Chien-ju and Chang Chiao-Ying
Date of appointment	Approved by the board of directors on February 24, 2023.
Consultation items and results regarding the accounting treatment or accounting principles for specific transactions before appointment and the opinions that may be issued on the financial report.	None
Written opinions of the succeeding accountant on the differences of opinions with the former accountant.	None

3.6.3esponse from the former accountant regarding the matters set forth in Article 10, Paragraph 6, Subparagraphs 1 and 2, Item 3 of these Guidelines: Not applicable.。

3.7 There is no information to be disclosed regarding the Chairman, General Manager, Manager responsible for finance or accounting affairs who have worked for the accounting firm or its related enterprises within the past year, including their names, titles, and periods of employment with the accounting firm or its related enterprises, as there is no such situation.

3.8 Transfer of Stock Options and Changes in Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of Annual Report:

3.8.1 Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders：

Job title	Name	2023		As of Mar. 31, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
	Maywufa Company Ltd.	0	0	0	0
Chairman	Representative：Lee Yi-Li	0	0	0	0
Director	Representative：Lai Yu-Ju	0	0	0	0
Director	Representative：Lee Chen-Chia (Note 1)	0	0	0	0
Vice Chairman / General Manager	Lee I-Lin	0	0	0	0
	Hua Wei Ltd.	0	0	0	0
Director	Representative：Lee Chen-Chia (Note 2)	0	0	0	0
Director	Representative：Chen Wen-Hwa (Note 2)	0	0	0	0
Director	Representative：Tsai Ching-Chung (Note 1)	0	0	0	0
Director	Representative：Wang Ming-Fu (Note 1)	0	0	0	0
	Jen Yu Ltd.	0	0	0	0
Director	Representative：Tsai Ching-Chung (Note 2)	0	0	0	0
Director	Representative：Wang Ming-Fu (Note 2)	0	0	0	0
Director	Representative：Wang Pai-Sen (Note 1)	0	0	0	0
Director	Representative：Huang Tse-Hung (Note 1)	0	0	0	0
Director	Li Ling Investment Company Ltd. (Note 1)	0	0	0	0
	Representative：Chen Wen-Hwa (Note 3)	0	0	0	0
	Heng Hong Ltd.	0	0	0	0
Director	Representative：Wang Pai-Sen (Note 2)	0	0	0	0
Director	Representative：Huang Tse-Hung (Note 2)	0	0	0	0
Independent Director	Wang Der-Shan	0	0	0	0
Independent Director	Lin Shoei-Loong	0	0	0	0
Independent Director	Lai Sun-Quae	0	0	0	0
Deputy General Manager	Wu Yang-Chang (Note1)	0	0	-	-
Research Director	Wang Teng-Hsu	0	0	0	0
Plant Manager	Hu Shun-Chieh	0	0	0	0
Audit Supervisor	Yeh Li-Feng	(2,000)	0	0	0

Job title	Name	2023		As of Mar. 31, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Financial Supervisor	Huang Chih-Yuan	0	0	0	0
Major Shareholder	Maywufa Company Ltd.	0	0	0	0

Note 1: The board of directors was re-elected and took office on May 24, 2023.
Note 2: The directors resigned after the re-election on May 24, 2023.
Note 3:The board of directors was re-elected and took office on May 24, 2023 and the representative resigned on September 14, 2023; the position of representative is currently vacant.

3.8.2 The counterparty for the transfer or pledge of stock options is a related party: None.

3.9 Information of Relationship among Top 10 Shareholders Who Are Related, Spouses, or Relatives within the Second Degree of Kinship:

March 30, 2024(stock closing date)

Name(Note1)	Shareholding		Shareholding of spouse and minor children		Total Shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Shares	%	
Maywufa Company Ltd.	35,130,698	17.69%	0	0.00%	0	0.00%	Maywufa Company Ltd.	Chairman Of The Company	
Representative：Lee Chen-Chia	300,000	0.15%	0	0.00%	0	0.00%			
Wu Li-Hua	4,107,000	2.07%	0	0.00%	0	0.00%	None	None	
Yun Cheng Investment Corporation	1,793,584	0.90%	0	0.00%	0	0.00%	None	None	
Chen Qing-Tang	1,210,129	0.61%	0	0.00%	0	0.00%	None	None	
Zheng An-Hang	1,110,000	0.56%	0	0.00%	0	0.00%	None	None	
Wu Yu-Kun	1,060,096	0.53%	0	0.00%	0	0.00%	None	None	
Wu Zhao-Xiong	984,164	0.50%	0	0.00%	0	0.00%	None	None	
Lu Xue-Chang	960,711	0.48%	0	0.00%	0	0.00%	None	None	
National Defense Education Foundation Research Foundation	947,143	0.48%	0	0.00%	0	0.00%	None	None	
Lin Chiu-Chuan	787,118	0.40%	0	0.00%	0	0.00%	None	None	

Note1：All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note2：The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note3：Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3.10 Shares Held by Company, Directors, Managers of Company, and Businesses Controlled Directly or Indirectly by Company of Same Reinvestment Business and Consolidated Calculation of Comprehensive Shareholding Ratio:

March 31 , 2024 Unit：Thousand shares

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	%	Shares	%	Shares	%
AmCad BioMed Corp.	18,938	35.51%	4,448	8.34%	23,386	43.86%
Broadsound Corporation	0	0%	12,054	59.72%	12,054	59.72%

Note：This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

4. Capital Overview

4.1 Capital and shares

4.1.1 Source of Capital

1. Sources of Capital

Unit: Shares; NTD

Month/ year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of capital	Capital paid in by assets other than cash	Other
11/1998	10	2,000,000	20,000,000	500,000	5,000,000	Set up capital (Note1)	None	None
05/1999	10	2,000,000	20,000,000	2,000,000	20,000,000	Cash capital increase (Note2) 15,000,000	None	None
03/2000	10	25,000,000	250,000,000	10,000,000	100,000,000	Cash capital increase (Note3) 60,000,000	Know-How Pricing 20,000,000	None
06/2000	10	25,000,000	250,000,000	25,000,000	250,000,000	Cash capital increase (Note4) 112,500,000	Know-How Pricing 37,500,000	None
12/2002	22.5	50,000,000	500,000,000	35,000,000	350,000,000	Cash capital increase (Note5) 100,000,000	None	None
01/2005	10	100,000,000	1,000,000,000	62,608,920	626,089,200	Issuance of new shares by transfer of shares of other companies (Note6)276,089,200	None	None
06/2005	10	100,000,000	1,000,000,000	64,150,000	641,500,000	Consolidate the shares of other companies and issue new shares (Note7)15,410,800	None	None
10/2005	24	100,000,000	1,000,000,000	89,150,000	891,500,000	Cash capital increase (Note8) 250,000,000	None	None
02/2006	10	100,000,000	1,000,000,000	94,195,000	941,950,000	Issuance of new shares by transfer of shares of other companies (Note9)50,450,000	None	None
12/2008	24	100,000,000	1,000,000,000	94,427,000	944,270,000	Employee stock option shares (Note10) 2,320,000	None	None
04/2009	24	100,000,000	1,000,000,000	94,457,000	944,570,000	Employee stock option shares (Note11) 300,000	None	None
07/2009	35	160,000,000	1,600,000,000	118,157,000	1,181,570,000	Cash capital increase (Note12) 237,000,000	None	None
07/2009	31.2	160,000,000	1,600,000,000	130,071,286	1,300,712,860	Private placement cash capital increase (Note13) 119,142,860	None	None
11/2009	26.8	160,000,000	1,600,000,000	130,163,786	1,301,637,860	Employee stock option shares (Note14) 925,000	None	None
12/2009	35	160,000,000	1,600,000,000	133,223,785	1,332,237,850	None	Pricing for Private Equity Expertise (Note15) 30,599,990	None
02/2010	None	160,000,000	1,600,000,000	131,625,215	1,316,252,150	Deduction of capital (Note16) 15,985,700	None	None
04/2010	26.8	160,000,000	1,600,000,000	131,708,965	1,317,089,650	Employee stock option shares (Note17) 837,500	None	None
12/2010	26.7	160,000,000	1,600,000,000	131,776,465	1,317,764,650	Employee stock option shares (Note18) 675,000	None	None
12/2010	36.1	160,000,000	1,600,000,000	132,342,965	1,323,429,650	Employee stock option shares (Note18) 5,665,000	None	None
03/2011	26.7	160,000,000	1,600,000,000	132,457,965	1,324,579,650	Employee stock option shares (Note19) 1,150,000	None	None
03/2011	36.1	160,000,000	1,600,000,000	132,673,465	1,326,734,650	Employee stock option shares (Note19) 2,155,000	None	None
08/2011	36.1	160,000,000	1,600,000,000	132,753,465	1,327,534,650	Employee stock option shares (Note20)	None	None

Month/ year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of capital	Capital paid in by assets other than cash	Other
						800,000		
08/2011	26.7	160,000,000	1,600,000,000	132,870,965	1,328,709,650	Employee stock option shares (Note21) 117,500	None	None
02/2012	36.1	160,000,000	1,600,000,000	132,965,965	1,329,659,650	Employee stock option shares (Note21) 95,000	None	None
08/2012	36.1	160,000,000	1,600,000,000	132,970,965	1,329,709,650	Employee stock option shares (Note22) 50,000	None	None
11/2012	None	160,000,000	1,600,000,000	132,552,665	1,325,526,650	Deduction of capital (Note23) 4,183,000	None	None
12/2012	40	200,000,000	2,000,000,000	162,552,665	1,625,526,650	Cash capital increase (Note24) 300,000,000	None	None
01/2013	36.1	200,000,000	2,000,000,000	162,853,665	1,628,536,650	Employee stock option shares (Note25) 3,010,000	None	None
03/2013	36.1	200,000,000	2,000,000,000	163,161,165	1,631,611,650	Employee stock option shares (Note26) 3,075,000	None	None
05/2013	36.1	200,000,000	2,000,000,000	163,694,165	1,636,941,650	Employee stock option shares (Note27) 5,330,000	None	None
08/2013	36.1	200,000,000	2,000,000,000	163,964,165	1,639,641,650	Employee stock option shares (Note28) 2,700,000	None	None
02/2014	36.1	200,000,000	2,000,000,000	164,130,665	1,641,306,650	Employee stock option shares (Note29) 1,665,000	None	None
02/2014	None	200,000,000	2,000,000,000	163,616,379	1,636,163,790	Deduction of capital (Note29) 5,142,860	None	None
12/2020	22.65	300,000,000	3,000,000,000	163,618,879	1,636,188,790	Employee stock option shares (Note30) 25,000	None	None
02/2021	20	300,000,000	3,000,000,000	198,618,879	1,986,188,790	Cash capital increase (Note31) 350,000,000	None	None

Note1：On November 24,1998, the Construction Bureau of Taipei City Government was approved by letter No. 87349081 of Shangzi.

Note2：On May 10,1999, the Construction Bureau of Taipei City Government was approved by letter No. 88290316 of Shangzi.

Note3：On May 10,1999, the Construction Bureau of Taipei City Government was approved by letter No. 88290316 of On March 31, 2000, the Ministry of Economic Affairs was approved by the (089) Shangzi No. 089108924 letter

Note4：On May 10,1999, the Construction Bureau of Taipei City Government was approved by letter No. 88290316 of On June 22, 2000, the Securities and Futures Management Committee of the Ministry of Finance (89) Tai Cai Zheng (1) No. 51187 letter approved

Note5：On December 2, 2002, the Securities and Futures Management Committee of the Ministry of Finance (91) Taicai Zheng (1) No. 0910164142 Letter Approval

Note6：On January 17, 2005, the Financial Supervision and Administration Commission of the Executive Yuan approved the letter No. 0930160160 (1)

Note7：On May 10,1999, the Construction Bureau of Taipei City Government was approved by letter No. 88290316 of On June 22, 2005, the Financial Supervision and Administration Commission of the Executive Yuan approved the letter No. 0940123965 (1)

Note8：On October 24, 2005, the Financial Supervision and Administration Commission of the Executive Yuan approved the letter No. 0940147972 (1)

Note9：On February 21, 2006, the Financial Supervision and Administration Commission of the Executive Yuan approved the letter No. 0950104358 (1)

Note10：On December 17, 2008, the Ministry of Economic Affairs was approved by the letter No. 09701315220 of Shangzi.

Note11：On July 20, 2009, the Ministry of Economic Affairs was approved by the letter No. 09801159910 of Shangzi.

Note12：On December 11, 2009, the Ministry of Economic Affairs was approved by the letter No. 09801286400 of Shangzi.

Note13：On December 15, 2009, the Ministry of Economic Affairs was approved by the letter No. 09801284030 of Shangzi.
Note14：On December 17, 2009, the Ministry of Economic Affairs was approved by the letter No. 09801284050 of Shangzi.
Note15：On December 30, 2009, the Ministry of Economic Affairs was approved by the letter No. 09801296840 of Shangzi.
Note16：On February 9, 2010, the Ministry of Economic Affairs was approved by the letter No. 09901029420 of Shangzi.
Note17：On April 15, 2011, the Ministry of Economic Affairs was approved by the letter No. 09901072060 of Shangzi.
Note18：On December 24, 2010, the Ministry of Economic Affairs was approved by the letter No. 09901286610 of Shangzi.
Note19：On Aril 13, 2011, the Ministry of Economic Affairs was approved by the letter No. 10001072860 of Shangzi.
Note20：On Septmber 5, 2011, the Ministry of Economic Affairs was approved by the letter No. 10001204600 of Shangzi.
Note21：On July 9, 2012, the Ministry of Economic Affairs was approved by the letter No. 10101125950 of Shangzi.
Note22：On August 9, 2012, the Ministry of Economic Affairs was approved by the letter No. 10101160920 of Shangzi.
Note23：On November 13, 2012, the Ministry of Economic Affairs was approved by the letter No. 10101230650 of Shangzi.
Note24：On December 4, 2012, the Ministry of Economic Affairs was approved by the letter No. 10101247600 of Shangzi.
Note25：On January 8, 2013, the Ministry of Economic Affairs was approved by the letter No. 10201002460 of Shangzi.
Note26：On March 7, 2013, the Ministry of Economic Affairs was approved by the letter No. 10201041810 of Shangzi.
Note27：On May 7, 2013, the Ministry of Economic Affairs was approved by the letter No. 10201083670 of Shangzi.
Note28：On August 8, 2013, the Ministry of Economic Affairs was approved by the letter No. 10201161720 of Shangzi.
Note29：On February 12, 2014, the Ministry of Economic Affairs was approved by the letter No. 11001028420 of Shangzi.
Note30：On December 10, 2020, the Ministry of Economic Affairs was approved by the letter No. 10901225510 of Shangzi.
Note31：On February 26, 2021, the Ministry of Economic Affairs was approved by the letter No. 11001028420 of Shangzi

2. Type of stock

March 30, 2024 (stock closing date) Unit: share

Type of stock	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	198,618,879	101,381,121	300,000,000	Note

Note：All of the common shares issued by our company, except for 12,861,429 shares of privately placed stocks that have not yet been publicly issued, are listed on the stock market.

3. Related information of the general declaration system: Not applicable.

4.1.2 Composition of Shareholders

March 30, 2024 (stock closing date) Unit: share

Shareholder composition / Quantity	Government agencies	Financial institution	Other legal entities	Individuals	Foreign institution and foreign individuals	Total
No. of shareholders	0	0	187	45,997	54	46,238
No. of shares held	0	0	39,757,643	156,311,810	2,549,426	198,618,879
Shareholding ratio	0.00%	0.00%	20.02%	78.70%	1.28%	100.00%

4.1.3 Distribution of Shareholding:

The total number of shares issued by the company is 198,619 thousand shares, all of which are ordinary shares. The distribution of shares is as follows:

Par value of NTD10 per share

March 30, 2024 (stock closing date) Unit: share

Shareholding range		No of shareholders	Shareholding (shares)	Shareholding(%)
1 to	999	27,752	1,756,947	0.89%
1,000 to	5,000	13,671	28,592,983	14.40%
5,001 to	10,000	2,244	17,546,262	8.83%
10,001 to	15,000	802	10,114,786	5.09%
15,001 to	20,000	472	8,616,774	4.34%
20,001 to	30,000	461	11,582,878	5.83%
30,001 to	40,000	241	8,498,237	4.28%
40,001 to	50,000	138	6,260,113	3.15%
50,001 to	100,000	256	18,446,528	9.29%
100,001 to	200,000	124	16,898,865	8.51%
200,001 to	400,000	52	13,792,243	6.94%
400,001 to	600,000	9	4,219,538	2.12%
600,001 to	800,000	7	4,989,200	2.51%
800,001 to	1,000,000	3	2,892,018	1.46%
More than 1,000,001 shares		6	44,411,507	22.36%
Total		46,238	198,618,879	100.00%

4.1.4 List of Major Shareholders

March 30, 2024 (stock closing date) Unit: share

Shares / Name of major shareholder	Shareholding (shares)	Shareholding (%)
Maywufa Company Ltd.	35,130,698	17.69%
Wu Li-Hua	4,107,000	2.07%
Yun Cheng Investment Corporation	1,793,584	0.90%
Chen Qing-Tang	1,210,129	0.61%
Zheng An-Hang	1,110,000	0.56%
Wu Yu-Kun	1,060,096	0.53%
Wu Zhao-Xiong	984,164	0.50%
Lu Xue-Chang	960,711	0.48%
National Defense Education Foundation Research Foundation	947,143	0.48%
Lin Chiu-Chuan	787,118	0.40%

4.1.5 Provide share prices for the past 2 fiscal year, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Unit:NT dollars; share

<table>
<tr><th colspan="3">Fiscal year / Item</th><th>2022</th><th>2023</th><th>As of Mar. 31.2024 (Note 8)</th></tr>
<tr><td rowspan="3">Market price per share (Note 1)</td><td colspan="2">Highest</td><td>23.85</td><td>25.25</td><td>23.50</td></tr>
<tr><td colspan="2">Lowest</td><td>17.05</td><td>18.00</td><td>20.25</td></tr>
<tr><td colspan="2">Average</td><td>20.18</td><td>22.15</td><td>21.84</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before distribution</td><td>9.61</td><td>9.70</td><td rowspan="4">(Note11)</td></tr>
<tr><td colspan="2">After distribution</td><td>9.61</td><td>(Note10)</td></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted average shares</td><td>198,618,879</td><td>198,618,879</td></tr>
<tr><td colspan="2">Earnings per share (Note 3)</td><td>(0.40)</td><td>(0.24)</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Dividends from retained earnings</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Dividends from capital reserve</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">Accumulated undistributed dividends (Note 4)</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">Return on investment analysis (Note9)</td><td colspan="2">Price/earnings ratio (Note 5)</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Price/dividend ratio (Note 6)</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 7)</td><td>None</td><td>None</td><td>None</td></tr>
</table>

Note 1：List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2：Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3：If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4：If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5：Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6：Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7：Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8：Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9 : The company's products are still in the research and development stage and are not yet profitable, so they are not applicable.

Note 10：The 2023 surplus distribution plan was approved by the board of directors on February 26, 2024, but it has not been passed by the resolution of the 2024 shareholders' meeting, so the adjusted amount has not been calculated.

Note 11：As of the publication date of the annual report, the financial statements for the first quarter of 2024 have not been reviewed by accountant

4.1.6 Company Dividend Policy and Implementation Status

1. The dividend policy stipulated in the company's articles of association:
   Article 31 of our company's articles of association stipulates:

   In the event that the company has profits for the year, after paying all taxes and fees and making up for any accumulated losses from previous years, if there is still a surplus, ten percent shall be allocated to the statutory surplus reserve in accordance with the law, and the amount of the special surplus reserve shall be adjusted. The remaining balance, along with the accumulated undistributed profits from the previous year, shall allocate at least fifty percent for distribution by the board of directors to propose a profit distribution proposal, and submit it to the shareholders' meeting for resolution.

   Our company's dividend policy is formulated by the board of directors based on operating plans, investment plans, capital budgets, and internal and external environmental changes, and is distributed by resolution of the shareholders' meeting. The distribution of our company's profits is based on a balanced dividend policy, with a principle of fifty percent for cash dividends and fifty percent for stock dividends, taking into account the company's cash flow, earnings status, and the need for future expansion of the business scale. The policy may be adjusted after careful consideration.

2. The proposed dividend distribution for this shareholder meeting is as follows: After the settlement of the fiscal year ending on 31 December 2023, there are no retained earnings, and there are no profits available for distribution.

4.1.7 The impact of proposed bonus shares on the company's business performance and earnings per share is not applicable.

4.1.8 The remuneration of the employee and director:

1. The percentage or range of employee and director remuneration as stated in the company's articles of association is as follows:

   Article 30 of our company's articles of association stipulates:

   In the event that the company has profits for the year (defined as profit before tax, after deducting employee and director remuneration), after reserving an amount to make up for any accumulated losses, if there is still a surplus, three to six percent shall be allocated for employee remuneration and no more than four percent for director remuneration. The resolution shall be passed by a two-thirds majority of the attending directors with more than half of the attending directors in favor, and shall be reported to the shareholders' meeting.
   Employee remuneration mentioned in the preceding paragraph may be paid in the form of stock or cash and may include employees of subsidiary companies who meet certain conditions.

2. The basis for estimating the amount of employee and director remuneration in this period, the basis for calculating the stock allocation of employee remuneration, and the accounting treatment in case the actual distribution amount differs from the estimated amount are not applicable.

3. Remuneration distribution approved by the Board of Directors: The board of directors has approved on February 26, 2024 that there are no profits available for distribution for the fiscal year ending on December 31, 2023. This will be submitted to the shareholders' meeting for approval on May 28, 2024.

4. The actual distribution of employee and director remuneration in the previous year: The company's 2023 shareholders' meeting has approved that there will be no surplus for distribution in 2022, so there is no distribution of employee bonuses and director remuneration.

4.1.9 Buyback of Treasury Stock: In the most recent year and up to the date of publication of the annual report, the company has not repurchased the company's shares

4.2 Corporate bonds: None.

4.3 Preferred shares: None.

4.4 Global depository receipts: None.

4.5 Employee share subscription warrants and new restricted employee shares：

4.5.1Unexpired employee stock option certificates and their impact on shareholders' rights and interests

Type of employee share subscription warrants	Employee stock option certificate issued in 2018	Employee stock option certificate issued in 2023
Issue (handling) date	January 10, 2018	July 05, 2023
Issue (processing) date	July 31, 2018	August 02, 2023
Number of units issued	50 unit	115 unit
The ratio of the number of issued subscription shares to the total number of issued shares (%)	0.03%	0.06%
Subscription Duration	7 year	5 year
Duration	July 31, 2020 ~ July 30, 2025	August 02, 2025 ~ August 02, 2028
Performance method	Issuance of new shares delivery	Issuance of new shares delivery
Vesting period and percentage (%)	(A) Two years after the expiry of the grant of the employee stock option certificate, the right to exercise the stock option is limited to 25% of the number of the employee stock option certificates granted. (B) Three years after the expiry of the grant of the employee stock option certificate, the right to exercise the stock option is limited to 35% of the number of the employee stock option certificates granted. (C) Four years after the expiry of the employee stock option certificate granted, the stock option right can be exercised for 55% of the number of employee stock option certificates granted. (D) Five years after the expiry of the employee stock option certificate granted, the right to exercise the stock option is limited to 85% of the number of employee stock option certificates granted. (E) Six years after the expiry of the employee stock option certificate granted, the right to exercise the stock option is limited to 100% of the number of employee stock option certificates granted.	(A) Two years after the expiry of the grant of the employee stock option certificate, the right to exercise the stock option is limited to 50% of the number of the employee stock option certificates granted. (B) Three years after the expiry of the grant of the employee stock option certificate, the right to exercise the stock option is limited to 75% of the number of the employee stock option certificates granted. (C) Four years after the expiry of the employee stock option certificate granted, the stock option right can be exercised for 100% of the number of employee stock option certificates granted.
Number of shares subscribed through exercise of the warrants	2,500 shares	0 shares
Amount of the shares subscribed through exercise of	56,625	0

the warrants (NT$)		
Number of unexecuted subscriptions	30,000 shares (Note1)	0 shares
Number of unexercised shares Subscription price per share of the unexercised shares(NT$)	21.5	22.0
Ratio of the number of unexercised shares to the total number of issued shares (%)	0.02%	0.00%
The effect on shareholders' equity	If the number of shares increased by full implementation accounts for 0.02% of the current issued shares of 198,618,879 shares, it will have little impact on shareholders' equity.	If the number of shares increased by full implementation accounts for 0.06% of the current issued shares of 198,618,879 shares, it will have little impact on shareholders' equity.

Note1：A total of 17,500 shares have been deducted from the number of invalid shares due to employee resignation.

4.5.2 Names and Acquisition and Subscription Status of Managerial Officers Who Have Acquired Employee Share Subscription Warrants and the Top Ten Employees (Ranked by the Number of Subscribable Shares) Who Have Acquired Share Subscription Warrants：

March 31, 2024 Unit: share

	Job title	Name	Number of shares subscrib a-ble from exercise of warrants granted	Ratio of the number of shares subscribable from the exercise of warrants granted to the total number of issued shares	Exercised				Unexercised			
					Number of shares	Exercise price (Note1)	Total exercise price	Ratio of the number of exercised shares to the total number of issued shares	Number of shares	Exercise price (Note2)	Total exercise price	Ratio of the number of unexercised shares to the total number of issued shares
Managerial officers	Plant Manager	Hu Shun-Chieh	15,000	0.01%	-	-	-	-	15,000	21.5	322,500	0.01%
	Research Dirctor	Yeh Li-Feng	35,000	0.02%	-	-	-	-	35,000	22	770,000	0.02%
	Financial Supervisor	Huang Chih-Yuan										
	Audit Supervisor	Wang Teng-Hsu										
Employees	Director	Zheng Xiao-Qian	15,000	0.01%	-	-	-	-	15,000	21.5	322,500	0.01%
	Public Affairs Director	Ni Hao-Lun	80,000	0.04%	-	-	-	-	80,000	22	1,760,000	0.04%
	Executive Secretary	Guo Hua-Ying										
	Director of Pharmaceutical Marketing	He Shu-Jyuan										
	Assistant Project Manager	Tsai Yin-Meng										
	Brand Director	Chen Yun-Chu										
	Assistant Manager	Kung Li-Fen										
	Section Chief	Feng,Ching-Ting										

Note1: The price of employee stock options that have been executed shall disclose the price of the stock options at the time of execution.

Note2: The price of unexecuted employee stock options shall disclose the price of the stock options after adjustment according to the issuance method.

4.6 Restrictions on employee rights related to the issuance of new shares: Not applicable (no such restrictions exist).

4.7 Mergers or acquisitions involving the issuance of new shares to acquire or transfer the shares of other companies: Not applicable (no such transactions).

4.8 Capital Utilization Plan and Execution Status:

【 Capital increase by cash issuance of new shares in 2012】

4.8.1 Project Description:

1. Approval date and permit number of cash capital increase in December 2012: September 21, 2012, Financial Supervisory Commission Securities and Futures Bureau Permit No. 1010038911.
2. Total amount of funds required for this plan: NT$1,200,000 NT thousands.
3. Original project items and expected progress.

Amount unit: NTD thousands

Item	Total funding required.	Planned funding utilization schedule.									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
New drug research and development	467,159	39,237	40,608	39,256	39,219	41,090	53,278	61,223	55,372	51,401	46,475
Formulation pharmaceutical factory	557,900	150,000	10,000	30,000	83,000	75,000	55,000	45,000	45,000	36,900	28,000
Increase working capital	174,941	32,296	8,638	11,820	20,858	19,812	18,479	18,128	17,130	15,070	12,710
Total	1,200,000	221,533	59,246	81,076	143,077	135,902	126,757	124,351	117,502	103,371	87,185

4.8.2 Revised project content, progress, and expected benefits after the November 10, 2015, February 23, 2018, and September 15, 2020 revision as bellow:
Revised total plan.

Amount unit: NTD thousands

Item	The total amount of required funds.	Planned funding utilization schedule.									Total
		2012Q4	2013	2014	2015 年	2016	2017	2018	2019	2020Q2	
New drug research and development.	1,025,059	18,463	114,540	229,926	132,718	104,488	67,024	86,423	109,302	45,353	908,237
To increase working capital.	174,941	32,296	61,128	68,807	12,710	0	0	0	0	0	174,941
合　計	1,200,000	50,759	175,668	298,733	145,428	104,488	67,024	86,423	109,302	45,353	1,083,178

Amount unit: NTD thousands

Item	The total amount of required funds.	Planned funding utilization schedule.								Total
		2020		2021				2022		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
New drug research and development.	1,025,059	16,114	15,000	21,000	15,260	11,500	11,500	13,224	13,224	116,822

To increase working capital.	174,941	0	0	0	0	0	0	0	0	0
Total	1,200,000	16,114	15,000	21,000	15,260	11,500	11,500	13,224	13,224	116,822

1.Revised - Utilization Progress of New Drug Research and Development Funds.

Amount unit: NTD thousands

Item	The total amount of required funds.	Planned funding utilization schedule.							
		2020		2021				2022	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
PG2 Lyo. Injection 500mg (Cancer-related fatigue)	42,260	12,000	12,000	12,000	6,260	—	—	—	—
Oraphine®60mg soft Capsule	1,114	1,114	—	—	—	—	—	—	—
Anti-aging medication(Osteoporosis)	35,560	1,500	1,500	4,500	4,500	5,500	5,500	6,280	6,280
Diabetes medications for diabetic nephropathy	37,888	1,500	1,500	4,500	4,500	6,000	6,000	6,944	6,944
Total	116,822	16,114	15,000	21,000	15,260	11,500	11,500	13,224	13,224

2.Revised anticipated benefits - New drug development

(1) New drug development

New drug development project	Current development progress	The impact of planned capital increase and fund injection on development progress	Planned clinical trial	Expected start date	Expected completion date of current funding utilization	Expected completion date of R&D progress
PG2 Lyo. Injection 500mg (Cancer-related fatigue)	Drug approval and launch	Post-market surveillance period (Phase 4 clinical trial)	PG2 Lyo. Injection 500mg (Cancer-related fatigue) Phase 4 clinical trial	September 2012	2021Q2	Completion of breast cancer clinical trial in Q2 2021
Oraphine®60mg soft Capsule®	Obtaining drug approval	Drug approval and launch	—	March 2018	2020Q3	2020Q3
Anti-aging medication(Osteoporosis)	Phase IIa	Phase IIb CMC Note1	Anti-aging medication(Osteoporosis) Phase 2 clinical trial	Q3 2016	2022 Q2	2022Q2 (CMC completion)
Diabetes medications for diabetic nephropathy	Phase IIa	Phase IIb CMC Note1	Diabetes medications for diabetic nephropathy Phase 2 clinical trial	Q3 2016	2022 Q2	2022Q2 (CMC completion)

Note1：CMC(Chemistry, Manufacturing and Controls。

(2) The benefits of developing new drugs include

A. Technology licensing revenue

Amount unit: NTD thousands

Item	2021	2022	2023	2024	2025	2026	2027	合計
PG2 Lyo. Injection 500mg®	—	60,000	90,000	—	150,000	—	—	300,000
Oraphine®60mg soft Capsule	210,000	—	—	—	—	—	—	210,000
Anti-aging medication (Osteoporosis)	—	—	54,000	54,000	72,000	—	—	180,000
Diabetes medications for	—	—	—	18,000	—	18,000	24,000	60,000

diabetic nephropathy								
Total	210,000	60,000	144,000	72,000	222,000	18,000	24,000	750,000

B. Sales「PG2 Lyo. Injection 500mg」(Cancer-related fatigue)

Amount unit: NTD thousands

Year	Sales volume	Sales value	Gross profit from operations	Net profit from operations
2020	3,500	21,875	10,500	6,125
2021	16,500	103,125	49,500	28,875
2022	20,000	125,000	60,000	35,000
2023	24,000	150,000	72,000	42,000
2024	28,800	180,000	86,400	50,400
2025	36,000	225,000	108,000	63,000
2026	40,000	250,000	120,000	70,000
2027	45,000	281,250	135,000	78,750
Total	213,800	1,336,250	641,400	374,150

C. Revenue from operations

Amount unit: NTD thousands

Year	Revenue from technology licensing fees.	Net operating profit.	Total net operating profit.	Research and development expenses incurred.	Amount recovered or recouped.
2020	0	6,125	6,125		
2021	210,000	28,875	238,875		
2022	60,000	35,000	95,000		
2023	144,000	42,000	186,000		
2024	72,000	50,400	122,400		
2025	222,000	63,000	285,000		
2026	18,000	70,000	88,000		
2027	24,000	78,750	102,750		
Total	750,000	374,150	1,124,150	1,025,059	99,091

3.Post-change funding execution status.

Amount unit: NTD thousands

Project plan	Execution status.		Q4 2023.	Accumulated until the end of Q4 2023.	Causes of progress being ahead or behind schedule and improvement plans.
New drug development	Amount of funds disbursed.	Planned	0	1,025,059	The lag in fund utilization is mainly due to the delay in acceptance of some clinical trials in the hospital due to the impact of the epidemic, and there are no major abnormalities identified in the evaluation.
		Actual	4,273	1,025,059	
	Execution progress. (%)	Planned	0	100.00	
		Actual	0.42	100.00	
Reinforcement of operating capital	Amount of funds disbursed.	Planned	0	174,941	
		Actual	0	174,941	
	Execution progress. (%)	Planned	0.00	100.00	
		Actual	0.00	100.00	
Total	Amount of funds disbursed.	Planned	0	1,200,000	
		Actual	4,273	1,200,000	
	Execution progress. (%)	Planned	0	100.00	
		Actual	0.42	100.00	

The above plans and funds were completed in June 2023.

【 Cash capital increase and issuance of new shares in 2020】

I. Plan content.

1. Approval date and document number for the cash capital increase in November 2020: Financial Supervisory Commission, Taiwan, ROC, on November 26, 2020, document number 1090372808.
2. Total funding required for this plan: NTD 1,230,000 NT thousands.
3. Funding sources: issuing 35,000,000 common shares with a par value of NTD 10 per share and an issue price of NTD 20 per share, with a total raised amount of NTD 700,000,000 to support product development from the first quarter of 2021 to the fourth quarter of 2023. The remaining NTD 530,000,000 needed for the plan will be provided by self-owned funds or bank loans.
4. Project details and expected execution schedule.

Amount unit: NTD thousands

Project plan.		Planned completion date.	Total funding required.	Planned funding utilization schedule.															
				2021				2022				2023				2024			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Product development.	PG2® cancer immunotherapy	Q4 2024	510,000	7,500	7,500	9,000	12,000	30,000	49,000	49,000	49,000	51,000	41,000	46,000	26,000	36,000	35,000	31,000	31,000
	PG2® suppression of cytokine storm"	Q4 2023	320,000	7,500	7,500	7,500	22,750	56,000	56,000	56,000	56,000	28,000	22,750	-	-	-	-	-	-
	Oraphine®60mg soft Capsule®	Q4 2024	400,000	3,750	3,750	20,000	20,000	34,000	34,000	34,000	34,000	40,000	40,000	40,000	40,000	32,000	24,500	-	-
	Total		1,230,000	18,750	18,750	36,500	54,750	120,000	139,000	139,000	139,000	119,000	103,750	86,000	66,000	68,000	59,500	31,000	31,000

5. Expected potential benefits

(1)New drug development progress

Unit: New Taiwan Dollars (NTD) in thousands.

New drug development project.	Current research and development progress.	Planned capital increase project and expected research and development progress after funding injection.	Planned clinical trials.	Expected start time.	Expected completion time of current funding utilization.	Completion time point of research and development progress.
PG2 Lyo. Injection 500mg (PG2®) cancer immunotherapy	Extension of drug license completion.	New indication NDA application	cancer immunotherapy Phase III clinical trials	January 2021.	Q4 2024.	Q4 2024.
PG2 Lyo. Injection 500mg (PG2®) suppression of cytokine storm"	Extension of drug license completion.	New indication NDA application	suppression of cytokine storm Phase III clinical trials	January 2021.	Q2 2023.	Q4 2023.
Oraphine®60mg soft Capsule	Obtaining Taiwan drug license for market launch.	new drug launch in the United States, Japan, Australia, and other countries	Registration Purpose Bridging Clinical Trials	January 2021.	Q2 2024.	Q4 2024.

Note1：The execution of the "Cancer Immunotherapy Combination Treatment" new indication for PG2 Lyo. Injection 500mg will involve multi-center Phase III clinical trials in the United States, China, and Taiwan. A total of 300 patients are expected to be enrolled, and the fundraising plan is planned to be executed until the fourth quarter of 2024. The clinical trial report (CSR) will be submitted to the drug regulatory authorities in the United States, China, and Taiwan for review to complete the new drug inspection and registration application (NDA).

Note2：The execution of the "Suppression of Cytokine Storm" new indication for PG2 Lyo. Injection 500mg will involve Phase III clinical trials in the United States and Turkey. A total of 360 patients are expected to be enrolled (180 in the United States and 180 in Turkey), and the fundraising plan is planned to be executed until the fourth quarter of 2023. The clinical trial report (CSR) will be submitted to the drug regulatory authorities in the United States and Turkey separately in EAU (Emergency Authorization Use) mode, in order to seek opportunities to treat COVID-19 patients.

Note3：In order to expand international market opportunities, the company plans to seek new drug approvals for Oraphine®60mg soft Capsule in the United States, Japan, and Australia. Local clinical trials for regulatory approval will be conducted, and a total of 500 patients are expected to be enrolled. The fundraising plan is expected to be executed until the fourth quarter of 2024, with Australia expected to be the first to obtain new drug approval (fourth quarter of 2024), followed by Japan (fourth quarter of 2025), and finally the United States (fourth quarter of 2026).

(2)Benefits of new drug development

A.Technology licensing fee

Amount unit: NTD thousands

Item	Nature of the revenue	Territory	2024	2025	2026	2027	2028	Total
PG2 Lyo. Injection 500mg (PG2®) cancer immunotherapy	technology licensing fee	USA	-	135,000	135,000	-	180,000	450,000
Oraphine®60mg soft Capsule	technology licensing fee	USA	90,000	90,000	120,000	-	-	300,000

B. Sales revenue

(A)「PG2 Lyo. Injection 500mg」(Cancer immunotherapy)

Unit: bottle；Amount unit: NTD thousands

Year	Production volume	Sales volume	Sales value	Gross profit	Net profit
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	36,000	36,000	225,000	108,000	63,000
2027	108,000	108,000	675,000	324,000	189,000
2028	108,000	108,000	675,000	324,000	189,000
Total	252,000	252,000	1,575,000	756,000	441,000

(B)「PG2 Lyo. Injection 500mg」Suppressing cytokine storm

Unit: bottle；Amount unit: NTD thousands

Year	Production volume	Sales volume	Sales value	Gross profit	Net profit
2024	6,000	6,000	37,500	18,000	10,500
2025	12,000	12,000	75,000	36,000	21,000
2026	18,000	18,000	112,500	54,000	31,500
2027	18,000	18,000	112,500	54,000	31,500
2028	18,000	18,000	112,500	54,000	31,500

Total	72,000	72,000	450,000	216,000	126,000

(C)「Oraphine®60mg soft Capsule」

Unit: bottle；Amount unit: NTD thousands

Year	Production volume	Sales volume	Sales value	Gross profit	Net profit
2024	-	-	-	-	-
2025	5,000	5,000	225,000	75,000	30,000
2026	10,000	10,000	450,000	150,000	60,000
2027	30,000	30,000	1,350,000	450,000	180,000
2028	30,000	30,000	1,350,000	450,000	180,000
Total	75,000	75,000	3,375,000	1,125,000	450,000

II. Fund execution status

Unit: Shares; NTD

Project Items	Execution status.		(Q4) of 2023	umulative until the end of Q4 2023	Reasons for ahead or behind schedule and improvement plan.
PG2 Lyo. Injection 500mg (PG2®) cancer immunotherapy combination treatment	Disbursement amount	Scheduled	26,000	377,000	PG2 Lyo. Injection 500mg (PG2®) - Cancer Immunotherapy Combination Treatment: During the business promotion process, it was found that the acceptance of plant-based drugs in advanced Western European countries is much higher than in the United States. Therefore, Phytohealth adjusted the clinical trial countries from the originally planned United States to Germany. In addition, the impact of the pandemic has made cross-border consultations difficult, which has led to a slower-than-expected implementation of the plan. However, a well-known international CRO in Germany has now been selected for cooperation. A domestic small-scale pilot study has been underway since the second quarter of 2022, and after preliminary clinical trial results are obtained in the second quarter of 2024, international partners will be contacted for collaboration and development. PG2 Lyo. Injection 500mg- Suppression of Cytokine Storm: In view of the continuous evolution of new Covid-19 new virues and the high global vaccination rate, as well as the gradual decline in demand for intensive care treatment, and the treatment of low lymphocytes caused by COVID-19 and the prevention of cytokine storm are Not very feasible. A
		Actual	7,778	43,789	
	progress (%)	Scheduled	5.10	73.92	
		Actual	1.53	8.59	
PG2 Lyo. Injection 500mg (PG2®) Injection (Cytokine Storm Inhibition)	Disbursement amount	Scheduled	0	320,000	
		Actual	4,502	26,005	
	progress (%)	Scheduled	0	100.00	
		Actual	1.41	8.13	
Oraphine®60mg soft Capsule	Disbursement amount	Scheduled	40,000	345,500	
		Actual	5,639	35,049	
	progress (%)	Scheduled	10.00	85.88	
		Actual	1.41	8.76	
Total Product Development	Disbursement amount	Scheduled	66,000	1,040,500	
		Actual	17,919	104,234	
	progress (%)	Scheduled	5.37	84.59	

		Actual	1.46	8.52	preliminary study on immune cell regulation in clinical patients receiving PG2 is currently being planned, with initial results expected to be obtained in the fourth quarter of 2024. Oraphine®60mg soft Capsule: In order to improve market promotion efficiency and reduce the cost of business promotion Phytohealth has changed its overseas market promotion strategy to cooperate with overseas manufacturers. However, the time spent on discussing cooperation methods with the overseas manufacturers has caused some delays in the implementation of the project funds. We are currently negotiating with German exhibition partners and evaluating follow-up clinical trial development strategies. In addition, in response to market and patent protection considerations, we have prioritized the preparation of new patents for the continuation of the target market. We have completed the ASEAN exhibition target countries before the fourth quarter of 2020. Patent layout application (Singapore, Malaysia, Philippines, Vietnam, Thailand and other 5 countries) and European patent EP application.

As of the end of the fourth quarter of 2023, the new drug development projects have not been completed yet. The technology licensing fees for PG2 Lyo. Injection 500mg and Oraphine®60mg soft Capsule. And the PG2 Lyo. Injection 500mg for cancer immunotherapy combination treatment .suppression of cytokine storms and the achievement of " Oraphine®60mg soft Capsule " sales revenue have not been assessed yet.

5. Operational overview

5.1 Business activities

5.1.1Business scope

1.Main Business Content

The Company is primarily engaged in the research, production, and manufacturing of new drugs. Its registered business items include the sales of Western medicine, Chinese medicinal materials, cosmetics, Class II proprietary Chinese medicines, and related products.

2.Business Proportion

The consolidated revenue of the Company for 2022 was NT$135,465 thousand dollars, mainly from the sales of prescription drugs and health supplements approved by the Ministry of Health and Welfare.

3.Current Product (Service) Items of the Company

(1) New Drug Products and Technology

A.PG2 Lyo. Injection 500mg(PG2®)

a.Obtained the first drug license issued by TFDA, used to treat cancer-related fatigue syndrome.

b.Officially included in the National Health Insurance reimbursement from March 2021.

B.Oraphine®60mg soft Capsule: Obtained drug license approval from the Ministry of Health and Welfare in March 2020, used for moderate to severe pain relief in oral dosage form.

C.PHN033(Diabetic nephropathy): Promotes the clearance of advanced glycation end products (AGEs) that cause vascular complications in diabetic patients and is used to treat diabetic nephropathy.

D. PHN031(Osteoporosis prevention): Used to prevent and treat osteoporosis.

(2) Nutritional supplement

A.ReyeasCleanse®: Health food approved by the Ministry of Health and Welfare with registration number A000006, which helps to lower total cholesterol in the blood.

B.Energy Bean®: Health food approved by the Ministry of Health and Welfare with registration number A00092, which helps to lower total cholesterol, low-density lipoprotein cholesterol in the serum, and reduce risk factors for cerebrovascular and cardiovascular diseases.

C.PhytoHealth EnerCharge ®Capsule®: Health food approved by the Ministry of Health and Welfare with registration number A00319, classified as an "anti-fatigue" health food, which has been proven to relieve post-exercise fatigue through animal testing.

D.AmazPower®: Made from the raw materials used in PG2 Lyo. Injection 500mg (PG2®) and special carbohydrates, it is a health food that can improve energy and relieve the side effects of cancer treatment, improving the quality of life of cancer patients undergoing treatment. AmazPower® has been granted patents in Taiwan, Germany, and Japan.

E.PhytoHealth EnerCharge® Drink: A delicious drink made from concentrated extracts of Phytohealth Da Astragalus® Astragalus and Siberian Ginseng, as well as concentrated jujube extract. It replenishes energy, strengthens the body, and is known as the "vegetarian chicken essence".

5.1.2 Industry Overview:

1.Current Status and Development of the Industry

(1) Global Pharmaceutical Market

According to the IQVIA report, the pharmaceutical market will continue its growth trend in 2023, reaching a market size of US$1,494.8 billion, with an annual growth rate of 5.4% By 2027, global pharmaceutical expenditures are expected to grow at an annual rate of 3-6%, reaching US$1.9 trillion. .

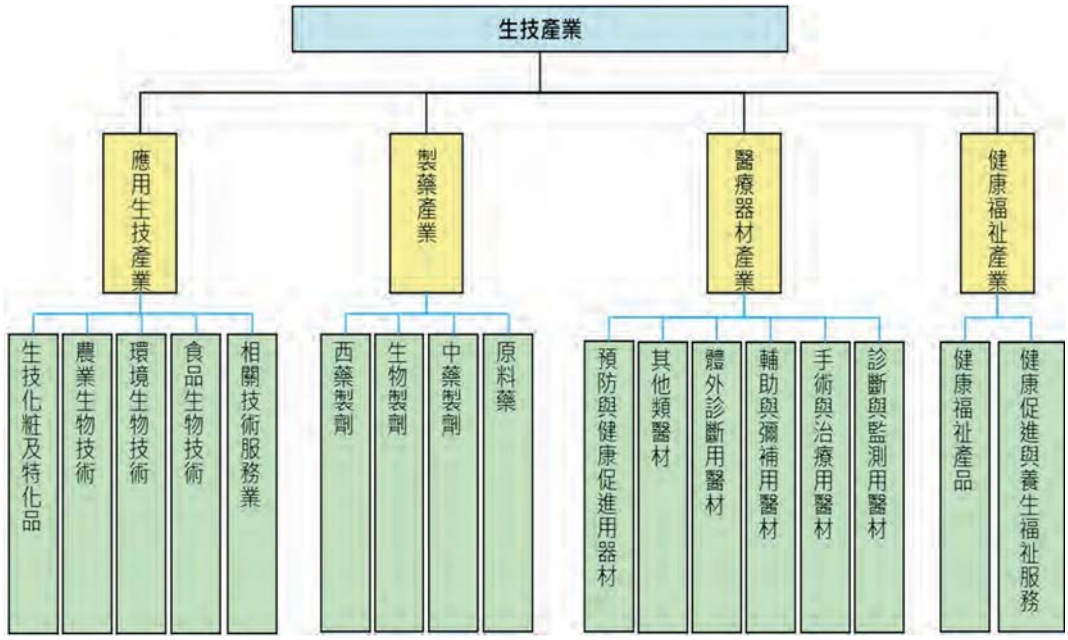
According to the IQVIA report, oncology, immunology, and diabetes drugs are expected to be the highest spending therapeutic areas in 2027, followed by cardiovascular systems. As new cancer treatments continue to be launched, it is expected that the CAGR in the oncology field will reach 13-16% by 2027.

(2) The global nutrition and health food market.

The global health care products market size will reach US$790.4 billion in 2022 and is expected to reach US$124.8 million by 2030, with an expected compound annual growth rate of 5.8% during 2023-2030. The top five functional claims include enhanced energy, enhanced vitamins and minerals, immune system health, digestive system health and bone health.

(3) Current status of biotech industry development in Taiwan

The biotechnology industry in Taiwan covers mainly the pharmaceutical industry, medical equipment industry, applied biotechnology industry, and health and welfare industry. The related technical service industry is classified under the applied biotechnology industry, as shown in the figure below.



The biotechnology industry in our country belongs to the scope of manufacturing and related technical service industries.

Source: Industrial Development Bureau, Ministry of Economic Affairs, 2022.

The turnover of my country's biotechnology industry in 2022 will be NT$700.9 billion, an increase of approximately 5.2% compared with 2021. The amount of private biotechnology investment in 2022 will reach NT$56.03 billion. As of the end of 2021, there were 131 biotech companies listed on the OTC market, and their overall market value exceeded NT$1.25 trillion.

(4) Status of the development of herbal and plant-based new drugs industry

Under the joint promotion of industry, government and academia, many new drugs of traditional Chinese medicine/plant medicine in my country have been approved for marketing. Six companies, including NBM 、 Phytohealth and

MicroBio are among the companies that have obtained licenses for plant-based new drugs, Chinese new drugs, or Chinese patent medicines issued by the Ministry of Health and Welfare.

2. The interdependence between upstream, midstream, and downstream sectors.

(1) upstream

Upstream refers to the raw materials used to prepare drugs. The raw materials for Western medicine include natural substances and general chemicals, which are mainly synthesized by chemical or semi-synthetic methods. The upstream for Chinese medicine mainly uses plants and a small portion of animals and minerals as raw materials. In recent years, the upstream plants for new plant-based drugs have become more homogeneous and controllable due to genetic transformation, tissue culture, and Good Agricultural Practice (GAP).

(2) midstream

The pharmaceutical industry primarily includes the production of bulk drugs and the processing of Chinese medicinal materials. The vast majority of bulk drug production is based on organic chemical processes and varies depending on the source of the material. The processing of Chinese medicinal materials mainly involves processing and decocting medicinal plants. In the middle stage of new plant-based drug development, the preparation process of bulk drugs is often customized due to the complexity of natural substances and the need for customized extraction, separation, and purification techniques.

(3) downstream

The downstream is the formulation industry, which mainly involves adding excipients such as binders, disintegrants, adhesives, lubricants, and emulsifiers to bulk drugs to process them into convenient dosage forms. The formulation of new plant-based drugs is no different from that of Western medicines.

3 .Product Development Trends and Competitive Landscape

Since obtaining TFDA approval for the treatment of cancer-related fatigue in cancer patients, our company's PG2 Lyo. Injection 500mg has been used in 110 medical centers and healthcare institutions across Taiwan, with prescriptions issued by over 600 oncologists, benefiting over 17,000 cancer patients. As of March 1, 2021, the injection has been officially included in the National Health Insurance (NHI) reimbursement list. Our company is actively conducting clinical trials to explore new indications for PG2 Lyo. Injection 500mg in combination with chemotherapy for breast cancer, esophageal cancer, lung cancer, and other types of cancer, establishing core competencies in the field of new plant-based drugs, and becoming a benchmark enterprise in Taiwan's biopharmaceutical industry.

5.1.3Technology and R&D Overview

1.R&D expenses incurred in the most recent fiscal year and up until the date of printing of the annual report.

Unit: New Taiwan Dollars (NTD) in thousands.

Year / Item	2023	As of March 31, 2024 (Note 1)
Revenue (A)	162,489	-
R&D Expenses (B)	95,594	-
R&D Expense RatioB/A	57%	-

Note 1: As of the date of printing of the annual report, the financial statements for the first quarter of

the fiscal year 2023 have not yet been reviewed by the CPA

2. Successful Technologies or Products Developed

(1) New Drug Development

Our company has developed " PG2 Lyo. Injection 500mg (PG2®)" which is extracted, isolated, and highly purified from the Chinese medicinal herb Astragalus membranaceus. It has mild properties and high safety, and has been approved by Taiwan's TFDA for sale. " Oraphine®60mg Soft Capsules" obtained TFDA approval for listing in March 2020 and has been actively promoted in domestic medical centers.In addition, three new indications for " PHN031(Osteoporosis prevention) ®," " PHN033(Diabetic nephropathy) ®," and " PG2 Lyo. Injection 500mg (PG2®)" have been approved for phase II clinical trials by the US FDA, and we will continue to aim for FDA approval in the future.

" PG2 Lyo. Injection 500mg (PG2®)" was officially included in the National Health Insurance coverage in March 2021, benefiting more cancer patients and reducing the pain and suffering after chemotherapy and radiation therapy.

(2) Health food products (including TFDA health food registration products)

A."Energy Bean® ": The development of Vital Soybean® capsule is based on the selection of non-genetically modified soybean raw materials without pollution, which is made into a biotechnology product containing high-activity Nattokinase, and added with red yeast rice compound. Energy Bean® has obtained multiple quality certifications, including GQP certification from the Health Food Association of the Republic of China and the Center for Drug Evaluation, as well as the National Quality Mark and the National Biomedical Quality Award, and obtained the TFDA health food registration certification for "regulating blood lipids" in 2007 (registration number: TFDA health food letter A00092).

B."PhytoHealth EnerCharge ®Capsule": Our company has mastered the advantage of effective ingredient extraction technology from Astragalus membranaceus, and after special patented processes and animal tests have shown to help relieve the production of fatigue after exercise. The PhytoHealth EnerCharge ®Capsule has been granted the TFDA health food registration certification (registration number: TFDA health food letter A00319), and has also won the National Quality Mark and the Bronze Award of the National Biomedical Quality Award in 2015.

C." PhytoHealth EnerCharge® Drink ": Our company continues to develop the Astragalus series of health products by using the highest quality Astragalus raw materials and extraction technology. This product has successively obtained the 2016 SNQ National Quality Mark certification and the Nutrition and Health Food First Prize of the 2017 National Biomedical Quality Award.

D.AmazPower®: Made from the early raw materials of PG2 Lyo. Injection 500mg (PG2®) to alleviate the side effects of cancer patients undergoing chemotherapy and improve their quality of life, this product can be considered a medical-grade health food product. This product has obtained the 2020 SNQ National Quality Mark certification.

5.1.4 Long-term and short-term business development plans.

1. Short-term business development plans:

(1)" PG2 Lyo. Injection 500mg (PG2®)" has been approved by the Ministry of Health and Welfare and has been officially included in the National Health Insurance reimbursement list since March 2021, contributing significantly to revenue.

(2)The only new oral drug of nalbuphine in the word, Oraphine®60mg soft Capsule was approved by the Ministry of Health and Welfare in March 2020, and is planned to be launched for sale in 2023. It is also seeking sales partners in the European Union and Southeast Asia.

(3)Domestic and overseas marketing of health care/health food, cooperating with major foreign manufacturers to develop high-performance health care ingredients and post-illness supplementary health care product.

2. Long-term business development plans:

(1)Continuously expanding/developing other indications for " PG2 Lyo. Injection 500mg (PG2®)"

(2)Successfully developing and launching new drug research and development products/technologies.

(3)Collaborating with international pharmaceutical companies to develop new drug research and development products/technologies.

(4)Actively seeking to collaborate with high-quality international biotech companies to jointly promote clinical trials and obtain approvals for market launch overseas and in Taiwan simultaneously.

5.2 Market and Sales Overview

5.2.1Market Analysis

1.Sales Regions of Main Products/Services

Unit:NTD1000

Year / Sales Area	2023	2022
	Sales Amount	Sales Amount
Domestic	116,267	87,616
Foreign	46,222	47,846
Total	162,489	135,465

2. Market share

New Drug Development

"Our products, " PG2 Lyo. Injection 500mg (PG2®)" and "Oraphine®60mg soft Capsule" were approved by the Ministry of Health and Welfare for new drug inspection and registration on April 6, 2010, and March 27, 2020, respectively. Since the official National Health Insurance reimbursement of " PG2 Lyo. Injection 500mg (PG2®)" in March 2021, its market share has gradually increased through domestic marketing promotions."

3. Market supply and demand situation and growth prospects for the future.

(1) New Drug Development

A. PG2 Lyo. Injection 500mg (PG2®)：

PG2 Lyo. Injection 500mg (PG2®) has the potential to improve the quality of life for cancer patients suffering from severe fatigue, for which there is currently no effective treatment available. As there are no similar drugs on the market,

PG2 Lyo. Injection 500mg (PG2®) will expand its applications to different types and stages of cancer, as well as in combination with other cancer treatments. A clinical study plan for adjuvant chemotherapy in breast cancer is underway, and the potential for future applications is immense. Ongoing research and development is being conducted on the immune modulation mechanism and new indications for PG2 Lyo. Injection 500mg (PG2®). It was officially included in the National Health Insurance coverage on March 1, 2021.

B. PHN031(Osteoporosis prevention):

Osteoporosis has been increasing year by year with the global trend of aging population, and the market value of osteoporosis drugs worldwide has reached $7 billion. Our company's research and development product, " PHN031(Osteoporosis prevention)", has been confirmed by preclinical tests and Phase II clinical trials to have a dual effect of increasing bone formation indicators and inhibiting bone loss indicators, without the common side effects of existing osteoporosis drugs. Once successfully developed, it is expected to break through the bottleneck of Western medicine treatment for osteoporosis and provide osteoporosis patients with a safe and effective new option.

C. Oraphine®60mg soft Capsule：

According to the market research report by Global Information, Inc., the global analgesics market is expected to grow to $75.2 billion by 2026. Oraphine®60mg soft Capsule is a novel oral analgesic with low addiction potential, low side effects, easy administration, and high safety, which can occupy a place in the analgesic market. Oraphine®60mg soft Capsule have been granted a drug license (Ministry of Health and Welfare Drug Production Letter No. 060459) by the Taiwan FDA on March 27, 2020, and the company is actively planning for domestic market launch as well as discussing technology licensing and product sales agency rights with foreign companies.

D. PHN033(Diabetic nephropathy)：

According to the latest research report from global market research firm TrendForce, the global diabetic population is rapidly increasing, with an estimated 580 million people expected to be affected by 2030, and related healthcare spending exceeding $770 billion. The World Health Organization also predicts that by 2040, there will be over 640 million people worldwide with diabetes. PHN033(Diabetic nephropathy) can promote the clearance of advanced glycation end products (AGEs) in diabetic patients, which can cause vascular complications, and can be used to treat or prevent diabetic nephropathy. The mechanism of action of this new drug is still in the research and development stage and has not yet been launched on the market. PHN033(Diabetic nephropathy) brings hope for the prevention and treatment of diabetic nephropathy in the future.

(2) Health supplements

According to Euromonitor research, the global health and wellness food market reached a size of 869.7 billion U.S. dollars in 2022, with a compound annual growth rate (CAGR) of 5.5%. The market is expected to surpass 1 trillion U.S. dollars by 2026.

A. Energy Bean®：

The development of Yuanqi Dou® capsules is aimed at helping to lower total cholesterol and low-density lipoprotein cholesterol in the blood, which can help reduce the incidence of cardiovascular and cerebrovascular diseases in the population, playing an important role in modern preventive medicine. The capsules are developed using carefully selected, non-genetically modified soybean ingredients free from contamination, and contain high-activity Nattokinase and a complex of red yeast rice. The product has obtained the certification of "Blood Lipid Regulation" and "Health Food" from the Ministry of Health and Welfare in 2007, with permit number "DOH Health Food A00092".

B. PhytoHealth EnerCharge ®Capsule：

Taiwan's population structure has already entered an aging society, and the elderly often feel mentally and physically exhausted. The cause of fatigue is mostly due to the traditional Chinese medicine theory of "qi deficiency". Therefore, our company carefully selects high-quality astragalus, Acanthopanax, and Ganoderma lucidum fruiting bodies as"Tonifying qi" ingredients. We use advanced extraction, separation, and purification technologies, and verify their effectiveness through scientific experiments to develop nutritional supplements that can enhance physical strength and nourish the body.

C. PhytoHealth EnerCharge® Drink：

According to statistics from a well-known market research center, the top three health concerns for office workers are easily getting tired, aging of bodily functions, and physical decline. Based on scientific literature and research conducted by the company, Astragalus membranaceus has been shown to have an improving effect on fatigue, physical decline, and aging.

Taking advantage of the complete control over the Astragalus raw material and unique extraction technology, the company has developed Astragalus functional drink -, PhytoHealth EnerCharge® Drink, which has won the SNQ National Quality Mark for two consecutive years (in 2016 and 2017). In December 2017, it further won the first prize in the nutrition and health food category of the National Biotechnology Medical Quality Award.

D. "AmazPower®"：

Cancer treatments often cause many side effects, and 90% of patients experience fatigue. Cancer patients often rely on nutritional supplements to alleviate the side effects and maintain their physical and mental health, appetite, and quality of life. Currently, there is a large body of research showing that if traditional Chinese medicine ingredients are used to supplement regular cancer treatments, it can greatly alleviate the discomfort caused by the side effects and increase the chances of successful treatment.

Our company has successfully developed "AmazPower®" by using the early-stage ingredients of PG2 Lyo. Injection 500mg (PG2®) combined with special saccharides. This product can enhance vitality, relieve the side effects of cancer treatments, and improve the quality of life for cancer patients undergoing treatment.

4. Competitive Advantages

(1)Professional Management Team: New drug development is a typical knowledge-based industry, and the company's management team has professional biomedical backgrounds and rich experience in the biotechnology industry, with many holding master's or PhD degrees.

(2)A comprehensive and diverse product line: The company has a rich pipeline of research and development products, with development progress distributed across various stages and indications, and continues to evaluate plans for introducing new products.

(3)Sound Strategy Planning: New drug development timelines are lengthy and costs are high, so Phytohealth Corporation uses licensing to introduce new drugs/products that have completed preclinical trials as a starting point to reduce the risk of new drug development failures. After completing clinical trials, the company adopts a stage transfer strategy for technology licensing.

(4)Excellent Partnerships: The company integrates excellent partners in manufacturing, sales, research, and technology development through an integrated management model to invest in new drug research and development in the most efficient way possible.

(5)High-Quality Healthcare/Nutritional Supplements: The company uses scientific methods for new drug research to ensure the safety and functionality of healthcare/nutritional supplements developed.

5. Positive and Negative Factors and Response Strategies for Development Vision

(1) Positive factors: ：

A. Rapid development of plant-based drugs: Professor Lee Kuo-Hsiung of the National University of North Carolina and the Academia Sinica pointed out that the development of new drugs is time-consuming and finding new drugs is increasingly difficult. However, starting with traditional Chinese medicine with a history of thousands of years of use is a major shortcut. In 2004, the US FDA announced guidelines for plant-based drugs, announcing the start of approval of plant-based drugs, which is a breakthrough development. In recent years, major companies worldwide have also invested in the development of plant-based drugs, indicating that plant-based drugs have become an international trend.

B. High-growth product targets: Cancer mortality rates are increasing year by year, but there are still no effective treatment drugs. Therefore, there is a huge demand for anticancer drugs in terms of quality and quantity. In addition, the problem of global aging is becoming increasingly serious, and the number of elderly diseases is increasing year by year, including stroke, osteoporosis, diabetes, kidney disease, and rheumatoid arthritis, all of which require a large amount of drug treatment, and have unlimited market potential in the future.

C. Positive prospects for biotechnology: The 21st century is a new era of biochemistry technology. Humans continue to pursue higher quality of life, so the demand for drugs and health supplements will continue to increase.

D. Strong government support: The government policy vigorously promotes the development of the medical biotechnology industry. PG2 Lyo. Injection 500mg and Oraphine®60mg soft Capsule have obtained drug licenses, and PG2 Lyo. Injection 500mg has also been reimbursed by the National Health Insurance. The future performance growth is promising.

E. Government policies encourage investment: After the implementation of the Biotech New Drug Act, it has a positive impact on the company's technology acquisition, tax deduction, and talent attraction.

(2) Disadvantages and Response Strategies:

A. The long timeline for product launch and high risk before the product is launched. Response strategy: Use a strategy to enter the market midway to shorten development time and reduce risks.

B. Large international pharmaceutical companies have strong funding and research teams, becoming our biggest competitors. Response strategy: Use a resource integration strategy to collaborate with domestic and foreign partners to jointly develop new drugs. Further cooperation with large international pharmaceutical companies is also possible.

C. It is difficult to recruit and train professional talents. Response strategy: Actively recruit overseas professionals with expertise in response to government policies, and participate in high-level talent training programs and industry-university cooperation programs to cultivate professional talents from the university level.

5.2.2 Important uses and production processes

Product Name	Use	Production Process
PG2 Lyo. Injection 500mg	It has been approved by TFDA for the treatment of cancer-related severe fatigue.	It is an active ingredient extracted, isolated, and highly purified from Astragalus membranaceus, a traditional Chinese medicine used for tonifying Qi, which contains Astragalus polysaccharides.
PHN031(Osteoporosis prevention)	It is used for the prevention of osteoporosis.	The active ingredients extracted, isolated, and highly purified from Taiwan's native medicinal herbs using patented processes are mild in nature.

PHN033(Diabetic nephropathy)	It is used for the treatment of diabetic nephropathy.	The active ingredients extracted, isolated, and highly purified from Taiwan's native medicinal herbs using patented processes are mild in nature.
Oraphine®60mg soft Capsule	It is an oral medication for the relief of moderate to severe pain.	The active ingredient is an already marketed injectable anesthesia and analgesic agent, developed for a new oral administration route.
Energy Bean®	It helps to reduce total cholesterol and low-density lipoprotein cholesterol in the blood and reduce the risk factors of cardiovascular disease.	Selected non-GMO soybeans free from contamination are used as raw materials to produce a biotechnology product with high-activity nattokinase using a unique patented enzyme cultivation technology. Red yeast rice complex (DOH Health Food No. A00092) is also added to the product
Minyi Tablets® (PHN141)	It is used for the treatment of type 2 diabetes combined with insulin resistance syndrome.	It is a traditional Chinese medicine formula that has been modified and concentrated by scientific extraction to produce a Chinese medicine product. It is based on an inherent TCM formula and has obtained an export certificate issued by the Chinese Medicine and Pharmacy Committee.
PhytoHealth EnerCharge ®Capsule	It is used for anti-fatigue purposes.	This product is derived from " PG2 Lyo. Injection 500mg " and is an orally-administered capsule food that contains a combination of several traditional Chinese medicines used for tonifying Qi. It is developed using techniques such as extraction and isolation.
PhytoHealth EnerCharge® Drink	It helps to supplement Qi, boost energy, and invigorate the spirit.	It is a derivative product of PG2 Lyo. Injection 500mg, developed from a combination of several traditional Chinese medicine Qi-supplementing herbs through extraction, isolation, and other technologies into a delicate oral drink. It emphasizes no added preservatives, artificial flavors, or artificial colors, making it more suitable for cancer patients who have difficulty swallowing.
AmazPower®	It helps to regulate bodily functions and replenish Qi.	This is an Astragalus Polysaccharide (APS) purified from Astragalus membranaceus, a traditional Chinese medicine used for tonifying Qi and replenishing deficiency, extracted using innovative patented extraction techniques.

5.2.3Supply Status of Raw Materials

Our company directly purchases standardized Astragalus granules from the production site in mainland China to meet the production needs for the current year and the next 1-2 years.

Our product, " Oraphine®60mg soft Capsule " which has been developed for many years, received approval from the Ministry of Health and Welfare for new drug inspection registration on March 27, 2020 and plan to launch from 2023,We will continue to import raw materials from major suppliers to meet the production demand.

5.2.4In either of the past two years, the names of customers whose purchase(s) or sale(s) accounted for more than 10% of the total sales or purchases, along with their respective amounts and ratios, and an explanation for the reasons for any changes in such amounts or ratios.

1. Information on the main suppliers for the past two years

Unit: ton/NTD thousands

Item	2022				2023				As of the end of the first quarter of 2024 (Note2)			
	Name	Amount	The percentage of the amount in relation to the net sales for the entire year.	Relationship with the issuer	Name	Amount	The percentage of the amount in relation to the net sales for the entire year.	Relationship with the issuer	Name	Amount	The percentage of the amount in relation to the net sales for the entire year.	Relationship with the issuer
1	C Supplier	10,116	28%	None	C Supplier	17,346	44%	None	-	-	-	
2	A Supplie	9,000	25%	None	Other (Note 1)	21,753	56%	None	-	-	-	
3	Other (Note 1)	16,888	47%	None					-	-	-	
	Purchase net amount.	36,004	100%		Purchase net amount.	39,099	100%		-	-	-	

Note 1: If the net purchases from a single customer is less than 10% of the total net purchases for the year, it will not be disclosed.

Note 2: As of the date of printing of the annual report, the financial statements for the first quarter of 2024 have not been reviewed by the CPA.

2.Information on the main customers for the past two years

Unit: ton/NTD thousands

Item	2022				2023				As of the end of the first quarter of 2024 (Note2)			
	Name	Amount	The percentage of the amount in relation to the net sales for the entire year.	Relationship with the issuer	Name	Amount	The percentage of the amount in relation to the net sales for the entire year.	Relationship with the issuer	Name	Amount	Percentage of purchases net amount as of the end of the first quarter of the year.	Relationship with the issuer
1	A customer	74,046	55%		A customer	96,859	60%		-	-	-	-
2	Others (Note1)	61,419	45%	None	Others (Note1)	65,630	40%	None	-	-	-	-
3												
	Net sales	135,465	100%		Net sales	162,489	100%		-	-	-	

Note 1: Sales to a single customer that does not exceed 10% of the annual net sales are not disclosed.

Note 2 As of the date of printing of the annual report, the financial statements for the first quarter of 2024 have not been reviewed by the CPA.

5.2.5Table of production values for the past two years

Years / Amount Value / Item	2022		2023	
	Production capacity	Production volume.	Production capacity	Production volume.
Factory	10,080G	2,317G	10,080G	1,617G
Total				

5.2.6Table of sales values for the past two years

Year / Amount Value / Item	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Amount Value	Value (in thousands of NT dollars).	Amount Value	Value (in thousands of NT dollars).	Amount Value	Value (in thousands of NT dollars)	Amount Value	Value (in thousands of NT dollars).
Health food.		12,986	—	—		19,359		—
PG2Lyo.Injection 500mg	9,700doses	60,625		—	12,400doses	77,500		—
Medical Equipment		41,209	—	—		3,341		41,784
Medical Software		—	—	4,563		9,166		405
Licensing fee revenue		—	—	4,431		0		0
Rental Income		—	—	1,494		1,395		1,294
Service Income		9,933	—	—		5,432		2,739
Other		224	—	—		74		
Total		124,977		10,488		116,267		46,222

5.3 Information on employees for the past two years and up to the date of publication of the annual report.

Unit: people.

Year		2022	2023	As at Mar.31, 2024
Number of employees	Technical staff	48	48	47
	R&D and technical staff.	63	71	70
	Marketing and sales staff.	10	10	10
	Total	121	129	127
Average age		47.94	47.36	47.49
Average length of service		9.01	8.38	8.09
Distribution ratio of educational background	PHD	12.40	13.95	14.17
	Master degree	36.36	35.66	34.65
	Bachelor's degree	44.63	44.96	45.67
	High school diploma	6.61	5.43	5.51
	Secondary Education or Lower	0	0	0

5.4 Environmental Expenditure Information

5.4.1 Amounts of losses and disposal due to environmental pollution in the current and previous fiscal year up to the date of printing this annual report: None.

5.4.2Future strategies and potential expenditures:

1.Improvement plans:

(1)The industrial park has a wastewater treatment facility, and the Company has applied for approval to discharge wastewater. The Company conducts self-inspection twice a year and the discharge flow meter is calibrated once a year in accordance with the regulations of the industrial park sewage plant.

(2) For minor pollution, the Company has purchased a pre-treatment equipment to improve the treatment capacity and wastewater volume.

(3) All general industrial waste is declared in accordance with regulations and entrusted to legal service providers for transportation and disposal, and the Company is

committed to strengthening waste reduction efforts.

2.Expected environmental expenditures for the next three years：

	2024	2025	2026
(1)The content of the equipment or expenditure for pollution control purposes that is planned to be purchased.	Maintenance fee and chemical cost for pre-treatment equipment for wastewater.	〃	〃
(2)Expected improvement.	Reduce the level of wastewater pollution emissions.	〃	〃
(3)Waste disposal fee.	Waste Reduction	〃	〃
(4)Amount.	NTD 848,000.	NTD 865,000	NTD 882,000.

5.5 Labor-Management Relations

5.5.1The Company's employee welfare measures, continuing education, training, retirement system, implementation status, agreements between labor and management, and measures to safeguard employee rights:：

1.Employee welfare measures:：

(1) Establishment of the Employee Welfare Committee, responsible for handling various employee welfare measures.

(2) Gifts, travel, and birthday bonuses for Dragon Boat Festival, Mid-Autumn Festival, and other occasions.

(3) Labor insurance, health insurance, and group accident insurance: The Company provides labor insurance and health insurance for employees in accordance with regulations, and the parents, spouses, and children of employees can also be insured under the Company's policy.

(4) Others: The Company also provides employees with wedding and funeral subsidies and emergency relief funds to demonstrate the Company's care for its colleagues.

Item	Male/Number	Female/Number	Total
Actual number of employees who applied for parental leave in 2022.	0	1	1
Expected number of employees returning to work after parental leave in 2022.	0	0	0
Actual number of employees who returned to work after taking parental leave in 2022.	0	0	0
Actual number of employees who returned to work after taking parental leave in the 2021..	0	0	0
Number of employees who remained employed 12 months after returning to work from parental leave in the 2021.	0	0	0
Return-to-work rate	0%	0%	0%
Retention rate	0%	0%	0%

2. Education and Training：

The Company values employee education and training and has established the "Education and Training Management Measures." The HR department conducts pre-job training for new employees every quarter, and each department regularly holds internal education and training sessions to enhance research and development capabilities and improve production technology. In addition, the Company holds a manager's inspirational meeting every month to cultivate the ability of managers to analyze and solve problems. Furthermore, the Company also sends employees to attend external seminars on relevant business topics as needed to enhance their professional and competitive abilities.

The employee training and courses attended during 2023 are as follows：

Type of course		Number of trainees	Training hours	Expenditure
Internal Training	General Education and NewEmployee Training	120	554.5	24,000
External Training	Professional Skills and Regulatory Updates,Safety and Health, General Education, Management Training and Development	47	336	74,880

Note: There will be three human rights-related training sessions for new employees during the year 2023, with a total of 12 attendees and 6 hours of training. In the future, we will continue to focus on human rights issues, promote relevant education and training, and raise awareness of human rights protection to reduce the potential risks associated with it.

3. Retirement system and implementation

The Company's employee retirement policy is in accordance with Article 56 of the Labor Standards Act and the Employee Management Rules, and reserves for retirement benefits according to the law. The "Labor Retirement Reserve Fund Supervision and Management Committee" is established to supervise and manage the retirement account. The retirement benefit standards for employees are as follows

(1) For employees who retain the old system's seniority, two base salaries are given for every year of service, but for those who have worked for more than fifteen years, one base salary is given for every year of service, with a maximum total of forty-five base salaries. Those who have worked for less than half a year will be calculated as half a year, and those who have worked for more than half a year will be calculated as one year. For employees who are forced to retire according to regulations, if they suffer from mental or physical disabilities due to work duties, they will be given an additional 20% in accordance with the above regulations.

(2) For employees who are under the new retirement system, the Company withholds 6% of the employee's monthly salary and transfers it to the employee's personal retirement account. For those who voluntarily contribute to the retirement fund, the Company will deduct the amount based on the voluntary contribution rate from the employee's monthly salary and transfer it to the individual retirement account of the Bureau of Labor Insurance.

(3) The Company applies the provisions of the Labor Retirement Pension Act as follows:

A. Voluntary Retirement:

Laborers who meet the following conditions may voluntarily retire: (Those who choose to apply the Labor Retirement Pension Act shall handle it in accordance with the same regulations)

(A) Employees who are over 55 years old and have worked for more than 15 years.

(B) Employees who have worked for more than 25 years.

(C) Employees who are over 60 years old and have worked for more than 10 years.

B. Mandatory Retirement:

The Company may not force employees to retire unless they meet one of the following conditions:

(A) Employees who are over 65 years old.

(B) Employees who are mentally or physically disabled and cannot perform their work duties.

For employees who are engaged in special types of work that are hazardous or require strong physical abilities, the Company may apply to the competent authority for approval to adjust the age requirement mentioned in the preceding paragraph. However, it may not be less than 55 years old.

C. Retirement Benefit Standards:

(A) For those who apply the Labor Standards Act before or after and choose to continue to apply the "Labor Standards Act" retirement benefit regulations or retain the seniority before applying the Labor Retirement Pension Act, their retirement benefit standards are calculated according to Article 84-2 and Article 55 of the Labor Standards Act.

(B) For employees who are forced to retire in accordance with the provisions of the second item of Article 35, Paragraph 1, and who suffer from mental or physical disabilities due to work duties, an additional 20% will be given in accordance with the provisions of Article 55, Paragraph 1, Item 2 of the Labor Standards Act.

(C) For employees whose retirement benefits are governed by the Labor Retirement Pension Act regulations, the Company shall deposit 6% of their salary into the employee's personal retirement account each month.

D. Payment of Retirement Benefits:

The Company shall pay the employee's retirement benefits within 30 days from the date of the employee's retirement.

4. Labor-Management Agreement：

The Company values employee opinions and has established a labor-management meeting, which is composed of representatives appointed by both labor and management. Through this channel, both parties can discuss labor-management issues. In addition, there is a Chairman's mailbox, and employee opinions can also be communicated and coordinated through email, maintaining a good labor-management relationship without disputes.

5.5.2 The Company's management regulations are implemented in accordance with the Labor Standards Act, and labor-management relations are harmonious. There have been no illegal disputes or litigation events related to labor-management issues that resulted in losses to the Company in the current and previous fiscal years up to the date of this annual report. Therefore, there is no estimated amount or corresponding measures to disclose.

5.5.3 Employee ethical behavior assessment.

Our company has established a "Code of Conduct" and "Code of Ethics" and has clearly stipulated the following service standards in the "Employee Handbook" that has been filed and approved:

1.Employees shall be diligent in their duties, comply with all company regulations, obey reasonable commands from their superiors, and shall not have any behavior of negligence, evasion, or disobedience. Superiors shall provide kind guidance to their subordinates.

2.Employees shall work conscientiously, respect the dignity of their colleagues, cherish public property, reduce losses, improve quality and efficiency, shall not deliberately waste machinery, equipment, tools, raw materials, products, or any other company property, nor shall they disclose any technical or business secrets of the company. Unauthorized reading of documents, books, records, data, and showing them to others is not allowed.

3. Staff members designated for work shall wear identification badges and swipe cards to enter and exit the office according to regulations. The identification badge is the property of the company, and should be returned to the company when exchanged or leaving the job. If lost, employees shall immediately report to the company's personnel department and apply for a replacement. The cost of replacing the identification card shall be borne by the employee.
4. Employees shall arrive and leave work according to schedule. If unable to come to work, they may follow the company's leave regulations to handle the leave procedures, otherwise, they will be considered absent without leave. The same applies to employees who arrive late or leave early.
5. Employees shall not leave their work positions without prior approval during working hours, otherwise they will be considered absent without leave.
6. Employees shall not bring their family or visitors into the company or factory offices without permission.
7. Staff members shall not use the company's name without prior approval, nor shall they use their authority to benefit themselves or others. Without the consent of the company, staff members shall not hold any positions outside the company or participate in any organizations that may conflict with the interests of the company, make any investments, or have any relationship with them.
8. Staff members shall be honest and clean in their words and deeds during workdays, and shall not engage in behaviors that could damage the company's reputation, such as extravagance, luxury, revelry, gambling, etc. They shall not bring ammunition, weapons, dangerous goods, contraband, or items unrelated to production and work into the workplace.
9. Employees shall not take company property out of the company without authorization. If there is a need to take company property out of the company in the course of their duties, they shall obtain the consent of their supervisor in advance.
10. Employees shall not engage in activities that are contrary to the interests of the company or engage in behavior that has a negative impact on the company's image or business. Employees shall not resell or sell product samples for profit.
11. Maintaining the confidentiality of company information is the responsibility of every employee. Employees should strictly comply with the company's security and confidentiality measures or regulations. Confidential documents should be personally delivered and a receipt should be obtained. If it is necessary to send confidential documents, they must be sealed in an envelope with clear indication of the recipient and sender's name, department and extension number before being sent. If an employee needs to temporarily leave their workstation, such as for lunch, after work, for a meeting, or to visit a client, they should store confidential information in a locked filing cabinet.
12. All employees must strictly maintain the confidentiality of the company's technical, financial, business, or personnel information and must comply with the company's relevant confidentiality regulations. Employees should avoid discussing the company's confidential information outside the company's office. Unless necessary to perform their duties and with the prior consent of their supervisor, employees may not disclose or use the company's confidential information for their own or third-party interests, or

with the purpose of damaging the company. If unsure whether information is confidential, employees should seek guidance from their supervisor and legal counsel.

13. Any information related to the company's product manufacturing methods, formulas, manufacturing cost analysis, sales prices, research and development results, customer lists, and purchasing quantities and prices should be regarded as the company's confidential information. Door codes, personal computer passwords, and personnel salary information are all confidential matters that should not be disclosed or discussed either internally or externally.
14. If employees are invited to give speeches or write articles and the content may involve the company's confidential information, they should first inform their supervisor and obtain approval before publishing externally. Except for designated spokespersons, other employees may not accept media interviews on behalf of the company without the approval of the general manager.
15. Items obtained by employees from the company or purchased with the company's funds should be considered as the company's property. Employees should use and take care of the company's property, and return it to the company when leaving the job.
16. During their employment with the company, employees should focus on performing their duties for the company. Without the company's prior written consent, they may not engage in self-employment or take on other profitable business positions during working hours or after work. They may not provide any form of service or consultation for companies operating the same or similar business as the company that may affect the performance of their labor contract.
17. During their employment with the company, employees may not serve as shareholders, directors, managers, partners, or consultants of any companies that operate the same or similar business as the company without the company's prior written consent.
18. During their employment with the company, employees may not participate in or prepare to organize any profit-making business that competes with the company's business for their own or third-party interests.
19. When performing their duties, employees should prioritize the company's best interests and treat the company's suppliers, customers, or any other businesses that have or intend to have business dealings with the company fairly and reasonably.
20. Employees may not directly or indirectly receive or attempt to obtain any rewards, payments, gifts, entertainment, or other forms of benefits from any businesses that have or intend to have business dealings with the company, or other businesses that have a competitive relationship with the company. However, social gifts that comply with social norms or customs are not limited by this rule.
21. Employees shall not directly or indirectly hold any significant financial interests, such as investments or money loans, in businesses that have or intend to have business dealings with the Company or are in competition with the Company, unless prior written disclosure has been made to and approved by the Company.
22. If an employee's spouse, parents, parents-in-law, siblings, or siblings-in-law have such financial interests, the employee shall promptly report it to the Company in writing.
23. Employees shall not engage in business transactions between the Company and businesses owned or operated by their spouses, children, parents, parents-in-law, siblings, or siblings-in-law, unless prior written disclosure has been made to and approved by the Company.
24. Sales personnel promoting the Company's products shall be truthful and comply with all laws and ethical standards, and shall not exaggerate the effectiveness of the products, misrepresent their effects, or deceive consumers.

25.Without prior written consent from the Company, employees shall not transfer, offset, withhold, or pledge any of the compensation or benefits received from the Company.

26.In addition to their assigned duties, employees shall assist other departments when necessary, following the instructions of their superiors and avoiding any delay or excuse.

27.Employees shall maintain order in the workplace, avoiding loud or disruptive behavior that may interfere with others' work or cause disturbance.

28.Employees shall cooperate with each other, avoid cliques and conflicts, and refrain from causing disturbances or fighting that may disrupt order and interfere with public affairs.

29.Employees should complete daily tasks on time. If they cannot finish or need to collaborate on other matters, they should still complete them even if it goes beyond office hours. In the event of an emergency, regardless of whether it's outside of office hours, if the supervisor requests, the employee should go to the company to assist in the work.

Job applicants should conduct necessary credit checks with their previous employers before being hired after passing the interview to ensure that their previous work experience is without moral defects. After reporting for duty, they should sign the labor contract and agree to abide by the following company code:

(1) Loyalty:

Both parties cooperate in good faith, with the company providing a good working environment and education and training opportunities. Employees should have a good work attitude and a learning mindset to jointly improve the enterprise and individual level. Employees agree not to have a part-time job without the company's permission. Otherwise, they will be liable for compensation to the company.

(2) Confidentiality:

Business secrets include: non-public business information, technical information, proprietary technology, and confidential information that employees develop or acquire for the company, such as (but not limited to) all confidential information belonging to the company, including organizational, personnel, financial, employee job content, employee salaries, research and development, production, procurement, marketing, customer sales data, customer lists, etc. Employees agree to:

①Only use business secrets for company work.

②Take responsibility for keeping the secrets confidential.

③During employment, the disclosure and the manner of business secrets must be permitted by the company and will not be disclosed to unauthorized persons in any way. The same applies after leaving the company.

④Employees may not use business secret information for competition against the company after leaving. If the employee intentionally or negligently discloses confidential business information that causes the company to suffer losses, the employee should compensate the company with a punitive breach of contract of one million New Taiwan dollars. The same applies after leaving or being dismissed from the company. If the employee claims that the breach of contract was not due to their intentional or negligent act, they have the burden of proof.

⑤Sign the "Personal Information Provision and Confidentiality Agreement".

(3) Non-competition:

The employee agrees to:

①Respect the confidentiality of any information obtained through previous employment relationships or opportunities prior to joining the company, and not bring such information into the company without the consent of the previous employer or provider. If the employee violates this provision and causes damage to the company, the employee shall be liable for compensation.

②During the term of employment, not engage in self-employment, joint venture or business for others that is similar or competitive with the company, for his/her own or a third party's benefit.

③Within the term of employment and two years after leaving the company, not introduce other employees to work for companies or businesses similar or competitive with the company, whether they are others or self-established, to avoid interference or harm to the company's business or operations.

④For employees holding managerial positions at or above department manager level, they are not allowed to engage in similar business work as the company within two years after leaving the company. If an employee violates this provision, he/she agrees to compensate the company for 24 months of full salary at the time of resignation as a punitive breach of contract penalty.

Furthermore, the employee is required to provide two HR guarantors, and employees holding important positions are required to purchase honesty insurance to ensure the company's interests.

5.5.4Employee working environment and personal safety

1.For the protection of employee health and safety：

The company has hired personnel who possess qualifications in labor safety and health management. They are responsible for drafting, planning, supervising, and promoting work related to labor safety and health management. The labor safety and health management personnel attend various training courses as required by regulations and regularly assign specialized personnel to participate in training related to labor safety and health prevention and disaster relief. The workspaces are all properly planned and the main regulations are as follows:

(1) The ceilings and walls of the factory are made of smooth and non-dusty materials, and the floors are made of epoxy resin, which are easy to disinfect and clean. All workspaces have good lighting and ventilation equipment and have appropriate temperature, humidity, and cleanliness regulation equipment. The drainage outlets have facilities to prevent sewage backflow.

(2) The company has purchased handwashing equipment and washing or disinfecting sterilization equipment for working clothes, hats, masks, gloves, and shoes. Regular health checks are also carried out. Hands must be washed or disinfected upon entering the workspace. Wearing accessories, eating, smoking, or engaging in other behaviors that may harm hygiene is not allowed in the manufacturing area.

(3) A dedicated area for storing alcohol is set up, and both the storage area and the alcohol use room are equipped with explosion-proof devices. The electrical outlets and switches used are explosion-proof specifications. Alcohol vapor concentration detectors are installed in the storage area and alcohol use room, and the concentration is monitored at all times. Alarm limit values and forced power-off values are set to ensure safety.

(4) Any experiment must clearly specify the operating procedures, operating conditions, and safety and health precautions.

(5) Hazardous chemicals should be labeled according to hazard communication regulations or relevant environmental protection laws and regulations.

(6) Chemical substances should be placed in a conspicuous place on site with chemical substance information sheets and emergency leak handling equipment.

(7) After using chemical drugs, they should be returned to their original location. Food and drinks are not allowed to be placed in refrigerators or freezers for storing

chemical drugs and samples.

(8) Flammable and explosive chemical drugs or substances should not be placed near heating equipment such as ovens and distillers.

(9) The storage area for flammable or toxic gases should maintain good ventilation, avoid direct sunlight, and flammable, combustible or other dangerous substances should not be placed within two meters around.

(10) When entering the laboratory for experiments, necessary personal protective equipment should be worn if necessary, such as safety glasses, safety shoes, protective gloves, and gas masks.

2. Fire Safety and Health Management：

The company has appointed qualified fire safety managers in compliance with fire safety regulations. In addition to submitting regular reports on fire safety inspections to the fire department in accordance with regulations, the managers are responsible for developing workplace protection plans, organizing self-defense fire brigades, and conducting two fire drills per year. The company also invites the fire department to provide guidance during the drills.

3. Injury and Medical Assistance

To reduce the medical burden on employees in the event of accidents, the company provides group insurance for all employees, with premiums fully covered by the company.

5.6 Cyber security management

5.6.1Cyber security management:

The IT department is responsible for coordinating the implementation of information security policies, risk management and ensuring compliance with internal information security guidelines, procedures, and regulations.

5.6.2Security policies :

1.Purpose

To maintain the confidentiality, integrity, availability, and legality of information assets, the secure operation of information systems, equipment, and networks, and to prevent deliberate or accidental threats, destruction, and theft from internal and external sources, and to ensure that the company's data, systems, equipment, and other information services can support the company's operations.

2.Scope:

All employees, customers, outsourced or cooperative vendors, third-party personnel, and the security management of all related information assets in the company shall be handled in accordance with the information security policy

3.Collection and Use of Personal Information:

Personal data will be collected and used in accordance with the Personal Data Protection Act and relevant laws and regulations, and will not be disclosed to any third party without authorization.

4.Information Security Responsibilities and Education and Training

(1) Based on roles and functions, information security education and promotion will be conducted for different levels of staff as necessary to raise employees' awareness of information security, potential security risks, and compliance with information security regulations.

(2) For personnel who are separated (retired, suspended), the processing procedures for personnel separation (retirement, suspension) will be followed, and all system logins and access rights will be immediately cancelled.

5.Information Security Operations and Protection

(1) Establish operating procedures for handling information security incidents and assign

relevant personnel with necessary responsibilities to quickly and effectively handle information security incidents.

(2) Establish a change management notification mechanism for information facilities and systems to avoid vulnerabilities in system security.

(3) Handle and protect personal information with prudence in accordance with the relevant provisions of the Computer-Processed Personal Data Protection Act.

(4) Establish system backup facilities and regularly perform necessary data and software backups and backup operations to quickly restore normal operations in the event of disasters or storage media failures

6.Network Security Management

(1) Establish a firewall to control data transmission and resource access between external and internal networks at network points connected to the outside world, and perform rigorous identity verification operations.

(2) Confidential and sensitive data or documents will not be stored in publicly accessible cloud systems, and highly confidential documents will not be transmitted via email.

(3) Conduct regular audits of internal network information security facilities and antivirus measures, update virus codes for antivirus systems, and implement various security measures.

7.System Access Control Management

(1) Password issuance and change procedures and records will be established based on operating system and security management requirements.

(2) Logins to each operating system will be reviewed, and access rights will be granted based on job responsibilities and the principle of least privilege.

8.Improving the company's information security level:

Training of information security management personnel should be strengthened to enhance the company's information security management capability.

9.Management of Sustainable Business Operations Plan:

Evaluate the impact of various human and natural disasters on normal business operations, develop emergency response and recovery procedures for ERP, BI systems, and adjust and update plans as necessary.

5.6.3 Concrete management program and Resources invested for cyber security management :

1. Network Security：

Use network firewalls to control the security and stability of network connections, and prevent and monitor malicious intrusion behavior.

2. Device Security：

Install antivirus software on all computers, continuously update virus codes, and use sandbox technology to prevent unknown viruses and ransomware from running.

3. Data Security：

Prevent data leakage of confidential information through document access control and encryption technology, and regularly review the appropriateness of access settings; regularly back up files, take snapshots, and store them offsite to ensure file availability.

4. Backup security and Remote Disaster Recovery：

Ensure system high availability and disaster recovery capability through remote system backup.

In the event of a failure, disaster, or other issues at the main office, it can quickly switch to the remote backup system in factory to ensure business continuity. Utilize measures such as regular file backup, snapshots, and offsite storage, combined with regular disaster recovery drills to ensure continuous system operation without interruption.

5. Information security education training and publicity：

Regularly organize information security awareness and case studies to enhance employees' awareness of preventive measures against files and website links from unknown sources.

6. Regularly review various information security vulnerability announcements：
   For example, the National Communications Security Commission of the Executive Yuan assesses the scope of information security vulnerabilities, proposes and implements corresponding system correction measures based on the system change management mechanism.
7. Notification of information security incidents：
   When a significant information security incident occurs, it should be reported to the Information Department of the General Administration Department immediately, and a cross-departmental team composed of personnel assigned by the General Administration Department leader should be responsible for handling information security and antivirus emergency response teams and reporting according to regulations of the supervising authority.

5.6.4 Resources invested for cyber security management:

1. Evaluate the impact of major information security vulnerability announcements and implement vulnerability patching every month.
2. Conduct information security awareness training once a quarter for all new employees .
3. Conduct information security awareness training once a year for all employees .
4. Conduct a full company information system disaster recovery drill once a year.
5. Install antivirus software on all computers and keep virus code updates online at all times .
6. Continuously update firewalls and intrusion defense systems.

5.6.5 Major cyber security incidents:

Up to the date of the annual report printing in the latest year, the company has not had any significant information security incidents

5.7 Important Contract

Nature	Party involved	Contract start and end date	Main content	Restrictive clauses
Technology transfer and licensing agreement	National Defense Education and Research Foundation"	97/3/7～119/10/28	Subject matter: "Nalbuphine novel oral formulation" Oraphine® 60mg soft Capsule new drug. Licensing territory: Global exclusive license	none
Product sales agreement.	Maywufa Company	103/1/1～ Automatic extension	Target: Phytohealth's Products Licensing sales territory: Taiwan	none
National Health Insurance medication reimbursement agreement	National Health Insurance Administration, Ministry of Health and Welfare	112/3/1～114/2/28	Target: PG2 Lyo. Injection 500mg	none

6、Financial overview

6.1Summary financial information for the most recent five years

6.1.1 Condensed balance sheet and income statement - adopting (IFRS)

1. Condensed consolidated balance sheet

Unit: NTD thousands

Item \ Year		Financial Information for The Last Five Years					Financial information as of March 31, 2024 for the fiscal year
		2019	2020	2021	2022	2023	
Current assets		920,201	962,200	1,618,047	1,568,464	1,499,456	-
Property, Plant and Equipment		430,210	248,852	279,564	247,124	220,788	-
Investment Properties		—	51,681	—	—	—	-
Property, Plant and Equipment		15,368	13,666	27,856	27,255	25,502	-
Intangible Assets		106,114	97,939	89,797	81,713	73,933	-
Other assets		410,057	435,259	454,848	440,072	530,832	-
Total assets		1,881,950	1,809,597	2,470,112	2,364,628	2,350,511	-
Current liabilities	Before distribution	94,094	77,430	56,218	62,118	57,378	-
	After distribution	94,094	77,430	56,218	62,118	57,378	-
Non-Current Liabilities		36,054	30,045	25,340	25,057	22,471	-
Total liabilities	Before distribution	130.204	107,475	81,558	87,175	79,849	-
	After distribution	130.204	107,475	81,558	87,175	79,849	-
Equity Attributable to Owners of the Company		1,302,885	1,283,619	1,980,692	1,907,932	1,927,106	-
Share Capital		1,636,164	1,636,189	1,986,189	1,986,189	1,986,189	-
Capital Surplus		326	366	356,845	523	1,161	-
Retained earnings	Before distribution	(215,436)	(302,546)	(441,016)	(156,825)	(191,106)	-
	After distribution	(215,436)	(302,546)	(441,016)	(156,825)	(191,106)	-
Other Equity		(118,169)	(50,390)	78,674	78,045	130,862	-
Treasury Stock		0	0	0	0	0	
Non-Controlling Interests		448,861	418,503	407,862	369,521	343,556	-
Total equity	Before distribution	1,751,746	1,702,122	2,388,554	2,277,453	2,270,662	-
	After distribution	1,751,746	1,702,122	2,388,554	2,277,453	2,270,662	-

Note 1: The aforementioned financial information has been audited and certified by CPA.

Note 2: As of the date of publication of the annual report, the financial statements for the first quarter of the fiscal year 2024 have not been reviewed by CPA

2. Condensed consolidated income statement

Unit: NTD thousands

Item \ Year	Financial Information for The Last Five Years					Financial information as of March 31, 2024 for the fiscal year
	2019	2020	2021	2022	2023	
Operating revenue	95,485	91,810	168,936	135,465	162,489	-
Gross profit	63,579	45,503	78,313	57,032	67,643	-
Operating Income	(205,252)	(170,437)	(132,108)	(156,664)	(121,677)	-
Non-Operating Income and Expenses	486	54,177	36,592	41,941	47,530	-
Profit (or Loss) Before Tax	(204,766)	(116,260)	(95,516)	(114,723)	(74,147)	-
Net Profit (or Loss) from Continuing Operations	(204,766)	(118,655)	(95,516)	(114,723)	(74,147)	-
Loss from Discontinued Operations	0	0	0	0	0	-
Net income (Loss)	(204,766)	(118,655)	(95,516)	(114,723)	(74,147)	-
Other comprehensive income(loss) for the Year , Net of Income Tax	8,383	69,055	71,810	2,765	65,211	-
Total comprehensive income	(196,383)	(49,600)	(23,706)	(111,958)	(8,936)	-
Net Profit (or Loss) Attributable to Owners of the Company	(170,752)	(88,242)	(77,715)	(79,413)	(47,117)	-
Net Profit (or Loss) Attributable to Non-Controlling Interests	(34,014)	(30,413)	(17,801)	(35,310)	(27,030)	-
Total Comprehensive Income Attributable to Owners of the Company	(158,532)	(19,331)	(9,406)	(72,959)	18,536	-
Total Comprehensive Income Attributable to Non-Controlling Interests	(37,851)	(30,269)	(14,306)	(38,999)	(27,472)	-
Earnings per share	(1.04)	(0.54)	(0.40)	(0.40)	(0.24)	-

Note 1: The aforementioned financial information has been audited and certified by CPA.

Note 2: As of the date of publication of the annual report, the financial statements for the first quarter of the fiscal year 2024 have not been reviewed by CPA.

3. Condensed independent balance sheet

Unit: NTD thousands

Item \ Year		Financial Information for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		438,878	540,083	1,217,503	1,208,583	1,173,563
Property, Plant and Equipment		347,287	172,088	206,006	177,537	152,359
Investment Properties		—	51,681	—	—	—
Property, Plant and Equipment		5,174	9,427	13,185	17,036	11,220
Intangible Assets		11	—	—	—	254
Other assets		545,911	556,372	588,834	557,871	634,861
Total assets		1,337,261	1,329,651	2,025,528	1,961,027	1,972,257
Current liabilities	Before distribution	29,241	29,717	30,086	34,758	32,959
	After distribution	29,241	29,717	30,086	34,758	32,959
Non-Current Liabilities		5,040	5,135	14,750	18,337	12,191
Total liabilities	Before distribution	34,376	46,032	44,836	53,095	45,151
	After distribution	34,376	46,032	44,836	53,095	45,151
Equity Attributable to Owners of the Company		1,302,885	1,283,619	1,980,692	1,907,932	1,927,106
Share Capital		1,636,164	1,636,189	1,986,189	1,986,189	1,986,189
Capital Surplus		326	366	356,845	523	1,161
Retained earnings	Before distribution	(215,436)	(302,546)	(441,016)	(156,825)	(191,106)
	After distribution	(215,436)	(302,546)	(441,016)	(156,825)	(191,106)
Others		(118,169)	(50,390)	78,674	78,045	130,862
Treasury stock		0	0	0	0	0
Total equity	Before distribution	1,302,885	1,283,619	1,980,692	1,907,932	1,927,106
	After distribution	1,302,885	1,283,619	1,980,692	1,907,932	1,927,106

Note: The aforementioned financial information has been audited and certified by CPA.

4. Condensed Independent Statement of Comprehensive Income

Unit: NTD thousands

Item \ Year	Financial Information for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	11,399	27,869	83,145	73,835	97,233
Gross profit	1,407	3,170	17,648	18,986	26,619
Income from operations	(148,964)	(114,174)	(95,337)	(92,367)	(67,692)
Non-operating income and expenses	(21,788)	28,327	17,622	12,954	20,575
Income before tax	(170,752)	(85,847)	(77,715)	(79,413)	(47,117)
Continuing Operations Net Profit (or Loss) for the Period	(170,752)	(88,242)	(77,715)	(79,413)	(47,117)
Loss from Discontinued Operations	0	0	0	0	0
Net income (Loss)	(170,752)	(88,242)	(77,715)	(79,413)	(47,117)
Other Comprehensive Income for the Period (after tax)	12,220	68,911	68,309	6,454	65,653
Total Comprehensive Income for the Period	(158,532)	(19,331)	(9,406)	(72,959)	18,536
Earnings per share	(1.04)	(0.54)	(0.40)	(0.40)	(0.24)

Note: The above financial information has been audited and signed off by the CPA.

6.1.2 he names of the signing CPAs and their audit opinions for the most recent five fiscal years

Year	Name of the CPA	Name of the CPA	Audit Opinions
2023	Ernst & Young (EY)	Yu Qianru Chang Chiao-Ying	Unqualified opinion
2022	Ernst & Young (EY)	Yu Qianru Lin Suwen	Unqualified opinion
2021	Ernst & Young (EY)	Wang Yanjun Lin Suwen	Unqualified opinion
2020	Ernst & Young (EY)	Wang Yanjun Lin Suwen	Unqualified opinion
2019	Deloitte	Huang Haiyue Chen Zhaomei	Unqualified opinion

6.2 Financial analysis for the last five years

6.2.1 Merger Financial Analysis - Adopting International Financial Reporting Standards (IFRS)

Item \ Year		Financial Information for The Last Five Years					Financial information as of March 31, 2024 for the fiscal year
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt Ratio	5.97	6.92	5.94	3.30	3.69	-
	Long-Term Fund To Property, Plant And Equipment Ratio	427.35	414.00	696.06	863.45	931.72	-
Solvency (%)	Current Ratio	1,200.05	912.02	1,244.29	2,878.17	2,524.98	-
	Quick Ratio	1,036.62	753.80	1,000.27	2,554.13	2,232.52	-
	Times Interest Earned (Times)	(132,034.18)	Note 3	Note 3	Note 3	Note 3	-
Operating performance	Accounts Receivable Turnover (Times)	10.04	12.57	9.72	9.91	5.79	-
	Average Collection Period	36	29	38	37	63.04	-
	Inventory Turnover (Times)	0.52	0.25	0.30	0.53	0.46	-
	Accounts Payable Turnover (Times)	20.28	11.75	13.15	28.63	20.17	-
	Average Days In Sales	702	1,460	1,217	689	793	-
	Property, Plant And Equipment Turnover (Times)	0.23	0.21	0.27	0.64	0.51	-
	Total Assets Turnover (Times)	0.05	0.05	0.05	0.07	0.06	-
Profitability	Return On Total Assets (%)	(9.80)	(10.36)	(6.42)	(4.45)	(4.74)	-
	Return On Equity (%)	(10.38)	(11.08)	(6.87)	(4.67)	(4.92)	-
	Pre-Tax Income To Paid-In Capital (%)	(12.76)	(12.52)	(7.11)	(4.81)	(5.78)	-
	Profit Ratio (%)	(194.24)	(214.45)	(129.24)	(56.54)	(84.69)	-
	Earnings Per Share (NTD)	(1.12)	(1.04)	(0.54)	(0.40)	(0.40)	-
Cash flow	Cash Flow Ratio (%)	(161.68)	(120.37)	(190.97)	(121.38)	(96.51)	-
	Cash Flow Adequacy Ratio (%)	(467.16)	(389.21)	(401.44)	(59.67)	(42.44)	-
	Cash Reinvestment Ratio (%)	(6.75)	(6.18)	(7.95)	(2.61)	(2.35)	-
Leverage	Operating Leverage	Note 4	Note 4	Note 4	Note 4	Note 4	-
	Financial Leverage	Note 4	Note 4	Note 4	Note 4	Note 4	-
Reasons for changes in various financial ratios over the past two years: (analysis is not required if the percentage change is less than 20%) Improvements in return on assets, return on equity, ratio of pre-tax net income to paid-in capital, net profit margin and fair cash flow ratio compared with last year are mainly due to revenue growth and decrease in losses							

Note 1: The financial information for each year has been audited and certified by the CPA.

Note 2: As of the date of publication of the annual report, the financial statements for the first quarter of 2024 have not been reviewed by CPA.

Note 3: The net loss before income tax and interest expense is negative, and the interest expense is included in the lease asset calculation, so it is not calculated.

Note 4: The company had an operating net loss, so it is not calculated.

6.2.2 Independent Financial Analysis - Adopting International Financial Reporting Standards (IFRS)

Item \ year		Financial Information for The Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	2.27	2.57	3.46	2.21	2.71
	Long-Term Fund To Property, Plant And Equipment Ratio	372.55	376.64	755.39	968.63	1,085
Solvency (%)	Current Ratio	1,831.80	1,500.90	1,817.42	4,046.74	3,477.14
	Quick Ratio	1,413.48	1,034.92	1,260.29	3,518.58	3,024.53
	Times Interest Earned (Times)	NA	Note2	Note 2	Note 2	Note 2
Operating performance	Accounts Receivable Turnover (Times)	3.61	2.95	5.61	6.83	4.17
	Average Collection Period	101	124	65	53	88
	Inventory Turnover (Times)	0.35	0.11	0.20	0.48	0.39
	Accounts Payable Turnover (Times)	20.77	13.88	13.49	36.11	19.72
	Average Days In Sales	1,043	3,318	1,794	760	936
	Property, Plant And Equipment Turnover (Times)	0.09	0.03	0.11	0.44	0.39
	Total Assets Turnover (Times)	0.02	0.01	0.02	0.04	0.04
Profitability	Return On Total Assets (%)	(11.37)	(12.05)	(6.61)	(4.62)	(3.98)
	Return On Stockholders' Equity (%)	(11.62)	(12.36)	(6.82)	(4.76)	(4.08)
	Pre-Tax Income To Paid-In Capital (%)	(11.15)	(10.44)	(5.25)	(3.91)	(4.00)
	Profit Ratio (%)	(518.99)	(1,497.96)	(316.63)	(93.47)	(107.55)
	Earnings Per Share (NTD)	(1.12)	(1.04)	(0.54)	(0.40)	(0.40)
Cash flow	Cash Flow Ratio (%)	(231.00)	(301.53)	(329.47)	(97.29)	(74.10)
	Cash Flow Adequacy Ratio (%)	(275.93)	(228.37)	(257.76)	(40.09)	(26.68)
	Cash Reinvestment Ratio (%)	(3.98)	(5.57)	(6.53)	(1.29)	(1.35)
Leverage	Operating Leverage	Note 3	Note 3	Note 3	Note 3	Note 3
	Financial Leverage	Note 3	Note 3	Note 3	Note 3	Note 3
Reasons for changes in various financial ratios over the past two years: (analysis is not required if the percentage change is less than 20%) Improvements in return on assets, return on equity, ratio of pre-tax net income to paid-in capital, net profit margin, etc. compared with last year are mainly due to revenue growth and decrease in losses.						

Note 1: The financial information for each year has been audited and certified by CPA.

Note 2: The net loss before income tax and interest expense is negative, and the interest expense is included in the lease asset calculation, so it is not calculated.

Note 3: The company had an operating net loss, so it is not calculated.

Note: The financial analysis calculation formula is as follows:

1. Financial structure (%)

(1)Ratio of liabilities to assets = total liabilities/total assets.

(2)Long-term Fund to Property, Plant and Equipment Ratio =

(Total equities + noncurrent liabilities) / (Total net value of property, plant and equipment).

2. Solvency

(1)Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current asset – inventories – prepaid expenses) / Current liabilities.

(3) Times Interest Earned (Times) = Earnings before interests and taxes (EBIT) / Interest expenses over this period.

3. Operating performance

(1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).

(2) Average collection days = 365 / Receivables turnover ratio.

(3) Inventory turnover = Cost of sales / Average inventory value.

(4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).

(5)Average days in sales = 365 / Inventory turnover ratio.

(6) Property, plant and equipment turnover = Net sales/Average net value of property, plant and equipment .

(7)Total assets turnover = Net sales / Average total asset value.

4.Profitability

(1) Return on total assets = [Gain (loss) after tax + Interest expenses × (1 – effective tax rate)] / Average total asset value.

(2) Return on shareholders' equity = Gain (loss) after tax (loss)/average total equity.

(3) Profit ratio = Gain (loss) after tax / Net sales.

(4) Earnings per share = (Gain (loss) attributable to the owner of the parent company –dividends of preferred shares) / Weighted average of outstanding shares.

5. Cash flow

(1) Cash flow ratio = Net cash flow of business activities / Current liabilities.

(2) Cash flow adequacy ratio = Net cash flow for business activities in the five most recent years / (Capital expenditure + inventory increase + cash dividends) for the five most recent years.

(3) Cash reinvestment ratio = (Net cash flow for business activities – cash dividends) / (Gross value of property, plant and equipment + Long-term investments + other non-current assets + business capital).

6. Leverage:

(1) Operating leverage = (Net operating revenue – operating change costs and expenses) / Operating profit.

(2) Financial leverage = Operating profit / (Operating profit – interest expenses).

6.3 Report of Audit Committee Review of Financial Report for the Most Recent Fiscal Year

Phytohealth Corporation

Audit Committee Review Report

The Audit Committee hereby agrees with and approves the financial statements and the proposal for deficit carryover for the year 2023 of the Company, as resolved by the Board of Directors. The individual and consolidated financial statements have been audited and signed off by Ernst & Young Certified Public Accountants, who issued an unqualified opinion on their audit report.

After reviewing the operating report, individual and consolidated financial statements and the proposal for deficit carryover for the year 2023, the Audit Committee has found that they are in compliance with the relevant laws and regulations. Therefore, in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, the Audit Committee presents this report for your reference.

To Phytohealth Corporation 2024 Annual Shareholders Meeting

The convener of the Audit Committee：Wang Der-Shan

February 26, 2024 (Republic of China Year 113)

6.4 Financial report for the most recent fiscal year: Please refer to pages 153 to 236.

6.5 Individual financial report for the most recent fiscal year audited and certified by the accountant: Please refer to pages 237 to 323.

6.6 If there has been any financial difficulty in the company and its related enterprises during the most recent fiscal year and up to the publication date of this annual report, the impact on the company's financial condition shall be stated: There have been no such occurrences.

7. Review and analysis of financial condition and financial performance, as well as risk factors.

7.1 Financial condition

Unit: NTD thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	1,499,456	1,568,464	(69,008)	(4.40)
Property, plant, and equipment	220,788	247,124	(26,336)	(10.66)
Investment property	0	0	0	0
Right-of-use assets	25,502	27,255	(1,978)	(29.18)
Intangible assets	73,933	81,713	(1,754)	(6.43)
Other assets	530,832	440,072	90,760	20.62
Total assets	2,350,511	2,364,628	(14,117)	(0.60)
Current liabilities	57,378	62,118	(4,739)	(7.63)
Non-current liabilities	22,471	25,057	(2,586)	(10.32)
Total liabilities	79,849	87,175	(7,326)	(8.40)
Share capital	1,986,189	1,986,189	0	0.00
Capital surplus	1,161	523	638	122.01
Retained earnings	(191,106)	(156,825)	(34,281)	21.86
Other equity	130,862	78,045	52,817	67.67
Non-controlling interests	343,556	369,521	(25,965)	(7.03)
Total shareholders' equity	2,270,662	2,277,453	(6,791)	(0.30)

(1)The main reason for the significant changes in assets, liabilities, and shareholders' equity over the past two years is the decrease in right-of-use assets was mainly due to amortization, and the increase in other assets was mainly due to the increase in the evaluation of financial assets.

The decrease in retained earnings is due to losses in the current period, and the increase in other equity is due to the rebound in market prices of financial assets.

(2)The changes in financial condition over the past two years had no significant impact on the company's financial position.

(3)The company continues to conduct research and development of new drugs and actively sells pharmaceuticals and health foods to increase revenue and profits.

7.2 Financial performance

Financial performance comparative analysis

Unit: NTD thousands

Item \ Year	2023	2022	Increase (Decrease) amount	Change %
Operating Revenue	162,489	135,465	27,024	19.95
Operating Costs	(94,846)	(78,433)	(16,413)	20.93
Gross Profit	67,643	57,032	10,611	18.61
Operating Expenses	(189,320)	(213,696)	24,376	(11.41)
Operating Loss	(121,677)	(156,664)	34,987	(22.33)
Non-Operating Income and Expenses	47,530	41,941	5,589	13.33
Profit Before Tax	(74,147)	(114,723)	40,576	(35.37)
Income Tax Expense	0	0	0	0
Net Loss for the Year	(74,147)	(114,723)	40,576	(35.37)
Other Comprehensive Income	65,211	2,765	62,446	2258.44
Total Comprehensive Income	(8,936)	(111,958)	103,022	(92.02)

7.2.1The main reasons and impacts for significant changes in operating revenue, operating profit, and pre-tax profit over the past two years are not provided：

After the epidemic, the company's business expanded, revenue increased significantly compared with last year, and losses also improved significantly.

7.2.2Expected sales volume and its basis, as well as their potential impacts on the company's future financial operations and response plan, are as follows：

According to statistics from the Ministry of Health and Welfare, cancer has ranked first in the top ten causes of death in all countries for many years; "PG2 Lyo. Injection 500mg" is the first "therapeutic" prescription new drug for which there is currently no medicine to treat cancer-related fatigue. After being included in the health insurance benefits on March 1, 2010, the company's performance has grown significantly. With the addition of revenue from health care products such as " AmazPower®" and " PhytoHealth EnerCharge® Drink ", revenue is expected to gradually grow.

7.3 Cash flow

7.3.1Analysis and explanation of changes in cash flow over the past year are as follows

Unit: NTD thousands

Beginning cash balance	Net cash flow from operating activities for the full year	Net cash flow from investing and financing activities for the full year	Cash surplus (deficit	Expected cash deficit	
				Financing plan	Financial plan
100,456	(54,772)	17,072	62,756	N/A.	N/A.

1、Analysis of Changes in Cash Flows for the Current Year:
The net cash outflow from operating activities was 54,772 thousand, which was mainly expenditure during the operating period;
The net cash inflow from investment and fundraising activities of 17,072 thousand mainly represents the repayment of financial assets measured at amortized cost upon maturity.
2、Remedial measures for expected cash shortfall: N/A.

7.3.2Liquidity improvement plan

Improvement plan for insufficient liquidity: It is expected to support the funding needs of operations by planning cash flows and disposing of financial assets.

7.3.3Analysis of cash flow liquidity for the upcoming year

Unit: NTD thousands

Beginning cash balance	Net cash flow from operating activities for the full year	Net cash flow from investing and financing activities for the full year	Cash surplus deficit	Expected cash deficit	
				Financing plan	Financial plan
62,756	(55,000)	35,000	42,756	N/A.	N/A.

1.Analysis of Changes in Cash Flows for the Current Year:
This year's net cash flow comes from the net outflow of operating activities of 55,000 thousand , which is mainly the net cash outflow from operating activities in the current period. This table does not include the fixed deposit amount.
2.Remedial measures for expected cash shortfall: N/A

7.4 Impact of significant capital expenditures on financial operations in the recent year: None.

7.5 The investment policy of the latest year、the main reason of the operating result and the improvement plans and the investment plans for the coming year.

The company's investment policy focuses on investing in the biotech and medical industries, as well as introducing strategic alliance partners. As for non-core business external investments, the company will dispose of them as opportunities arise. The operating status of the investment companies for the year 2023 is still relatively good.

The investment plan for the coming year will continue to prioritize investments in the biotech and medical industries, and will be evaluated carefully based on the overall industry situation and the company's business development needs, and processed according to the company's "Asset Acquisition or Disposition Procedure."

7.6 Risk Analysis and Assessment During the Most Recent Fiscal Year and as they Stood on the Date of Publication of the Annual Report

7.6.1 Changes to interest rates, currency exchange fluctuations, and inflation and how these may impact The Company’s gain or loss, as well as future response measures:

1.Changes to interest rates:

The company currently has sufficient working capital and does not need to pay for loans, so changes in interest rates have no major impact on the company.

2.Changes to currency exchange fluctuations:

Unit: NTD thousands

Item	2023	2022
Net (loss) gain from foreign exchange(A)	204	1,612
Net operating revenue (B)	162,489	135,465
Percentage of operating revenue%(A/B)	0.13	1.19

The foreign exchange net gain (loss) of the Company in the past two years accounted for 0.13% and 1.19% of the operating revenue respectively. The proportion is not high, and the impact on the Company's profit is limited. Besides, the Company's products mainly focus on the domestic market, so the exchange rate fluctuations have no significant impact on the Company.

3.The impact of inflation on the company's profit and loss and future response measures are as follows

Historically, inflation has had little impact on drug prices, and according to the consumer price index released by the Directorate-General of Budget, Accounting and Statistics in December 2023, the average inflation rate for the year was 2.49%, showing a gradual increase. Therefore, inflation has a minimal impact on the company's profit and loss. In the future, we will continue to closely monitor changes in the consumer price index and adjust product prices and inventory levels in response to cost increases, thereby mitigating the pressure of inflation on the company.

7.6.2 Policies, main reasons for gains or losses, and future coping measures for engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and trading in derivative products

1.In order to prudently manage financial risks, our company has not engaged in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, or trading in derivative products during the 2023 fiscal year and up to the date of this annual report, and there has been no impact on our company's profit and loss.

2.As a new drug development company, our company does not engage in high-risk, high-leverage investments. In addition, lending funds to others, endorsement guarantees, and trading in derivative products are all subject to the operational procedures of "Funds Lending and Endorsement Guarantee Operating Procedures" and "Acquisition or Disposition of Assets Processing Procedures" established in accordance with regulatory requirements, and are carefully managed in accordance with our company's internal control procedures.

3.If the company engages in derivative trading, the following risk management measures must be implemented：

(1) Credit risk management:

Based on the volatility of the market due to various factors, there is a risk of operating derivative financial instruments. Therefore, the following principles are followed in market risk management:

Counterparties: Mainly well-known domestic and foreign financial institutions.

Trading products: Limited to products offered by well-known domestic and foreign financial institutions.

(2) Market risk management:

The focus is on the open foreign exchange trading market provided by banks, and futures markets are not currently considered.

(3) Liquidity risk management:

To ensure market liquidity, financial products with higher liquidity (i.e. can be easily sold in the market at any time) are preferred when selecting financial products. The entrusted financial institution must have sufficient information and the ability to trade at any market.

(4) Cash flow risk management:

To ensure the stability of the company's operating funds, the source of funds for derivative financial instrument trading is limited to its own funds, and the amount of operations should consider the future three-month cash flow forecast.

(5) Operational risk management:

Authorization limits and operation processes must be strictly followed, and internal audit must be included to avoid operational risks. Trading personnel and confirmation and delivery personnel who engage in risk assessment, supervision, and control must not be allowed to concurrently serve in the same positions. The personnel responsible for risk assessment, supervision, and control must belong to different departments, and they must report to the board of directors or senior management personnel who are not responsible for trading or position decision-making.

(6) Commodity risk management:

Internal trading personnel must possess complete and correct professional knowledge of financial products and require banks to fully disclose risks to avoid the risk of misusing financial products.

(7) Legal risk management:

Documents signed with financial institutions must be examined by foreign exchange, legal, or legal advisors before they can be officially signed to avoid legal risks.

7.6.3Future R&D plans and expected R&D expenditures

The company plans to invest approximately NT$100-200 million in research and development expenses for projects such as the " PG2 Lyo. Injection 500mg (PG2®) Cancer Immunotherapy Combination Treatment" and "Cytokine Storm Inhibition" in conjunction with the implementation of the current capital increase plan.

7.6.4 Impact of domestic and international policy and legal changes on the company's financial business and response measures.

The biotechnology industry is one of the 5+2 strategic industries vigorously promoted by the government, and relevant government agencies have adopted encouraging policies for the development of the biotechnology industry. Various government agencies provide funding subsidies for research and development, such as the A+ Industry-Academia Collaboration Program and Small Business Innovation Research (SBIR) from the Ministry of Economic Affairs, and the Leading New Product Development Plan from the

Industrial Development Bureau. The R&D projects of the company's PG2 Lyo. Injection 500mg (PG2®), PH3, and PDC748 R&D alliances have all applied for subsidies from the relevant government agencies to reduce the outflow of R&D funds, which has greatly benefited the company. The company will continue to make good use of various national incentive programs.

7.6.5 The impact of technological changes (including information security risks) and industry developments on the company's financial business, as well as the corresponding measures are as follows:

The company places great emphasis on the trend of information security risks and is committed to the application of information technology, integrating group data and information. Actively and effectively utilizing manpower and information technology to enhance corporate competitiveness.

The biotechnology industry is a sector actively promoted by the government, which has high entry barriers, long research and development cycles, high professional and technical requirements, and high added value. It is less likely to undergo significant changes in the short term. Moreover, the company possesses intellectual property rights and professional R&D capabilities for its products. Therefore, technological changes and industrial changes do not have too much impact on the company's financial business.

7.6.6 The impact of corporate image changes on the company's crisis management and corresponding measures

Our company has always conducted business in accordance with the law and has maintained a good corporate image. In the past year and up to the date of this annual report, there have been no incidents where changes in the company's image have had any impact on our crisis management.

7.6.7 Expected benefits, potential risks, and response measures for the merger and acquisition.

There have been no mergers or acquisitions of other companies by our company in the recent years up to the date of printing this annual report. Therefore, there are no expected benefits, possible risks, or corresponding measures related to such mergers or acquisitions.

7.6.8 Expected benefits, possible risks, and response measures of expanding the factory:

1. Expected benefits of expanding the plant

   The company's refining plant passed the PIC/S GMP certification by the TFDA of the Ministry of Health and Welfare in September 2016, and is currently producing "Wheaton® Cryogenic Injection" to fully supply the market for sales and clinical trial needs.

2. Possible risks and corresponding measures may include

   Based on regulatory requirements, raw material manufacturers who have already passed the PIC/S GMP certification must still undergo regular audits and approvals before they can produce and sell their products. Failure to pass these audits may result in the risk of shutdowns. Therefore, it is necessary to strengthen employee training, comply with the PIC/S GMP regulatory requirements, ensure the accuracy of process documents and management, and be prepared to respond to audits by the Taiwan Food and Drug Administration.

7.6.9 Risks and Countermeasures Related to Concentration of Purchasing or Sales

As some of the raw materials for our plant-based drugs and health supplements come from Mainland China, the source and quality control of these materials are in the hands of farmers and suppliers, which may lead to supply problems. Therefore, we need to diversify our procurement sources to reduce the risk of raw material monopolies and stockouts.

7.6.10 There has been no significant transfer or replacement of the shares of the directors, supervisors, or shareholders holding more than ten percent of the company's shares, and there are no associated risks or contingency measures.

7.6.11 Impact, risks, and response measures of changes in the management rights:

There have been no changes in the management rights of the Company in recent years and up to the date of printing of this annual report, so there are no impacts, risks, or response measures to be addressed.

7.6.12 Litigation or Non-Litigation Events：

1. The company has no significant litigation, non-litigation, or administrative disputes that have been determined by judgment or are pending and may have a significant impact on shareholder equity or securities prices as of the date of the annual report.
2. As of the date of the annual report, there were no significant litigation, non-litigation, or administrative disputes that have been determined by judgment or are pending and may have a significant impact on shareholder equity or securities prices involving the directors, supervisors, general manager, substantial shareholders holding more than 10% of shares, and subsidiary companies of the company.

7.6.13 Other significant risks and countermeasures：

The company has a strict risk management approach and has not experienced any major risks. The control is still good.

In terms of risk management for information security, the company follows the backup 3-2-1 principle, which requires at least three backups, two backup methods, and one offline backup. For high-risk data, an additional mechanism of offsite storage is added to ensure compliance with data security requirements.

To ensure the safe operation of the information system and to minimize possible losses and risks in the event of system damage, the company performs a complete backup of the mainframe every week and conducts a disaster recovery drill every year.

Only specific computers are allowed to connect to the company's mainframe for management settings to prevent hacker intrusions and reduce the risk of exposure of the mainframe to information security risks.

7.7 Other significant matters.：

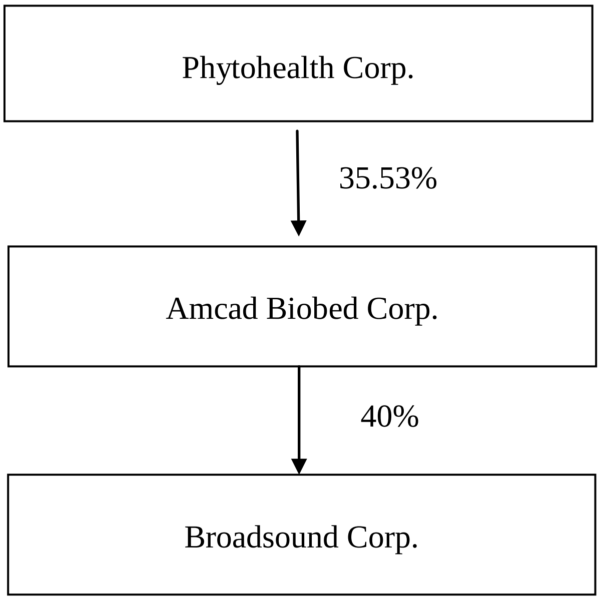
KPIs for each stage of human clinical trials:
IND application approval time: 1 year
Phase I trial duration: 1.5 years
Phase II trial duration: 2.5 years
Phase III trial duration: 3.5 years
NDA registration and approval time: 1.5 years

8.Special Notes

8.1 Related Company Information

8.1.1 Report on Business Combination with Related Companies

1.Organizational Chart of Related Companies



2.Basic Information of Related Companies

Unit: thousands

Company Name	Date of Incorporation	Paid-in capital	address	Scope of business/production
Amcad Biobed Corp.	2008.12.26	532,214	5F, No.167, Fuxing North Road, Songshan District, Taipei City.	Computer-Aided Diagnosis (CAD) Software for Advanced Medical Device Manufacturing Industry.
Broadsound Corp.	2002.01.21	201,824	5F, No.31, Xintai Road, Zhubei City, Hsinchu County.	Manufacturing and Sales of Medical Equipment.

3.Common shareholder information for entities presumed to have a controlling or subsidiary relationship:None

4.Industries covered by the operations of related companies and their relevant business associations.

	Name of associated enterprise	Business correspondence
Amcad BioMed Corp.	Computer-Aided Diagnosis (CAD) Software for Advanced Medical Device Manufacturing Industry.	None
Broadsound Corp.	Manufacturing and Sales of Medical Equipment.	None

5.Directors, supervisors, and general managers of related companies.

Dec. 31, 2023

Company name	Job title	Name	Representative	Shares held	
				Number of shares	Shareholding ratio(%)
AmCad BioMed Corp.	Chairman / General Manager	Lee Yi-Li	None	26,289,464	49.32%
	Vice Chairman	Lee I-Lin	PhytoHealth Corp.		
	Director	Lee Chen-Chia	PhytoHealth Corp.		
	Director	Zhang Jin-Jian	None		
	Director	Xu Jin-Chuan	Maywufa Company Ltd.		
	Director	Chen We-Ide	PhytoHealth Corp.		
	Director	Qiu Shu-Ti	Jen Yu Ltd.		
	Director	Wang Tsay-Ping	Maywufa Company Ltd.		
	Director	Gary T. Tseng	Jen Yu Ltd.		
	Independent Director	Zhang Qing-Tian	None		
	Independent Director	Huang Wen-Hong	None		
	Independent Director	Li Hsueh-Yu	None		
	Independent Director	Lin She-Yi	None		
Broadsound Corporation	Chairman	Lee Yi-Li	None	10,392,000	51.49%
	Vice Chairman	Lee I-Lin	AmCad BioMed Corp.		
	Director	Huang Chih-Yuan	AmCad BioMed Corp.		
	Director	You Yi-Long	AmCad BioMed Corp.		
	Supervisor	Yeh Li-Feng	Maywufa Company Ltd.		

6. Overview of Related Company Operations.

Dec. 31, 2023; NTD Thousands

Company Name	capital amount	Total Assets	Total Liabilities	Net value	Operating revenue	Operating profit (loss)	Current Profit and Losses (After-tax)	EPS (NTD) (After-tax)
Amcad Biobed Corp.	532,564	512,646	34,698	477,948	65,256	(53,985)	(43,149)	(0.85)
Broadsound Corp.	201,824	153,220	12,798	140,422	52,898	4,128	6,059	0.30

8.1.2 Financial Statements for Related-Party Business Merger：

Statement of Financial Reporting for Related-Party Business Merger

We hereby declare that for the year ended 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the preparation of consolidated financial statements of related companies under the "Guidelines for the Preparation of Related Company Consolidated Financial Statements, Related Company Consolidated Financial Statements, and Statements of Relationships for Related Company Merger Reports" and those should be included in the preparation of consolidated financial statements of subsidiaries and parent companies under International Financial Reporting Standard No. 10 are the same. Moreover, the relevant information that should be disclosed in the consolidated financial statements of related companies has already been disclosed in the consolidated financial statements of parent and subsidiary companies as aforementioned. Therefore, there is no need to prepare a separate consolidated financial statement of related companies.

This statement is hereby certified.

Phytohealth Corp

Chairperson：Lee Yi-Li

February 26, 2024 (Republic of China Year 113)

8.1.3 Statement of Relationships: N/A

8.2 The situation regarding private placement of securities up to and including the date of printing of the latest annual report: None.

8.3 The holding or disposition of the company's stocks by subsidiaries up to and including the date of printing of the latest annual report: None.

8.4 Additional necessary explanatory items: None.

9、Any significant events as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that have had a significant impact on shareholder equity or securities prices, up to and including the date of printing of the latest annual report: None.

Independent Auditors' Report Translated from Chinese

To Phytohealth Corporation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Group recognized operating revenue amounts to NT$162,489 thousand in 2023. The Group's principal activities consist of revenue from the sale of pharmaceutical drugs, dietary supplements, and medical diagnostic products. The Group recognizes revenue from the sale of pharmaceutical drugs, dietary supplements and medical diagnostic products when it satisfies a performance obligation and the recognition timing. Therefore, we considered this a key audit matter.

Our audit procedures include but are not limited to understanding the trading manners through walkthrough, and to evaluating the appropriateness of the accounting policy related to revenue recognition from the sale of pharmaceutical drugs, dietary supplements, and medical diagnosis products and the transactions made from sales by testing the internal control effectiveness determined by management. We confirm that the timing of recognizing revenue is when performance obligations are met by reviewing the terms of transaction. We confirm the correctness of recognizing revenue from sale of pharmaceutical drugs, dietary supplements, and medical diagnosis products and the existence of sales revenue by performing transactions' detail testing which includes reviewing vouchers of selected samples and cash receipts record. We check transaction records to confirm the occurrence of the revenue. We perform cutoff testing through periods before and after the balance sheet date by reviewing related documentation of selected samples.

Please refer to Note 4 and 6. (16) for revenue related accounting policies and information.

Impairment of non-financial assets

As of December 31, 2023, the total net amount of property, plant and equipment, right-of-use assets and intangible assets of the Company and its subsidiaries was NT$320,223 thousand, accounted 14% of the consolidated total assets. The Company and its subsidiaries are engaged in medical products manufacturing industry. The Company and its subsidiaries are still at loss position in the year of 2023 because the medical products are still at development stage. As of the balance sheet date, the Company and its subsidiaries based on the external and internal sources to assess whether there is any indication of impairment. If there is indication of impairment, the impairment testing for above assets is required. The result of impairment evaluation is significant to the consolidated financial statements. Therefore, we consider impairment assessment as a key audit matter.

We have conducted audit procedures including but not limited to obtaining representation letter; to evaluating the impairment indicator and cash generating unit; to obtaining the information on assessing the recoverable amount and assumptions for the annual testing of intangible assets with indefinite life. We also examined the historical and other business' financial information to evaluate whether the assumptions such as sales growth rate, gross margin, operating profit margin, and discount rate applied in the cash flow forecast are reasonable and are in conformity. In Note 4 and 5 of consolidated financial statements to assess the appropriateness of the accounting policies and disclosures relating to the impairment of non-financial assets.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

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

/s/Yu, Chien-Ju
/s/Chang, Chiao-Ying
Ernst & Young, Taiwan
February 26, 2024

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

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

English Translations of Consolidated Financial Statements Originally Issued in Chinese
PHYTOHEALTH CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

		As of	
ASSETS	Notes	December 31, 2023	December 31, 2022
Current assets			
Cash and cash equivalents	4, 6	$62,756	$100,456
Financial assets at fair value through profit and loss, current	4, 6	11,000	16,519
Financial assets at amortized cost, current	4, 6	1,192,340	1,243,740
Accounts receivable, net	4, 6	11,492	4,403
Accounts receivable-related parties, net	4, 6, 7	24,185	21,103
Other receivables		18	63
Other receivable-related parties, net	7	366	-
Inventories	4, 6	163,090	151,224
Prepayments	6	33,411	30,442
Other current assets		798	514
Total current assets		1,499,456	1,568,464
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6	526,031	433,292
Financial assets measured at amortized cost, non-current	4, 6	984	1,082
Property, plant and equipment	4, 6, 7	220,788	247,124
Right-of-use assets	4, 6, 7	25,502	27,255
Intangible assets	4, 6	73,933	81,713
Prepayments for equipment		-	463
Refundable deposits	7, 8	3,817	5,235
Total non-current assets		851,055	796,164
Total assets		$2,350,511	$2,364,628

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

English Translations of Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	As of December 31, 2023	As of December 31, 2022
Current liabilities			
Contract liabilities, current	4, 6	$2,729	$3,341
Notes payable		113	184
Accounts payable		2,383	5,606
Other payables	6, 7	39,883	41,090
Provision, current	4, 6	1,129	1,346
Lease liabilities, current	4, 6, 7	10,542	9,957
Other current liabilities		599	594
Total current liabilities		57,378	62,118
Non-current liabilities			
Lease liabilities, non-current	4, 6, 7	17,460	20,046
Guarantee deposit received		288	288
Other non-current liabilities		4,723	4,723
Total non-current liabilities		22,471	25,057
Total liabilities		79,849	87,175
Equity attributable to the parent			
Capital			
Common stock	4, 6	1,986,189	1,986,189
Capital surplus	4, 6	1,161	523
Retained earnings	4, 6		
Accumulated deficits	6	(191,106)	(156,825)
Other components of equity	6		
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		130,862	78,045
Total equity attributable to the parent		1,927,106	1,907,932
Non-controlling interests	6	343,556	369,521
Total equity		2,270,662	2,277,453
Total liabilities and equity		$2,350,511	$2,364,628

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

English Translations of Consolidated Financial Statements Originally Issued in Chinese
PHYTOHEALTH CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years ended December	
	Notes	2023	2022
Operating revenue	4, 6, 7	$162,489	$135,465
Operating costs	6	(94,846)	(78,433)
Gross profit		67,643	57,032
Operating expenses	4, 6, 7		
Sales and marketing expense		(35,667)	(32,876)
General and administrative expense		(61,059)	(61,349)
Research and development expense		(92,594)	(119,521)
Expected credit gain		-	50
Total operating expenses		(189,320)	(213,696)
Operating loss		(121,677)	(156,664)
Non-operating income and expenses			
Interest income	6	18,397	12,159
Other income	4, 6	29,369	28,422
Other gains and losses	4, 6	108	1,672
Financial costs	4, 6, 7	(344)	(312)
Total non-operating income and expenses		47,530	41,941
Net (loss) income before income tax		(74,147)	(114,723)
Income tax expense	4, 6	-	-
Net (loss)		(74,147)	(114,723)
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains or losses on financial assets at fair value through other comprehensive (loss) income	4, 6	65,211	2,765
Total other comprehensive income (loss) , net of tax		65,211	2,765
Total comprehensive loss		$(8,936)	$(111,958)
Net (loss) attributable to:			
Shareholders of the parent		$(47,117)	$(79,413)
Non-controlling interests		(27,030)	(35,310)
		$(74,147)	$(114,723)
Comprehensive income (loss) attributable to:			
Shareholders of the parent		$18,536	$(72,959)
Non-controlling interests		(27,472)	(38,999)
		$(8,936)	$(111,958)
Earnings (loss) per share (in NT$)	6		
Earnings (loss) per share-basic		$(0.24)	$(0.40)

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

English Translations of Consolidated Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
			Retained earnings	Other components of equity			
	Common stock	Capital surplus	Accumulated deficits	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance as of January 1, 2022	$1,986,189	$356,845	$(441,016)	$78,674	$1,980,692	$407,862	$2,388,554
Capital surplus used to offset accumulated deficit	-	(356,521)	356,521	-	-	-	-
Net loss for the years ended December 31, 2022	-	-	(79,413)	-	(79,413)	(35,310)	(114,723)
Other comprehensive income, net of tax for the Years ended December 31, 2022	-	-	-	6,454	6,454	(3,689)	2,765
Total comprehensive income (loss)	-	-	(79,413)	6,454	(72,959)	(38,999)	(111,958)
Disposal of investments in financial assets at fair value through other comprehensive income	-	-	7,083	(7,083)	-	-	-
Changes in subsidiary ownership	-	164	-	-	164	658	822
Share-based payment transactions	-	35	-	-	35	-	35
Balance as of December 31, 2022	$1,986,189	$523	$(156,825)	$78,045	$1,907,932	$369,521	$2,277,453
Balance as of January 1, 2023	$1,986,189	$523	$(156,825)	$78,045	$1,907,932	$369,521	$2,277,453
Net loss for the years ended December 31, 2023	-	-	(47,117)	-	(47,117)	(27,030)	(74,147)
Other comprehensive income, net of tax for the years ended December 31, 2023	-	-	-	65,653	65,653	(442)	65,211
Total comprehensive income (loss)	-	-	(47,117)	65,653	18,536	(27,472)	(8,936)
Disposal of investments in financial assets at fair value through other comprehensive income	-	-	12,836	(12,836)	-	-	-
Changes in subsidiary ownership	-	489	-	-	489	1,507	1,996
Share-based payment transactions	-	149	-	-	149	-	149
Balance as of December 31, 2023	$1,986,189	$1,161	$(191,106)	$130,862	$1,927,106	$343,556	$2,270,662

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

English Translations of Consolidated Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the Years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss before tax	$(74,147)	$(114,723)
Adjustments:		
Depreciation	45,039	44,355
Amortization	8,066	8,084
Expected credit gain	-	(50)
Net gain on finacial assets at fair value through profit or loss	18	(15)
Interest expense	344	312
Interest revenue	(18,397)	(12,159)
Dividend income	(22,792)	(24,148)
Share-based payment	825	857
Loss on disposal of property, plant and equipment	169	10
Gain on disposal of investments	(90)	(55)
Gain on lease modification	(1)	-
Changes in operating assets and liabilities:		
Accounts receivable	(7,089)	1,305
Accounts receivable-related parties, net	(3,082)	(6,544)
Other receivables, net	45	117
Other receivable-related parties, net	(366)	-
Inventories, net	(15,581)	(6,119)
Prepayments	(2,969)	6,105
Other current assets	(284)	253
Contract liabilities	(612)	(2,782)
Notes payable	(71)	117
Accounts payable	(3,223)	3,687
Other payables	(1,207)	5,390
Provision	(217)	(58)
Other current liabilities	5	118
Cash outflow generated from operations	(95,617)	(95,943)
Interest received	18,397	12,159
Dividend received	22,792	24,148
Interest paid	(344)	(312)
Net cash used in operating activities	(54,772)	(59,948)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income, non-current	(56,114)	(1,328)
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,586	19,638
Acquisition of financial assets measured at amortized cost	(23,910)	-
Return of funds to financial assets measured at amortized cost	75,408	67,061
Acquisition of disposal of financial assets at fair value through profit or loss, current	(63,000)	(260,500)
Proceeds from disposal of financial assets at fair value through profit or loss, current	68,591	254,060
Acquisition of property, plant and equipment	(4,907)	(1,142)
Increase in refundable deposits	-	(406)
Decrease in refundable deposits	1,418	-
Acquisition of intangible assets	(286)	-
Increase in prepayments for business facilities	463	(463)
Net cash provided by investing activities	26,249	76,920
Cash flows from financing activities:		
Increase in guarantee deposit received	-	8
Cash payment for the principal portion of the lease liabilities	(10,497)	(10,530)
Stock options exercised by employees of sabsidiaries	1,320	-
Net cash used in financing activities	(9,177)	(10,522)
Net (decrease) increase in cash and cash equivalents	(37,700)	6,450
Cash and cash equivalents at beginning of period	100,456	94,006
Cash and cash equivalents at end of period	$62,756	$100,456

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

1. History and organization

Phytohealth Corporation (the “Company”) was incorporated in the Republic of China (the “R.O.C.”) on November 24, 1998 and commenced business on December 1, 2000. The Company primarily engages in the R&D, production, manufacture and sale of pharmaceutical drugs, cosmetics, Class B drugs and dietary supplements. The Company’s Chinese name was modified as of July 4, 2008.

The Company’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since July 16, 2008.

The Company’s new PG2® Lyophilized Injection (“PG2®”) is for the treatment of Cancer Related Fatigue(“CRF”), and this new drug’s certificate of pharmaceutical product (“CPP”) was received in April 2010. It was the first new prescription drug that was developed and produced in Taiwan and approved by the Taiwan Ministry of Health and Welfare. It was successfully produced, marketed, and supplied to large medical centers and hospitals. The new dosage form of PG2® Lyophilized Injection (“PG2®”) and Oraphine Soft Capsules were approved by the Taiwan Ministry of Health and Welfare and received by the Company in October 2015 and March 2020, respectively, in order to enhance productivity and increase the clinical use.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on February 26, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

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

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

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

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

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

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

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

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

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The foregoing standards and interpretations have no material impact on the Group.

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

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

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

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

4. Summary of material accounting policies

(1) Statement of compliance

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

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statement

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

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

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

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

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

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

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
B. derecognizes the carrying amount of any non-controlling interest
C. recognizes the fair value of the consideration received
D. recognizes the fair value of any investment retained
E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	December 31, 2023	December 31, 2022
The Company	AmCad BioMed Corporation	Manufacturing of medical diagnostic produces (Note)	35.53%	35.58%
AmCad BioMed Corporation	Broadsound Corporation	Manufacturing of medical equipment	40%	40%

Note: AmCad BioMed Corporation implemented the conversion of employee stock options on August 2023, resalting in a reduction in shareholding ratio to 35.53%.

Although the percentage of ownership interests in AmCad BioMed Corporation is less than 50%, the Company determined that it has control over AmCad BioMed Corporation. Considering the Group's absolute size of voting in AmCad BioMed Corporation and the relative size and dispersion of the shareholdings owned by other shareholders, the Group concluded that it has the practical ability to direct the relevant activities, and to appoint or approve the key management personnel of AmCad BioMed Corporation.

Although the percentage of ownership interests in Broadsound Corporation is less than 50%, AmCad BioMed Corporation determined that it has control over Broadsound Corporation. This is due to a combination of factors including the fact that the Company remains the single largest shareholder of Broadsound Corporation since the inception of the investment; the Company could obtain proxies to achieve relative majority in absence of contractual arrangement and the ability of the Company to appoint or approve the key management personnel of Broadsound Corporation who have the ability to direct the related activities.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

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

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

(5) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading

C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

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

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

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

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

In addition, for the equity instruments that are covered by the International Financial Reporting Standards No. 9, and the equity instruments are neither held for trading nor contingent consideration recognized by the acquirer in the business combination of International Financial Reporting Standard No. 3, when initially recognized, they selected (irrevocable) to report their subsequent changes in fair value in other comprehensive income. The amount presented in other comprehensive profit or loss cannot subsequently be transferred to profit or loss (when the disposal of these equity instruments, the cumulative amount of other equity items will be directly transferred to the retained earnings) and measured at fair value through other comprehensive income. The financial assets are presented on the balance sheet. Dividends on investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the investment costs.

Financial assets at fair value through profit or loss

Except for the aforesaid situations in which certain conditions are met and measured at post-amortization costs or at fair value through other comprehensive income, financial assets are measured at fair value through profit or loss, and financial assets at fair value through profit or loss are presented on balance sheet.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measure the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase at actual cost, on a weighted average basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Building and structures	40～48 years
Machinery and equipment	3～15 years
Molding equipment	5 years
Office equipment	3～10 years
Other equipment	3～10 years
Leasehold improvements	The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(11) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and

B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use assets and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use assets, the Group measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use assets applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use assets reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
B. Its intention to complete and its ability to use or sell the asset
C. How the asset will generate future economic benefits
D. The availability of resources to complete the asset
E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies information applied to the Group's intangible assets is as follows:

	Proprietary technology	Royalties	Computer software
Useful lives	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the period of the authorization	Amortized on a straight-line basis over the period of the authorization	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

Amortized lives	15 years	10~15 years	3~5 years

(13) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgments and other known factors.

(15) Revenue recognition

The revenue from the contract between the Group and the customer mainly includes sales of goods, royalty revenue, and rendering of services. The accounting treatments are described as follows:

Sales of goods

Revenue from sales of goods is recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main products of the Group are pharmaceutical drugs, dietary supplements, medical diagnosis system and medical devices. The Group recognizes revenue from the description of the contracts.

The guarantees provided by the Group are based on the assurance that the provided products will operate as expected by customers and are handled in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

Royalty revenue

The royalty revenue of the Group will be recognized within the authorization period on the basis of straight-line after the Group gets the certification of registration on the product. The Group charged a one-time fixed royalty fee which cannot be cancelled for authorized distributors and recognize royalty revenue within the authorization period. The Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arose.

Rendering of services

The Group charged a service fee by rendering medical equipment installation service and by rendering maintenance service. Revenue from rendering of services is recognized when the service is completed. The timing of recognizing revenue is when performance obligations are met.

(16) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(17) Post-employment benefits

All regular employees of the Group are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Group. Therefore, fund assets are not included in the Group’s consolidated financial statements.

For the defined contribution plan, the Group will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employee is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The additional income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of deductible temporary differences associated with investments in

subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(20) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Operating lease commitment－Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

B. De facto control without a majority of the voting rights in subsidiaries

The Group does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Group's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Group reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of	
	December 31,	December 31,

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2023	2022
Cash on hand	$69	$68
Checking and saving accounts	11,767	20,102
Time deposits	50,920	80,286
Total	$62,756	$100,456

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

	As of	
	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Listed open-ended fund	$11,000	$16,519

Financial assets measured at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost

	As of	
	December 31, 2023	December 31, 2022
Time deposits with more than three-months maturity	$1,192,340	$1,243,740
Advance receipt trust	984	1,082
Subtotal	1,193,324	1,244,822
Less: loss allowance	-	-
Total	$1,193,324	$1,244,822
Current	$1,192,340	$1,243,740
Non-current	984	1,082
Total	$1,193,324	$1,244,822

Financial assets measured at amortized cost were not pledged.

(4) Financial assets at fair value through other comprehensive income, non-current

	As of	
	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income		

Stock of listed company	$486,996	$368,688
Stock of non-listed company	39,035	64,604
Total	$526,031	$433,292

Financial assets at fair value through other comprehensive income were not pledged.

The Group's dividend income related to equity investments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	$22,792	$ 24,148
Related to investments derecognized during the period	-	-
Dividends recognized during the period	$22,792	$ 24,148

In consideration the Group's investment strategy, the Group disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	$28,586	$19,638
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	12,836	7,083

(5) Accounts receivable and accounts receivable-related parties

	As of	
	December 31, 2023	December 31, 2022
Accounts receivable	$11,992	$4,903
Less: loss allowance	(500)	(500)
Subtotal	11,492	4,403
Accounts receivable-related parties	24,185	21,103
Less: loss allowance	-	-
Subtotal	24,185	21,103
Total	$35,677	$25,506

Accounts receivables were not pledged.

Accounts receivables are generally on 30-90-day terms. The total carrying amount as of December 31, 2023 and December 31, 2022 are NT$36,177 thousand and NT$26,006 thousand, respectively. Please refer to Note 6. (17) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Inventories

	As of	
	December 31, 2023	December 31, 2022
Raw materials	$22,862	$22,892
Work in progress	60,529	74,484
Finished goods	79,556	53,848
Merchandise inventories	143	-
Total	$163,090	$151,224

The cost of inventories recognized in expenses amounts are NT$94,846 thousand and NT$78,433 thousand for the years ended December 31, 2023 and 2022, respectively. Including the write-downs of inventories of NT$7,494 thousand and NT$6,594 thousand, respectively. Loss on disposal of inventory of NT$3,410 thousand and NT$0 thousand, respectively.

No inventories were pledged.

(7) Prepayments

	As of	
	December 31, 2023	December 31, 2022
Overpaid VAT	$28,517	$29,359
Prepayment for purchases	4,641	369
Other prepaid expenses	51	524
Prepaid insurance expenses	201	188
Others	1	2
Total	$33,411	$30,442

(8) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Owner occupied property, plant and equipment	$219,807	$247,124
Property, plant and equipment leased out under operating leases	981	-
Total	$220,788	$247,124

A. Owner occupied property, plant and equipment

	Land	Building and structures	Machinery and equipment	Molding equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost:								
As of January 1, 2023	$96,689	$18,774	$123,120	$22,656	$1,534	$328,917	$12,523	$604,213
Additions	-	-	2,965	-	85	1,857	-	4,907
Disposal	-	-	(13,845)	(6,210)	(1,239)	(2,493)	(8,295)	(32,082)
Reclassification	-	-	1,965	-	-	-	228	2,193
As of December 31, 2023	$96,689	$18,774	$114,205	$16,446	$380	$328,281	$4,456	$579,231
As of January 1, 2022	$96,689	$18,774	$122,806	$22,656	$1,534	$328,507	$11,590	$602,556
Additions	-	-	314	-	-	410	418	1,142
Disposal	-	-	-	-	-	-	(69)	(69)
Reclassification	-	-	-	-	-	-	584	584
As of December 31, 2022	$96,689	$18,774	$123,120	$22,656	$1,534	$328,917	$12,523	$604,213
Depreciation and impairment:								
As of January 1, 2023	$-	$4,025	$98,213	$17,133	$1,370	$226,468	$9,880	$357,089
Depreciation	-	451	7,062	3,069	43	22,870	1,069	34,564
Disposal	-	-	(13,836)	(6,210)	(1,238)	(2,484)	(8,145)	(31,913)
Reclassification	-	-	-	-	-	-	(316)	(316)
As of December 31, 2023	$-	$4,476	$91,439	$13,992	$175	$246,854	$2,488	$359,424
As of January 1, 2022	$-	$3,575	$91,300	$13,919	$1,332	$204,494	$8,402	$323,022
Depreciation	-	450	6,913	3,214	38	21,974	1,479	34,068
Disposal	-	-	-	-	-	-	(59)	(59)
Reclassification	-	-	-	-	-	-	58	58
As of December 31, 2022	$-	$4,025	$98,213	$17,133	$1,370	$226,468	$9,880	$357,089
Net carrying amount as of:								
December 31, 2023	$96,689	$14,298	$22,766	$2,454	$205	$81,427	$1,968	$219,807
December 31, 2022	$96,689	$14,749	$24,907	$5,523	$164	$102,449	$2,643	$247,124

Certain properties of land and building of the Group comprise a portion are purchased for self-use by the Group. However, the overall operating site of the Group is to be planned and considering the effective use of assets. The Group leased temporarily before being used for self-use. As the Group does not hold this property for rent or capital appreciation or both, it is not an investment property.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Property, plant and equipment were not pledged.

(9) Intangible assets

	Computer software	Proprietary technology	Royalties	Goodwill	Total
Cost:					
As of January 1, 2023	$1,540	$111,462	$4,500	$31,175	$148,677
Addition-acquired separately	286	-	-	-	286
As of December 31, 2023	$1,826	$111,462	$4,500	$31,175	$148,963
As of January 1, 2022	$1,917	$111,462	$4,500	$31,175	$149,054
Disposal	(377)	-	-	-	(377)
As of December 31, 2022	$1,540	$111,462	$4,500	$31,175	$148,677
Amortization and impairment:					
As of January 1, 2023	$1,143	$63,296	$2,525	$-	$66,964
Amortization	335	7,431	300	-	8,066
Disposal	-	-	-	-	-
As of December 31, 2023	$1,478	$70,727	$2,825	$-	$75,030
As of January 1, 2022	$1,167	$55,865	$2,225	$-	$59,257
Amortization	353	7,431	300	-	8,084
Disposal	(377)	-	-	-	(377)
As of December 31, 2022	$1,143	$63,296	$2,525	$-	$66,964
Net carrying amount as of:					
December 31, 2023	$348	$40,735	$1,675	$31,175	$73,933
December 31, 2022	$397	$48,166	$1,975	$31,175	$81,713

Amortization expense of intangible assets under the statements of comprehensive income:

	For the years ended December 31	
	2023	2022
Operating expense-R&D expense	$8,066	$8,084

A. AmCad BioMed Corporation-Proprietary technology: The technology contribution of NT$26,500 thousand was made in consideration of shares as a form of capital injection in connection with the provided knowledge and expertise in Ultrasound CAD and cancer related diagnosis in 2009. In 2012, Tsung-Shann Jiang, one of the shareholders voluntarily surrendered his technology shares in the amount of NT$6,250 thousand;

therefore, the technology contribution amounted to NT$20,250 thousand. In 2013, the technology contributed to the share price in the amount of NT$54,450 thousand, totaling NT$74,700 thousand, amortized over 15 years.

B. AmCad BioMed Corporation-Royalties: The Company paid royalties in the amount of NT$4,500 thousand to obtain the proprietary technology licensing of “AmCAD-US platform”, the above royalties amortized over 15 years.

C. Goodwill and proprietary technology of AmCad BioMed Corporation acquired through business combinations are NT$31,175 thousand and NT$36,762 thousand, respectively. Proprietary technology is predicted to be amortized based on the accounting practice over the amortization period of 15 years.

D. Computer software is amortized over 3~5 years by straight-line method.

(10) Impairment testing of goodwill and intangible assets with indefinite lives

For the purpose of impairment testing, goodwill acquired through business combinations with indefinite lives have been allocated to one cash-generating.

The recoverable amount of the cash-generating unit is determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The after-tax discount rate applied to cash flow projections is 16% (2022:16%) and cash flows beyond the five-year period are extrapolated using a 2.00% growth rate (2021:2.0%) that is the same as the long-term average growth rate for the industry. As a result of this analysis, management has recognized no impairment loss against goodwill previously carried at NT$31,175 thousand.

<u>Key assumptions used in value-in-use calculations</u>

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:

(a) Gross margin rate
(b) Discount rates
(c) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margin rate – The gross margin rate is estimated according to the gross profit rate of the most recent year during the financial budget period and considering the future market trend.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Group has obligation to settle.

Growth rate estimates – The growth rate is estimated based on historical experience and signed sales contracts. The long-term average growth rate of the Group's budget has been adjusted considering the speed of product innovation and the overall economic environment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash-generating unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(11) Other payables

	As of	
	December 31, 2023	December 31, 2022
Salaries and Bonus payable	$12,352	$12,052
Labor and health insurance and pension expense payable	2,776	2,375
Technical Service fee payable	2,340	2,340
Sales royalties payable	3,663	3,663
Promotion expenses payable	1,850	4,697
Commissioned research payable	9,992	8,037
Others (Note)	6,910	7,926
Total	$39,883	$41,090

Note: Individual other payables amount not exceeded NT$1,000 thousand were aggregated as others.

(12) Post-employment benefits

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Defined contribution plan

The Group adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Act, monthly contributions shall not be less than 6% of the employees' monthly wages. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$4,426 thousand and NT$4,240 thousand, respectively.

(13) Provisions, current

	Warranties
As of January 1, 2023	$1,346
Arising during the period	1,648
Reverse during the period	(1,865)
As of December 31, 2023	$1,129
As of January 1, 2022	$1,404
Arising during the period	2,132
Reverse during the period	(2,190)
As of December 31, 2022	$1,346
December 31, 2023	$1,129
December 31, 2022	$1,346

Warranties

A provision is estimated for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

(14) Equities

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Common stock

(a) The Company's authorized capital were both NT$3,000,000 thousand as of December 31, 2023 and December 31, 2022; while the issued capital were all NT$1,986,189 thousand. The Company has authorized capital were all 300,000 thousand shares, and were all issued 198,619 thousand common shares, each at a par value of NT$10, entitled to voting rights and to the receipt of distributed dividends. All of the shares are common stock.

(b) On June 16, 2009, in the meeting of shareholders, a resolution to issue 12,861 thousand private shares with the same rights and obligations as ordinary shares was passed. However, the Company could not achieve the earnings criteria, so the private shares still have not be transferred for public trading.

(c) The Company was authorized to issue employee share option. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Please refer to Note 6. (15) for more details on above-mentioned share-based payment transactions.

B. Capital surplus

	As of	
	December 31, 2023	December 31, 2022
May be used to offset a deficit only		
Changes in ownership interests	$653	164
Should not be used for any purpose		
Employee stock options	508	359
Total	$1,161	$523

The Company resolved by the Shareholders' meeting on May 24, 2022 to cover accumulated deficit by capital surplus of NT$356,521 thousand.

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

(a) Payment of all taxes and dues;
(b) Offset prior years’ operation losses;
(c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
(d) Set aside or reverse special reserve in accordance with law and regulations; and
(e) Proposing a distribution plan by the Company’s board of directors, but only a fraction of 50% of any remaining profit together with any undistributed retained earnings, and which should be resolved in the shareholders’ meeting for the distribution of dividends and bonus to shareholders.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders’ meeting. Please refer to Note 6. (19) for further details on employees’ compensation and remuneration to directors and supervisors.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

The shareholder’s meeting resolved the 2022 and 2021 earnings distribution on May 24, 2023 and May 24, 2022, respectively; the company resolved not to distribute earnings since the accumulated deficits had yet to be covered.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The board of directors' meeting approved 2023 earnings distribution on February 26, 2024, the company approved not to distribute earnings since the accumulated deficits had yet to be covered.

D. Non-controlling interests

	For the years ended December 31,	
	2023	2022
Beginning balance	$369,521	407,862
Net loss attributable to non-controlling interests	(27,030)	(35,310)
Other comprehensive income, net of tax	(442)	(3,689)
Employee stock options of subsidiaries	1,507	658
Ending balance	$343,556	$369,521

E. The earnings distribution of the Company and its subsidiaries were bases on their regulations, and there were no limitations in any rule.

(15) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

A. Share-based payment plan for employees of the parent entity

The Company was authorized on January 10, 2018 and July 5, 2023 by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 200 units and 1,000 units. Each unit entitles the holder to subscribe for 1,000 shares of the Company's ordinary shares, and the exercise price of the options was set as at the closing price of the Company's ordinary shares on the grant date. The option holders may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company. The Company has authorized new shares on January 29, 2021. The stock price granted on July 31, 2018 is recalculated and adjusted from 22.65 to 21.50 due to the change in numbers of common stock shares.

The fair value of the share options is estimated at the grant date using a Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in unit)	Exercise price of share options (NT$)
2018.07.31	50	$21.50
2023.08.02	115	$22.00

The following table contains further details on the aforementioned share-based payment plan:

	For the years ended December 31,			
	2023		2022	
	Number of share options outstanding (in unit)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	30.0	$21.50	47.5	$21.50
Granted	115.0	22.00	-	-
Forfeited	-	-	(17.5)	21.50
Outstanding at end of period	145.0	$21.50	30.0	21.50
Exercisable at end of period	25.5		16.5	
For share options granted during the period, weighted average fair value of those options at the measurement date (NT$)	$7.12		$-	

The information on the outstanding share options as of December 31, 2023 and 2022 is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2023		
share options outstanding at the end of the period	$21.50	1.58
share options outstanding at the end of the period	$22.00	4.58
As of December 31, 2022		
share options outstanding at the end of the period	$21.50	2.58

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following table lists the inputs to the model used for the plan granted on July 31, 2018 and August 2, 2023:

	July 31, 2018	August 2, 2023
Dividend value (%)	-	-
Expected volatility (%)	37.91%	40.52%
Risk-free interest rate (%)	0.73%	1.07%
Expected option life (Years)	5.50	3.88

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

B. Share-based payment plan for employees of the subsidiaries

Share-based payment plan for employees of Amcad BioMed Corporation:

On July 20, 2017, April 17, 2019, July 29, 2021 and July 10, 2023 the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 600, 500, 1,000 and 500 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company’s common shares. The exercise price of the option was set at the closing price of the Company’s common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The fair value of the share options is estimated at the grant date using a Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in unit)	Exercise price of share options (NT$)
2017.08.04	160	30.00
2018.02.23	50	30.00
2019.08.02	290	25.00
2020.02.21	140	23.00
2021.08.05	260	16.50
2022.05.09	90	17.05
2023.08.02	80	22.40

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2023.11.10	70	25.10

The following table contains further details on the aforementioned share-based payment plan:

	For the years ended December 31,			
	2023		2022	
	Number of share options outstanding (in unit)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	455	$20.52	535	$21.36
Granted	150	23.66	90	17.05
Forfeited	(80)	22.19	(170)	21.30
Exercised	(80)	16.50	-	-
Out standing at the end of period	445	22.01	455	20.52
Exercisable at end of period	94.5		86.5	
For share options granted during the period, weighted average fair value of those options at the measurement date (NT$)	$7.52		$4.92	

The information on the outstanding share options as of December 31, 2023 and 2022 is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2023		
share options outstanding at the end of the period	$25.10	4.86
share options outstanding at the end of the period	22.40	4.59
share options outstanding at the end of the period	17.05	3.35
share options outstanding at the end of the period	16.50	2.60
share options outstanding at the end of the period	23.00	3.14
share options outstanding at the end of the period	25.00	2.58
share options outstanding at the end of the period	30.00	0.59-2.15
As of December 31, 2022		
share options outstanding at the end of the period	$17.05	4.35
share options outstanding at the end of the period	16.50	3.60
share options outstanding at the end of the period	23.00	4.14
share options outstanding at the end of the period	25.00	3.58

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

share options outstanding at the end of the period	30.00	1.59-2.15

The following table lists the inputs to the model used for the plan granted for the years ended December 31, 2023:

	For the years ended December 31	
	2023	2022
Dividend value (%)	-	-
Expected volatility (%)	38.51%-40.71%	35.61%
Risk-free interest rate (%)	1.07%-1.17%	1.07%
Expected option life (Years)	3.88	3.88

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

C. Modification or cancellation of the share-based payment plan for employees

There have been no cancellations or modifications to any of the plans for the years ended December 31, 2023 and 2022.

D. The expense recognized for employee services received for the years ended December 31, 2023 and 2022, is shown in the following table.

	For the years ended December 31,	
	2023	2022
Total expense arising from equity-settled share-based payment transactions	$825	$857

(16) Operating revenue

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$151,555	$119,383
Foreign royalty revenue	-	4,431
Rendering of services	8,171	9,933
Others contract revenue	74	224
Subtotal	159,800	133,971

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Others	2,689	1,494
Total	$162,489	$135,465

Royalty revenue of the Group is recognized within the authorization period; other revenues are recognized when they satisfy the performance obligation and the recognition timing.

B. Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

Contract balances

Contract liabilities, current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales revenue	$2,729	$3,341	$1,692
Royalty revenue	-	-	4,431
Total	$2,729	$3,341	$6,123

The significant changes in the Group’s balances of contract liabilities during the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to revenue	$905	$5,236
Increase in receipts in advance during period (excluding the amount incurred and transferred to revenue during the period)	293	769

(17) Expected credit gain

	For the years ended December 31,	
	2023	2022
Operating expenses-expected credit gain		
Accounts receivable	$-	$(50)

The credit risk for the Group’s financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). As the trade partners are financial institutions with good credit, the loss allowance is NT$0 thousand measured at a loss ratio of 0%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at December 31, 2023 and December 31, 2022 are as follows:

The Group considers the grouping of accounts receivable (including accounts receivable-related parties) by counterparties' credit rating and the historical credit loss experience shows that different customer segments do not have significantly different loss patters. Therefore, the loss allowance of contact assets is measured with no distinction between groups and its loss allowance is measured by using a provision matrix, details are as follows:

		Overdue				
As of December 31, 2023	Not yet due	<=90 days	91~180 days	181~365 days	>=366 days	Total
Gross carrying amount	$34,891	$786	$-	$-	$500	$36,177
Loss ratio	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	(500)	(500)
Carrying amount						$35,677

		Overdue				
As of December 31, 2022	Not yet due	<=90 days	91~180 days	181~365 days	>=366 days	Total
Gross carrying amount	$25,210	$229	$-	$67	$500	$26,006
Loss ratio	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	(500)	(500)
Carrying amount						$25,506

The movement in the provision for impairment of accounts receivable during the years ended December 31, 2023 and 2022 is as follows:

	Accounts receivable
January 1, 2023	$500
Addition/(reversal)	-
December 31, 2023	$500

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

January 1, 2022	$550
Addition/(reversal)	(50)
December 31, 2022	$500

(18) Operating leases

A. Group as a lessee

The Group leases various properties, including buildings and structures and transportation equipment. The lease terms range from 1 to 10 years.

The Group’s leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	December 31, 2023	December 31, 2022
Buildings and structures	$24,833	$27,005
Transportation equipments	669	250
Total	$25,502	$27,255

During the year ended December 31, 2023 and 2022, the Group’s additions to right-of-use assets amounting to NT$8,697 thousand and NT$9,667 thousand, respectively.

(ii) Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	$28,002	$30,003
Current	$10,542	$9,957

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-current	$17,460	$20,046

Please refer to Note 6. 20 (D) for the financial costs on lease liabilities recognized during the year ended December 31, 2023 and 2022 and refer to Note 12. (5) liquidity risk management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings and structures	$9,825	$9,840
Transportation equipments	426	428
Total	$10,251	$10,268

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to short-term leases	$471	$1,825
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	56	56

(d) Cash outflow relating to leasing activities

During the year ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounting to NT$11,368 thousand and NT$12,723 thousand, respectively.

(e) Other information relating to leasing activities

(i) Extension and termination options

Some of the Group's agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Group as a lessor

Leases of owned properties, plant and equipment are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$4,351	$3,125

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2023 and December 31, 2022 are as follows:

	As of	
	December 31, 2023	December 31, 2022
Within a year	$2,546	1,674
More than one year but less than two years	487	1,643
More than two years but less than three years	-	479
Total	$3,033	$3,796

(19) Summary statement of employee benefit, depreciation and amortization expenses by function were as follows:

	For the year ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$18,829	$76,441	$95,270	$16,445	$77,454	$93,899

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Labor and health insurance	2,236	6,153	8,389	1,924	5,967	7,891
Pension	1,084	3,342	4,426	951	3,289	4,240
Directors' remuneration	-	7,280	7,280	-	7,120	7,120
Other employee benefits expense	998	2,506	3,504	940	2,441	3,381
Depreciation	34,574	10,465	45,039	33,393	10,962	44,355
Amortization	-	8,066	8,066	-	8,084	8,084

According to the Company's Articles of Incorporation, 3%~6% of profit of the current year is distributable as employees' compensation and no higher than 4% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Because of the operating loss for the years ended December 31, 2023 and 2022, there was no estimated amounts of the employee bonuses and remuneration to directors and supervisors.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost-Bank deposits	$18,384	$12,150
Imputed interest	13	9
Total	$18,397	$12,159

B. Other income

	For the years ended December 31,	
	2023	2022
Government grants	$3,816	$1,466
Rental income	1,662	1,631
Dividend income	22,792	24,148
Others	1,099	1,177
Total	$29,369	$28,422

C. Other gains and losses

For the years ended December 31,

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2023	2022
(Loss) gain on disposal of property, plant and equipment	$(18)	$15
Loss on disposal of property, plant and equipment	(169)	(10)
Foreign exchange gain, net	204	1,612
Net gain on financial assets at fair value through profit or loss	90	55
Gain on lease modification	1	-
Total	$108	$1,672

D. Financial costs

	For the years ended December 31,	
	2023	2022
Interest expense on lease liabilities	$344	$312

(21) Components of other comprehensive income

For the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income-before tax	Tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	$65,211	$-	$65,211	$-	$65,211

For the years ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income-before tax	Tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	$2,765	$-	$2,765	$-	$2,765

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

For the years ended December 31, 2023 and 2022, the Group recognized current income tax expense and deferred income tax expense to be both NT$0 thousand.

Income tax relating to components of other comprehensive income

For the year ended December 31, 2023 and 2022, the Group recognized deferred income tax expense to be both NT$0 thousand.

B. Information of unused loss carry-forward and tax-exemption

		Remaining Carrying		
		As of December 31,		
Current Year	Amount	2023	2022	Expiring Year
2014	$339,350	$339,350	$339,350	2024
2015	270,931	268,714	270,271	2025
2016	258,969	258,969	258,969	2026
2017	246,169	246,169	246,169	2027
2018	160,117	160,117	160,117	2028
2019	162,559	162,559	162,559	2029
2020	129,289	129,289	129,289	2030
2021	112,947	112,947	112,947	2031
2022	92,426	92,426	92,426	2032
2023	65,707	65,707	-	2033
Total	$1,838,464	$1,836,247	$1,772,097	

The differences of unused amount as of December 31, 2023 and 2022 were due to offset prior years' operation losses.

C. Unrecognized deferred tax assets

As of 31 December 2023 and 2022, deferred tax assets have not been recognized in respect of unused tax losses and deductible temporary differences amounting to NT$1,877,556 thousand, and NT$2,007,986 thousand, respectively, as the future taxable profit may not be available.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. The assessment of income tax returns

As of December 31, 2023, the assessment of income tax returns of the Company and its subsidiary is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Subsidiary-AmCad BioMed Corporation	Assessed and approved up to 2021
Subsidiary-Broadsound Corporation	Assessed and approved up to 2021

(23)Loss per share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted gain per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
Loss before tax attributable to ordinary equity holders of the Company (in thousand NT$)	$(47,117)	$(79,413)
Weighted average number of ordinary shares outstanding-for basic earnings per share (thousand shares)	198,619	198,619
Earnings (loss) per share-basic (in NT$)	$(0.24)	$(0.40)

The Company’s employee stock options have anti-dilutive effect for the years ended December 31, 2023 and 2022 when the Company encounters loss. Therefore, calculations of diluted loss per share is no required.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(24) Subsidiary that have material non-controlling interests:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial information of subsidiary that have material non-controlling interests is as follow:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	As of December 31, 2023	As of December 31, 2022
AmCad BioMed Corporation and its subsidiaries	Taiwan	64.47%	64.42%

	As of December 31, 2023	As of December 31, 2022
Accumulated balance of material non-controlling interests:		
AmCad BioMed Corporation and its subsidiaries	$343,556	$369,521

	For the years ended December 31, 2023	For the years ended December 31, 2022
Loss allocated to material non-controlling interests:		
AmCad BioMed Corporation and its subsidiaries	$(27,030)	$(35,310)

The summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarized comprehensive income information of AmCad BioMed Corporation and its subsidiaries for the years ended December 31, 2023 and 2022:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Operating revenue	$65,256	$61,630
Net loss from continuing operations	$(43,149)	$(54,343)
Total comprehensive loss	$(43,830)	$(60,069)

Summarized assets and liabilities information of AmCad BioMed Corporation and its subsidiaries as of December 31, 2023 and December 31, 2022:

	As of December 31, 2023	As of December 31, 2022
Current assets	$325,893	$359,881
Non-current assets	186,753	193,981

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Current liabilities	(24,419)	(27,360)
Non-current liabilities	(10,279)	(6,720)

Summarized cash flow information of AmCad BioMed Corporation and its subsidiaries for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
Operating activities	$(41,599)	$(34,193)
Investment activities	27,311	27,140
Financial activities	(3,098)	(4,416)
Net cash and cash equivalents outflow	$(17,386)	$(11,469)

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Maywufa Co., Ltd.	Entity with significant influence over the Company

Significant transactions with the related parties

(1) Operating revenue

	For the years ended December 31,	
	2023	2022
Maywufa Co., Ltd.	$97,170	$74,045

The sales of goods to related parties were made at the Group's usual list prices.

(2) Operating expense

	For the years ended December 31,	
	2023	2022

Maywufa Co., Ltd.	$13,198	$11,329

The determination of the price of promotion expense arranged separately.

(3) Accounts receivable

	As of	
	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	$24,185	$21,103

(4) Other receivables

	As of	
	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	$366	$-

(5) Other payables

	As of	
	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	$3,403	$6,270

The outstanding other payables from related parties are not pledged. Other payables mainly are payables for promotion expenses, utilities expenses, and expenses of participation in exhibitions.

(6) Refundable deposit

	As of	
	December 31, 2023	December 31, 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Maywufa Co., Ltd.	$1,448	$1,696

The refundable deposits are deposits paid to Maywufa Co., Ltd. for rental of a plant and an office.

(7) Lease agreement

Name of the related parties	Account	As of December 31, 2023	As of December 31, 2022
Maywufa Co., Ltd.	Right-of-use assets	$18,627	$17,879

Name of the related parties	Account	As of December 31, 2023	As of December 31, 2022
Maywufa Co., Ltd.	Lease liabilities	$21,040	$20,544

Name of the related parties	Account	For the years ended December 31, 2023	For the years ended December 31, 2022
Maywufa Co., Ltd.	Interest expense	$263	$209

The determination of the rental amount and the payment method in lease agreements with related parties were according to comparable market rental transactions, paid monthly.

(8) Other transactions with related parties

Phytohealth Corporation had commissioned Maywufa Co., Ltd. to market and sell its products in Taiwan. The contract term is set to start in January 2014 and end at the end of 2016. If neither party were not notified in writing by the expiration date that the contract would not be renewed, then it would automatically be renewed.

Phytohealth Corporation had signed a contract with Maywufa Co., Ltd. for the domestic sales. Maywufa Co., Ltd. would receive a portion of the revenue as commission for the services provided, according to the terms of the contract.

AmCad BioMed Corporation had commissioned Maywufa Co., Ltd. to market and sell its “AmCAD-Ute” in Taiwan. The contract term was set to start on April 24, 2015 and end on

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September 30, 2018. If neither party were not notified in writing by the expiration date that the contract would not be renewed, then it would automatically be renewed for one more year. The Group requested Maywufa Co., Ltd. to issue a guarantee note for NT$10,000 thousand as collateral of payment.

(9) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$20,883	$21,393
Post-employment benefits	269	286
Share-based payment	204	122
Total	$21,356	$21,801

8. Assets pledged as security

The following asset of the Group pledged as security:

	Carrying amount		
Item	December 31, 2023	December 31, 2022	Secured liabilities
Refundable deposits	$100	$1,663	Guarantee of payment for goods
Refundable deposits	600	600	Guarantee of grants
Total	$700	$2,263	

9. Commitments and contingencies

(1) AmCad BioMed Corporation with the National Taiwan University and Professor King-Jen Chang to obtain the specialized technology licensing of “Thyroid CAD system.” The contract price of NT$ 2,500 thousand was paid with NT$ 1,000 thousand cash and the Company’s shares at face value NT$ 1,500 thousand. The total payment was recognized as intangible asset. The term of the agreement was six years, from January 23, 2009 to January 22, 2015. The agreement will extend automatically annually when the term expires. According to the agreement, the Company paid royalties depending on the net sales generated from the medical equipment.

(2) AmCad BioMed Corporation entered into an agreement with the National Taiwan University and Professor Chiung-Nien Chen to obtain the specialized technology licensing of

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"AmCAD-US platform." The contract price of NT$ 4,500 thousand was paid in cash. The agreement came into effect on July 1, 2014 and will expire in 20 years following the final application date of R.O.C. patent or American patent. The term of the patent right shall ends on February 19, 2034. The Company shall pay royalties depending on the sales of the products that apply this technology during the 10 years following the day the inspection registration is obtained.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other disclosure

(1) Categories of financial instruments

Financial assets

	As of December 31, 2023	As of December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$11,000	$16,519
Financial assets at fair value through other comprehensive income	526,031	433,292
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	62,687	100,388
Financial assets measured at amortized cost	1,193,324	1,244,822
Receivables	36,061	25,569
Refundable deposits	3,817	5,235
Subtotal	1,295,889	1,376,014
Total	$1,832,920	$1,825,825

Financial liabilities

	As of December 31, 2023	As of December 31, 2022
Financial liabilities at amortized cost:		

Payables	$42,379	$46,880
Lease liabilities	28,002	30,003
Guarantee deposit received	288	288
Total	$70,669	$77,171

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with the relevant regulations. Important financial activities have to be reviewed by the board of directors and the audit committee in accordance with relevant regulations and internal control systems. During the implementation of the financial management activities, the Group must strictly comply with the relevant provisions of the financial risk management.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposit with variable interest rates and guarantee deposit received.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including bank deposit with variable interest rates and guarantee deposit received. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT$1,260 thousand and NT$1,345 thousand, respectively.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency). The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period.

The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 were decreased/increased by NT$97 thousand and NT$947 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments.

A change of 5% in the price of the listed companies stocks classified as equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the years ended December 31, 2023 and 2022 to increase/decrease by NT$24,350 thousand and NT$18,434 thousand, respectively.

Please refer to Note 12. (8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

The Group's exposure to credit risk arises from potential default of the counterparty or other third party. The level of exposure depends on several factors including concentrations of credit risk, components of credit risk, the price of contract and customer credit policy. For the years ended December 31, 2023 and 2022, the Group's credit risk amount is estimated from the contracts with positive fair value on the balance sheet date.

The Group's exposure to credit risk arising from the default of counterparties is limited to the carrying amount of these instruments. The Group mitigates the credit risks from financial institutions by limiting its counterparties to only reputable domestic or international financial institutions with good credit standing and the Group has no derivative financial instrument transactions. Consequently, there is no significant credit risk for these counterparties.

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Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, ratings from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. The Group's exposure to credit risk arising from the default of counterparties is limited to the carrying amount of accounts receivable and notes receivable.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of accounts receivable is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's investment in the financial assets accounted for at fair value through profit or loss has active market. The Group expected the financial assets to be sold easily in the market at a price close to fair value. The Group is not expected to have liquidity risk. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Payables	$42,379	$-	$-	$-	$42,379
Lease liabilities (Note)	10,840	8,691	5,075	4,328	28,934
Guarantee deposit received	-	288	-	-	288
As of December 31, 2022					
Payables	$46,880	$-	$-	$-	$46,880
Lease liabilities (Note)	10,254	13,840	3,212	3,549	30,855
Guarantee deposit received	-	288	-	-	288

Notes:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Including cash flows resulted from short-term leases or leases of low-value assets.
2. Information about the maturities of lease liabilities is provided in the table below:

	Maturities			
	Less than 1 year	1 to 5 years	6 to 10 years	Total
As of December 31, 2023	$10,542	$13,211	$4,249	$28,002
As of December 31, 2022	$9,957	$16,570	$3,476	$30,003

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the years ended December 31, 2023:

	Leases liabilities	Guarantee deposit received	Total liabilities from financing activities
As of January 1, 2023	$30,003	$288	$30,291
Cash flows	(10,841)	-	(10,841)
Non-cash changes	8,840	-	8,840
As of December 31, 2023	$28,002	$288	$28,290

Reconciliation of liabilities for the years ended December 31, 2022:

	Leases liabilities	Guarantee deposit received	Total liabilities from financing activities
As of January 1, 2022	$30,866	$280	$31,146
Cash flows	(10,842)	8	(10,834)
Non-cash changes	9,979	-	9,979
As of December 31, 2022	$30,003	$288	$30,291

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivable, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Carrying amount as of	
	December 31, 2023	December 31, 2022
Financial assets:		
Financial assets at amortized cost	$1,193,324	$1,244,822

	Fair value as of	
	December 31, 2023	December 31, 2022
Financial assets:		
Financial assets at amortized cost	$1,193,324	$1,244,822

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair values measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Listed open-ended fund	$11,000	$-	$-	$11,000
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income				
Stock of listed company	$486,996	$-	$-	$486,996
Stock of unlisted company	-	-	39,035	39,035

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Listed open-ended fund	$16,519	$-	$-	$16,519
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income				
Stock of listed company	368,688	-	-	368,688
Stock of unlisted company	-	-	64,604	64,604

Transfers between Level 1 and Level 2 during the period

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

During the nine-month periods ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Financial assets at fair value through other comprehensive income	
	December 31, 2023	December 31, 2022
Beginning balances	$64,604	$44,272
Unrealized gain from financial assets measured at fair value through other comprehensive income	3,017	20,332
Disposition for the year ended December 31, 2022	(28,586)	-
Ending balances	$39,035	$64,604
Unrealized gains and losses	$3,017	$20,332

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurement categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Market method	Volatility	20%	The higher the volatility, the lower the fair value of the stocks.	20% increase (decrease) in the volatility would result in decrease/increase in the Group's equity by NT$1,868 thousand
Financial assets at fair value through other comprehensive income					

Stock	Asset-based approach	Volatility	10%~20%	The higher the volatility, the lower the fair value of the stocks.	20% increase (decrease) in the volatility would result in decrease/increase in the Group's equity by NT$10,593 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Market method	Volatility	20%	The higher the volatility, the lower the fair value of the stocks.	20% increase (decrease) in the volatility would result in decrease/increase in the Group's equity by NT$8,374 thousand
Financial assets at fair value through other comprehensive income					
Stock	Asset-based approach	Volatility	10%~20%	The higher the volatility, the lower the fair value of the stocks.	20% increase (decrease) in the volatility would result in decrease/increase in the Group's equity by NT$10,708 thousand

<u>Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy</u>

The external evaluation institute ensures the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The group's accounting department analysis the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets measured at amortized cost	$1,193,324	$-	$-	$1,193,324

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets measured at amortized cost	$1,244,822	$-	$-	$1,244,822

(9) Capital risk management

The primary objective of the Group's capital management is to ensure that it continues to operate and maintains an optimal capital structure in order to reduce the capital cost. The strategy of the Group in 2023 is the same as that in 2022. The Group did not borrow cash from banks and monitored the capital by debt to equity ratio. The Group's debt to equity ratio is as follow (in thousands):

	As of	
	December 31, 2023	December 31, 2022
Total liabilities	$79,849	$87,175
Total equity	$2,270,662	$2,277,453
Ratio	3.52%	3.83%

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below (in thousands):

	As of December 31, 2023		
	Foreign Currency	Exchange rate	NT$
Financial assets			
Monetary item:			
USD	$317	30.71	$9,735

	As of December 31, 2022		
	Foreign Currency	Exchange rate	NT$
Financial assets			
Monetary item:			

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

USD	$3,084	30.71	$94,710

The above-mentioned foreign book value was disclosed as functional currencies.

13. Other disclosure

(1) Information of significant transactions:

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Securities held: Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock: None.

I. Financial instruments and derivative transactions: None.

J. Others: business relationships and significant transaction between parent and subsidiary and among subsidiaries: None.

(2) Information on investees

Names, locations, and related information of investees over which Phytohealth Corporation exercises significant influence (excluding information on investment in Mainland China): Please refer to Attachment 2.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in mainland China

None.

(4) Information on major share holders

Names, number of shares, percentage of membership, and related information of shareholders with ownership over 5%: Please refer to Attachment 3.

14. Segment information

For management purpose, the Group operating units were divided according to the business provided. After the implementation of the quantitative threshold, the Group has the following three reportable operating segments:

(1) Pharmaceutical drugs and dietary supplement: The segment is mainly responsible for Chinese medicine and new pharmaceutical manufacture and sale.
(2) Medical diagnostic products: The segment is mainly responsible for the development and sales of smart medical imaging diagnostic software device.
(3) Precision medical equipment: The segment is mainly responsible for research, development, manufacturing and sales of high-end ultrasonic probes.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

(1) Information on profit or loss, assets and liabilities of the reportable segment

For the year ended December 31, 2023

	Pharmaceutical drug and dietary supplements	Medical diagnostic	Precision medical equipment	Adjustment and elimination	Consolidated
Revenue from external customer	$97,233	$12,358	$52,898	$-	$162,489
Segment loss	$(30,998)	$(49,208)	$6,059	$-	$(74,147)

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For the years ended December 31, 2022

	Pharmaceutical drug and dietary supplements	Medical diagnostic	Precision medical equipment	Adjustment and elimination	Consolidated
Revenue from external customer	$73,835	$10,583	$51,047	$-	$135,465
Segment loss	$(60,380)	$(55,368)	$1,025	$-	$(114,723)

Segment revenues are eliminated at the time of consolidation and are reflected under "adjustment and elimination". All other adjustments and sales are disclosed with detailed adjustments.

(2) Assets and liabilities of the operating segment

As of December 31, 2023

	Pharmaceutical drug and dietary supplements	Medical diagnostic	Precision medical equipment	Adjustment and elimination	Other unallocated amount	Consolidated
Segment assets	$1,972,257	$402,483	$153,220	$(230,802)	$53,353	$2,350,511
Segment liabilities	$45,151	$21,900	$12,798	$-	$-	$79,849

As of December 31, 2022

	Pharmaceutical drug and dietary supplements	Medical diagnostic	Precision medical equipment	Adjustment and elimination	Other unallocated amount	Consolidated
Segment assets	$1,961,027	$441,413	$151,612	$(245,228)	$55,804	$2,364,628
Segment liabilities	$53,095	$16,831	$17,249	$-	$-	$87,175

(3) Geographical information

Revenue from external customers

	For the years ended December 31	
District	2023	2022
Taiwan	$116,267	$87,616

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

China	8,354	5,870
Asia(Excluding Taiwan and China)	8,085	2,487
Europe	27,116	36,553
Other	2,667	2,939
Total	$162,489	$135,465

(4) Information about major customers

	For the years ended December 31	
	2023	2022
Corporation A	$3,728	$10,791
Corporation B	$97,170	$74,045

PHYTOHEALTH CORPORATION

(Expressed in Thousands of New Taiwan Dollars)

Attachment 1 : Securities held as of December 31, 2023

Company	Type and Name of Securities	Relationship	Financial statement accounts	December 31, 2023				Note
				Units/Shares	Book value	Percentage of ownership	Fair value	
PHYTOHEALTH CORPORATION	Listed stock-							
	Maywufa Co., Ltd.	Investors that have significant influence over the Company	Financial assets at fair value through other comprehensive income, non-current	16,737,700 shares	$375,761	12.59%	$375,761	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	502,952 shares	23,010	-	23,010	
	Yuanta Financial Holding Co., Ltd	-	Financial assets at fair value through other comprehensive income, non-current	1,218,000 shares	33,617	-	33,617	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,200,000 shares	34,020	-	34,020	
	Unlisted stock-							
	Taiwan Incubator SME Development Corporation	-	Financial assets at fair value through other comprehensive income, non-current	2,724,920 shares	21,642	3.86%	21,642	
	Amersen Bioscience International, Inc.	-	Financial assets at fair value through other comprehensive income, non-current	227,313 shares	-	3.37%	-	
	Well-Being Biochemical Corp.	-	Financial assets at fair value through other comprehensive income, non-current	520,000 shares	-	5.34%	-	
	Amkey Biotechnology Venture Capital Inc	The director of the investee company	Financial assets at fair value through other comprehensive income, non-current	220,382 shares	9,922	9.98%	9,922	
	Fund-							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss, current	361,731 units	6,000	-	6,000	
AMCAD BIOMED CORPORATION	Listed stock-							
	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	450,000 shares	20,588	-	20,588	
	Unlisted stock-							
	Apollo Medical Optics Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,666,667 shares	7,471	3.48%	7,471	
	Fund-							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss, current	301,443 units	5,000	-	5,000	

PHYTOHEALTH CORPORATION AND ITS SUBSIDIARIES

(Expressed in Thousands of New Taiwan Dollars)

Attachment 2 : Disclose information of investees when the Company directly or indirectly exercises significant influence or control over investees

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee	Investment Income (Loss)	Note
				Ending balance	Beginning balance	Shares (in thousands)	Percentage of Ownership	Carrying Value			
PHYTOHEALTH CORPORATION	AMCAD BIOMED CORPORATION	Taipei, Taiwan	Manufaturing of medical diagnostic products	$273,241	$273,241	18,938	35.53%	$134,392	$(45,314)	$(16,119)	None
AMCAD BIOMED CORPORATION	BROADSOUND CORPORATION	Hsinchu, Taiwan	Manufacturing of medical equipment	105,425	105,425	8,073	40.00%	96,410	6,059	1,443	None

PHYTOHEALTH CORPORATION AND ITS SUBSIDIARIES

(Expressed in Thousands of New Taiwan Dollars)

Attachment 3 : Information of major shareholders

Shares / Name of major Shareholder	Number of Shares	Percentage of Ownership
Maywufa Co., Ltd.	35,130,698	17.68%

Independent Auditors' Report Translated from Chinese

To Phytohealth Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Phytohealth Corporation (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and their parent company only financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue Recognition</u>

The Company recognized operating revenue amounts to NT$97,233 thousand in 2023. The Company's principal activities consist of revenue from the sale of pharmaceutical drugs, dietary supplements. The Company recognizes revenue from the sale of pharmaceutical drugs, dietary supplements when it satisfies a performance obligation and the recognition timing. Therefore, we

considered this a key audit matter.
Our audit procedures include but are not limited to understanding the trading manners through walkthrough, and evaluating the appropriateness of the accounting policy related to revenue recognition from the sale of pharmaceutical drugs, dietary supplements and the transactions made from sales by testing the internal control effectiveness determined by management. We confirm that the timing of recognizing revenue is when performance obligations are met by reviewing the terms of transaction. We confirm the correctness of recognizing revenue from sale of pharmaceutical drugs, dietary supplements, and the existence of sales revenue by performing transactions' detail testing which includes reviewing vouchers of selected samples and cash receipts record. We check transaction records to confirm the occurrence of the revenue. We perform cutoff testing through periods before and after the balance sheet date by reviewing related documentation of selected samples.

Please refer to Note 4 and 6. (15) for revenue related accounting policies and information.

Impairment of Assets

As of December 31, 2023, the total net amount of investments accounted for under the equity method, property, plant and equipment and right-of-use assets of the Company was NT$298,225 thousand, accounted for 16% of the total assets. The Company is engaged in medical products manufacturing industry. The Company is still at loss position in the year of 2023 because the medical products are still at development stage. As of the balance sheet date, the Company based on the external and internal sources to assess whether there is any indication of impairment. If there is indication of impairment, the impairment testing for above assets is required. The result of impairment evaluation is significant to the parent company only financial statements. Therefore, we consider impairment assessment as a key audit matter.

We have conducted audit procedures including but not limited to obtaining representation letter; to evaluating the impairment indicator and cash generating unit; to obtaining the information on assessing the recoverable amount and assumptions for the annual testing of intangible assets with indefinite life. We also examined the historical and other business' financial information to evaluate whether the assumptions such as sales growth rate, gross margin, operating profit margin, and discount rate applied in the cash flow forecast are reasonable and are in conformity. In Note 4 and 5 of the parent company only financial statements to assess the appropriateness of the accounting policies and disclosures relating to the impairment of assets.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Yu, Chien-Ju
/s/Chang, Chiao-Ying
Ernst & Young, Taiwan
February 26, 2024

Notice to Readers

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

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

English Translations of Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	As of December 31, 2023	As of December 31, 2022
Current assets			
Cash and cash equivalents	4, 6	$33,098	$53,412
Financial assets at fair value through profit and loss, current	4, 6	6,000	13,504
Financial assets at amortized cost, current	4, 6	939,730	962,960
Accounts receivable, net	4, 6	159	-
Accounts receivable-related parties, net	4, 6, 7	24,171	21,000
Other receivables-related parties, net	7	366	-
Inventories	4, 6	138,068	127,897
Prepayments	6	31,338	29,419
Other current assets		633	391
Total current assets		1,173,563	1,208,583
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6	497,972	404,552
Financial assets at amortized cost, non-current	4, 6	984	1,082
Investments accounted for under the equity method	4, 6	134,392	150,261
Property, plant and equipment	4, 6, 7	152,359	177,537
Right-of-use assets	4, 6, 7	11,220	17,036
Intangible assets	4, 6	254	-
Prepayments for equipment		-	463
Refundable deposits	7	1,513	1,513
Total non-current assets		798,694	752,444
Total assets		$1,972,257	$1,961,027

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translations of Financial Statements Originally Issued in Chinese
PHYTOHEALTH CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	As of December 31, 2023	As of December 31, 2022
Current liabilities			
Contract liabilities, current	4, 6	$675	$675
Accounts payable		543	4,729
Other payables	6, 7	25,281	22,998
Lease liabilities, current	4, 6, 7	6,145	6,079
Other current liabilities		315	277
Total current liabilities		32,959	34,758
Non-current liabilities			
Lease liabilities, non-current	4, 6, 7	7,469	13,614
Other non-current liabilities		4,723	4,723
Total non-current liabilities		12,192	18,337
Total liabilities		45,151	53,095
Equity			
Capital			
Common stock	4, 6	1,986,189	1,986,189
Capital surplus	4, 6	1,161	523
Retained earnings	4, 6		
Accumulated deficits	6	(191,106)	(156,825)
Other components of equity	6		
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		130,862	78,045
Total equity		1,927,106	1,907,932
Total liabilities and equity		$1,972,257	$1,961,027

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translations of Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended December 31, 2023	2022
Operating revenue	4, 6, 7	$97,233	$73,835
Operating costs	6	(70,614)	(54,849)
Gross profit		26,619	18,986
Operating expenses	4, 6, 7		
Sales and marketing expense		(14,773)	(14,591)
General and administrative expense		(31,066)	(31,241)
Research and development expense		(48,472)	(65,521)
Total operating expenses		(94,311)	(111,353)
Operating loss		(67,692)	(92,367)
Non-operating income and expenses			
Interest income	6	14,094	9,020
Other income	4, 6	22,640	23,192
Other gains and losses	6	181	(29)
Financial costs	4, 6, 7	(221)	(196)
Share of profit or loss of subsidiary, associates and joint ventures accounted for using the equity method		(16,119)	(19,033)
Total non-operating income and expenses		20,575	12,954
Net loss before income tax		(47,117)	(79,413)
Income tax expense	4, 6	-	-
Net loss		(47,117)	(79,413)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains on financial assets at fair value through other comprehensive income	4, 6	65,892	8,492
Share of other comprehensive income of subsidiary which will not be reclassified subsequently to profit or loss	4, 6	(239)	(2,038)
Total other comprehensive income, net of tax		65,653	6,454
Total comprehensive income (loss)		$18,536	$(72,959)
Earnings (loss) per share (in NT$)			
Loss per share - basic			
Net loss	6	$(0.24)	$(0.40)

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translations of Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings	Other components of equity	
	Common stock	Capital surplus	Accumulated deficits	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)	Total equity
Balance as of January 1, 2022	$1,986,189	$356,845	$(441,016)	$78,674	$1,980,692
Capital surplus used to offset accumulated deficit	-	(356,521)	356,521	-	-
Net loss for the year ended December 31, 2022	-	-	(79,413)	-	(79,413)
Other comprehensive income, net of tax for the year ended December 31, 2022	-	-	-	6,454	6,454
Total comprehensive income (loss)	-	-	(79,413)	6,454	(72,959)
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	7,083	(7,083)	-
Changes in subsidiary ownership	-	164	-	-	164
Share-based payment transactions	-	35	-	-	35
Balance as of December 31, 2022	$1,986,189	$523	$(156,825)	$78,045	$1,907,932
Balance as of January 1, 2023	$1,986,189	$523	$(156,825)	$78,045	$1,907,932
Net loss for the year ended December 31, 2023	-	-	(47,117)	-	(47,117)
Other comprehensive income, net of tax for the year ended December 31, 2023	-	-	-	65,653	65,653
Total comprehensive income (loss)	-	-	(47,117)	65,653	18,536
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	12,836	(12,836)	-
Changes in subsidiary ownership	-	489	-	-	489
Share-based payment transactions	-	149	-	-	149
Balance as of December 31, 2023	$1,986,189	$1,161	$(191,106)	$130,862	$1,927,106

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translations of Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31,	
	2023	2022
Cash flows from operating activities :		
Net loss before tax	$(47,117)	$(79,413)
Adjustments:		
Depreciation	35,608	34,813
Amortization	32	-
Net gain on financial assets at fair value through profit or loss	4	-
Interest expense	221	196
Interest revenue	(14,094)	(9,020)
Dividend income	(22,387)	(22,573)
Share-based payment	149	35
Loss on share of profit or loss of subsidiary, associates and joint ventures accounted for using the equity method	16,119	19,033
Gain on disposal of investments	(75)	(55)
Changes in operating assets and liabilities:		
Accounts receivable	(159)	-
Accounts receivable-related parties, net	(3,171)	(6,565)
Other receivables, net	-	49
Other receivables, net - related parties, net	(366)	-
Inventories, net	(10,171)	(3,514)
Prepayments	(1,919)	5,100
Other current assets	(242)	64
Accounts payable	(4,186)	3,895
Other payables	2,283	754
Other current liabilities	38	49
Cash outflow generated from operations	(49,433)	(57,152)
Interest received	14,094	9,020
Dividend received	22,387	22,573
Interest paid	(221)	(196)
Net cash used in operating activities	(13,173)	(25,755)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income, non-current	(56,114)	(1,328)
Proceeds from disposal of financial assets at fair value through other comprehsive income	28,586	19,638
Return of funds to financial assets measured at amortized cost	23,328	35,301
Acquisition of financial assets at fair value through profit and loss, current	(58,000)	(254,500)
Proceeds from disposal of financial assets at fair value through profit or loss, current	65,575	251,060
Acquisition of property, plant and equipment	(4,614)	(528)
Decrease in refundable deposits	-	600
Acquisition of intangible assets	(286)	-
Decrease (increase) in prepayment for business facilities	463	(463)
Net cash (used in) provided by investing activities	(1,062)	49,780
Cash flows from financing activities :		
Cash payment for the principal portion of the lease liabilities	(6,079)	(6,106)
Net cash used in financing activities	(6,079)	(6,106)
Net (decrease) increase in cash and cash equivalents	(20,314)	17,919
Cash and cash equivalents at beginning of year	53,412	35,493
Cash and cash equivalents at end of year	$33,098	$53,412

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translations of Parent Company Only Financial Statements Originally Issued in Chinese

PHYTOHEALTH CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Phytohealth Corporation ("the Company") was incorporated in the Republic of China (the "R.O.C.") on November 24, 1998 and commenced business on December 1, 2000. The Company primarily engages in the R&D, production, manufacture and sale of pharmaceutical drugs, cosmetics, Class B drugs and dietary supplements. The Company's Chinese name was modified as of July 4, 2008.

The Company's shares have been listed on the Taiwan Stock Exchange ("TWSE") since July 16, 2008.

The Company's new PG2® Lyophilized Injection ("PG2®") is for the treatment of Cancer Related Fatigue ("CRF"), and this new drug's certificate of pharmaceutical produce ("CPP") was received in April, 2010. It was the first new prescription drug that was developed and produced in Taiwan and approved by the Taiwan Ministry of Health and Welfare. The new dosage form of PG2® Lyophilized Injection ("PG2®") and Oraphine Soft Capsules were approved by the Taiwan Ministry of Health and Welfare and received by the Company in October, 2015 and March, 2020, respectively, in order to enhance productivity and increase the clinical use.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements ("The Company") for the years ended December 31, 2023 and 2022, were authorized for issue by the Board of Directors on February 26, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Newly issued standards and interpretations have no material impact on the Company.

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

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

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The foregoing standards and interpretations have no material impact on the Company.

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at its respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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

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

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

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

(4) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle
B. The Company holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

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

(6) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

(a) the Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

In addition, for the equity instruments that are covered by the International Financial Reporting Standards No. 9, and the equity instruments are neither held for trading nor contingent consideration recognized by the acquirer in the business combination of International Financial Reporting Standard No. 3, when initially recognized, they selected (irrevocable) to report their subsequent changes in fair value in other comprehensive income. The amount presented in other comprehensive profit or loss cannot subsequently be transferred to profit or loss (when the disposal of these equity instruments, the cumulative amount of other equity items will be directly transferred to the retained earnings) and measured at fair value through other comprehensive income. The financial assets are presented on the balance sheet. Dividends on investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the investment costs.

Financial assets at fair value through profit or loss

Except for the aforesaid situations in which certain conditions are met and measured at post-amortization costs or at fair value through other comprehensive income, financial assets are measured at fair value through profit or loss, and financial assets at fair value through profit or loss are presented on balance sheet.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measure the loss allowance at an amount equal to life time expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase at actual cost, on a weighted average basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(9) Investments accounted for using the equity method

According to Art. 21 of Regulation Governing the Preparation of Financial Reports by

Securities Issuers, the Company's investments in its subsidiaries are presented as Investments accounted for using equity method with necessary adjustments so that the net income and other comprehensive income of individual financial report equal the net income and other comprehensive income attributed to the parent of consolidated financial report, and that the shareholder's equity of individual financial report equals the shareholder's equity attributed to the parent of consolidated financial report. Considering the accounting treatment for investment in subsidiaries specified in IFRS 10 "Consolidated Financial Reports", and the different accounting treatments for different level of investees, necessary adjustments are made by debiting or crediting "Investments accounted for using equity method", "Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method", and "Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method".

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Building and structures	43 years
Machinery and equipment	5～15 years
Office equipment	5～10 years
Other equipment	5～10 years
Lease Improvement	The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(11) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use assets and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and

E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use assets, the Company measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use assets applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
B. Its intention to complete and its ability to use or sell the asset
C. How the asset will generate future economic benefits
D. The availability of resources to complete the asset
E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies information applied to the Company’s intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired
Amortization lives	3～5 years

(13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(15) Revenue recognition

The revenue from the contract between the Company and the customer mainly includes sales of goods and licensing income. The accounting treatments are described as follows:

<u>Sales of goods</u>

Revenue from sales of goods is recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main products of the Company are pharmaceutical drugs, dietary supplements, medical diagnosis system and medical devices. The Company recognizes revenue from the description of the contracts.

The credit period of the Company's sale of goods is 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

Rendering of services

The Company charged a service fee by rendering medical equipment installation service and by rendering maintenance service. Revenue from rendering of services is recognized when the service is completed. The timing of recognizing revenue is when performance obligations are met.

(16) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employee is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The additional income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company’s parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Please see detailed explanations in Note 6.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2023	December 31, 2022
Cash on hand	$25	$25
Checking and saving accounts	4,113	3,487
Time Deposits	28,960	49,900
Total	$33,098	$53,412

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

	As of	
	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Listed open-ended fund	$6,000	$13,504

Financial assets measured at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of	
	December 31, 2023	December 31, 2022
Time deposits with more than three-months maturity	$939,730	$962,960
Advance receipt trust	984	1,082
Subtotal	940,714	964,042
Less: loss allowance	-	-
Total	$940,714	$964,042
Current	$939,730	$962,960
Non-current	984	1,082
Total	$940,714	$964,042

Financial assets measured at amortized cost were not pledged.

(4) Financial assets at fair value through other comprehensive income, non-current

	As of	
	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income		
Stock of listed company	$466,408	$350,688
Stock of non-listed company	31,564	53,864
Total	$497,972	$404,552

Financial assets at fair value through other comprehensive income were not pledged.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	$22,387	$22,573
Related to investments derecognized during the period	-	-
Dividends recognized during the period	$22,387	$22,573

In consideration of the Company's investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	$28,586	$19,638
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	12,836	7,083

(5) Accounts receivable

	As of	
	December 31, 2023	December 31, 2022
Accounts receivable	$159	$-
Less: Allowance for losses	-	-
Subtotal	159	-
Accounts receivable – related parties	24,171	21,000
Less: Allowance for losses	-	-
Subtotal	24,171	21,000
Total	$24,330	$21,000

Accounts receivable were not pledged.

Accounts receivable are generally on 90 day terms. The total carrying amount as of December 31, 2023 and 2022 are NT$24,330 thousand and NT$21,000 thousand, respectively. Please refer to Note 12, for more details on credit risk management.

The Company measures the allowance of its receivables at an amount equal to lifetime expected credit losses. The historical credit loss experience shows that different customer segments do not have significantly different loss patterns. Therefore, the loss allowance is measured at an amount equal to lifetime expected credit losses and with no distinction between groups. In addition, based on the historical default rate and subsequent collections, the Company assesses that there are no material credit losses on receivables which are not overdue or overdue within 90 days from customers with great credit ratings. The relevant information of provision matrix as of December 31, 2023 and 2022, was as follows:

As of December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

		Overdue				
	Not yet due	<=90 days	91-180 days	181-365 days	>366 days	Total
Gross carrying amount	$24,330	$-	$-	$-	$-	$24,330
Loss rate	-	-	-	-	-	-
Lifetime expected credit losses	-	-	-	-	-	-
Total						$24,330

As of December 31, 2022

		Overdue				
	Not yet due	<=90 days	91-180 days	181-365 days	>366 days	Total
Gross carrying amount	$21,000	$-	$-	$-	$-	$21,000
Loss rate	-	-	-	-	-	-
Lifetime expected credit losses	-	-	-	-	-	-
Total						$21,000

(6) Inventories

	As of	
	December 31, 2023	December 31, 2022
Raw materials	$9,592	$11,583
Supplies and parts	2,750	2,067
Work in progress	52,595	63,851
Finished goods	73,131	50,396
Total	$138,068	$127,897

The cost of inventories recognized in expenses amounts are NT$70,614 thousand and NT$54,849 thousand for the years ended December 31, 2023 and 2022, respectively. Including the write-downs inventories of NT$8,827 thousand and NT$6,594 thousand, respectively.

No inventories were pledged.

(7) Prepayments

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of	
	December 31, 2023	December 31, 2022
Overpaid VAT	$27,971	$28,739
Prepayment for purchases	3,255	368
Other prepaid expenses	-	200
Prepaid insurance expenses	112	112
Total	$31,338	$29,419

(8) Investments accounted for under the equity method

The following table lists the investments accounted for using the equity method of the Company:

	As of			
	December 31, 2023		December 31, 2022	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidies:				
AmCad BioMed Corporation	$134,392	35.53%	$150,261	35.58%

Investment in subsidiary was accounted for investment accounted for under equity method when preparing the parent company only financial statements.

No investments were pledged.

(9) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	$152,359	$177,537

A. Owner occupied property, plant and equipment

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Building and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost:							
As of January 1, 2023	$43,748	$10,632	$108,007	$295	$328,097	$3,065	$493,844
Additions	-	-	2,757	-	1,857	-	4,614
Disposal	-	-	(1,700)	-	(1,673)	(2,089)	(5,462)
As of December 31, 2023	$43,748	$10,632	$109,064	$295	$328,281	$976	$492,996
As of January 1, 2022	$43,748	$10,632	$108,007	$295	$327,686	$2,948	$493,316
Additions	-	-	-	-	411	117	528
As of December 31, 2022	$43,748	$10,632	$108,007	$295	$328,097	$3,065	$493,844
Depreciation and impairment:							
As of January 1, 2023	$-	$3,194	$84,688	$138	$225,683	$2,604	$316,307
Depreciation	-	247	6,458	29	22,844	214	29,792
Disposal	-	-	(1,700)	-	(1,673)	(2,089)	(5,462)
As of December 31, 2023	$-	$3,441	$89,446	$167	$246,854	$729	$340,637
As of January 1, 2022	$-	$2,947	$78,313	$108	$203,754	$2,188	$287,310
Depreciation	-	247	6,375	30	21,929	416	28,997
As of December 31, 2022	$-	$3,194	$84,688	$138	$225,683	$2,604	$316,307
Net carrying amount as of:							
December 31, 2023	$43,748	$7,191	$19,618	$128	$81,427	$247	$152,359
December 31, 2022	$43,748	$7,438	$23,319	$157	$102,414	$461	$177,537

Property, plant and equipment were not pledged.

(10) Intangible asset

	Computer software
Cost:	
As of January 1, 2023	$-
Addition-acquired separately	286
As of December 31, 2023	$286

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of January 1, 2022	$-
Addition-acquired separately	-
As of December 31, 2022	$-
Amortization and impairment:	
As of January 1, 2023	$-
Amortization	32
As of December 31, 2023	$32
As of January 1, 2022	$-
Amortization	-
As of December 31, 2022	$-
Net carrying amount as of:	
December 31, 2023	$254
December 31, 2022	$-

Amortization expense of intangible assets under the statements of comprehensive income:

	For the years ended December 31,	
	2023	2022
Research and development expense	$32	$-

No investment property was pledged.

(11) Other payables

	For the years ended December 31,	
	2023	2022
Salaries and bonus payable	$6,070	$5,925
Labor and health insurance and pension expense payable	1,016	722
Technical service fee payable	2,340	2,340
Sales royalties payable	3,663	3,663
Business promotion expresses payable	1,850	4,697
Commissioned research payable	5,814	837
Others (Note)	4,528	4,814

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Total	$25,281	$22,998

Note: Individual other payables amount not exceeded NT$1,000 thousand were aggregated as others.

(12) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Act, monthly contributions shall not be less than 6% of the employees' monthly wages. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the year ended December 31, 2023 and 2022 were NT$1,820 thousand and NT$1,695 thousand, respectively.

(13) Equities

A. Common stock

(a) The Company's authorized capital were both NT$3,000,000 thousand as of December 31, 2023 and 2022; while the issued capital were all NT$1,986,189 thousand. The Company has authorized capital were all 300,000 thousand shares and were all 198,619 thousand common shares, each at a par value of NT$10, entitled to voting rights and to the receipt of distributed dividends. All of the shares are common stock.

(b) On June 16, 2009, in the meeting of shareholders, a resolution to issue 12,861 thousand private shares with the same rights and obligations as ordinary shares was passed. However, the Company could not achieve the earnings criteria, so the private shares still have not be transferred for public trading.

(c) The Company was authorized to issue employee share option. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Please refer to Note 6. (14) for more details on above-mentioned share-based payment transactions.

B. Capital surplus

	As of	
	December 31, 2023	December 31, 2022
May be used to offset a deficit only		
Changes in ownership interests	$653	164
Should not be used for any purpose		
Employee stock options	508	359

Total	$1,161	$523

The Company resolved by Board of Director's meeting on May 24, 2022 to cover accumulated deficit by capital surplus of NT$356,521 thousand.

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

(a) Payment of all taxes and dues;
(b) Offset prior years' operation losses;
(c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
(d) Set aside or reverse special reserve in accordance with law and regulations; and
(e) Proposing a distribution plan by the Company's board of directors, but only a fraction of 50% of any remaining profit together with any undistributed retained earnings, and which should be resolved in the shareholders' meeting for the distribution of dividends and bonus to shareholders.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. Please refer to Note 6.(17) for further details on employees' compensation and remuneration to directors and supervisors.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The shareholder's meetings approved the 2022 and 2021 earnings distribution on May 24, 2023 and May 24, 2022, respectively ; the company resolved not to distribute earnings since the accumulated deficits had yet to be covered.

(14) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

A. Share-based payment plan for employees of the parent entity

The Company was authorized on January 10, 2018 and July 5, 2023 by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 200 units and 1,000 units. Each unit entitles the holder to subscribe for 1,000 shares of the Company's ordinary shares, and the exercise price of the options was set as at the closing price of the Company's ordinary shares on the grant date. The option holders may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company. The Company has authorized new shares on January 29, 2021. The stock price granted on July 31, 2018 is recalculated and adjusted from 22.65 to 21.50 due to the change in numbers of common stock shares.

The fair value of the share options in estimated at the grant date using a Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in unit)	Exercise price of share options (NT$)
2018.07.31	50	$21.50
2023.08.02	115	$22.00

The following table contains further details on the aforementioned share-based payment plan:

	For the years ended December 31,			
	2023		2022	
	Number of share options outstanding (in unit)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	30.0	$21.50	47.5	$21.50
Granted	115.0	22.00	-	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Forfeited	-	-	(17.5)	21.50
Outstanding at end of period	145.0	21.50	30.0	21.50
Exercisable at end of period	25.5		16.5	
For share options granted during the period, weighted average fair value of those options at the measurement date (NT$)	$7.12		$-	

The information on the outstanding share options as of December 31, 2023 and 2022 IS as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2023		
share options outstanding at the end of the period	$21.50	1.58
share options outstanding at the end of the period	$22.00	4.58
As of December 31, 2022		
share options outstanding at the end of the period	$21.50	2.58

The following table lists the inputs to the model used for the plan granted on July 31, 2018 and August 2, 2023:

	2018.07.31	2023.08.02
Dividend yield (%)	-	-
Expected volatility (%)	37.91%	40.52%
Risk-free interest rate (%)	0.73%	1.07%
Expected option life (Years)	5.50	3.88
Weighted average share price ($)	$8.0532	$7.1171
Option pricing model	Black-Scholes	Black-Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

B. Modification or cancellation of the share-based payment plan for employees

There have been no cancellations or modifications to any of the plans for the years ended

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

December 31, 2023 and 2022.

C. The expense recognized for employee services received for the years ended December 31, 2023 and 2022, is shown in the following table.

	For the years ended December 31,	
	2023	2022
Total expense arising from equity-settled share-based payment transactions	$149	$35

(15) Operating revenue

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$96,859	$73,611
Rendering of services	300	150
Others contract revenue	74	224
Total	$97,233	$73,835

All the revenues of the Company are recognized when they satisfy the performance obligation and the recognition timing.

B. Contract balances

Contract liabilities, current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales revenue	$675	$675	$675

Management expects that the unsatisfied performance obligations will be recognized as revenue during the year 2024.

(16) Operating leases

A. Company as a lessee

The Company leases various properties, including buildings and structures and transportation equipment. The lease terms range from 2 to 10 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	December 31, 2023	December 31, 2022
Buildings and structures	$11,220	$17,036

During the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounting to NT$0 thousand and NT$9,667 thousand, respectively.

(ii) Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	$13,614	$19,693
Current	$6,145	$6,079
Non-current	$7,469	13,614

Please refer to Note 6. (18) D for the interest expense on lease liabilities recognized during the years ended December 31, 2023 and 2022 and refer to Note 12. (5) liquidity risk management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings and structures	$5,816	$5,816

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	$74	$329
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	56	56

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounting to NT$6,430 thousand and NT$6,687 thousand, respectively.

(e) Other information relating to leasing activities

(i) Extension and termination options

Some of the Company's agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(17) Summary statement of employee benefit, depreciation and amortization expenses by function were as follows:

	For the years ended December 31,					
	2023			2022		
	Operating	Operating	Total	Operating	Operating	Total

	cost	expenses	amount	cost	expenses	amount
Employee benefits expense						
Salaries	$9,832	$31,069	$40,901	$7,515	$32,219	$39,734
Labor and health insurance	1,135	2,237	3,372	860	2,228	3,088
Pension	549	1,271	1,820	421	1,274	1,695
Directors' remuneration	-	3,500	3,500	-	3,425	3,425
Other employee benefits expenses	505	805	1,310	433	749	1,182
Depreciation	30,789	4,819	35,608	29,791	5,022	34,813
Amortization	-	32	32	-	-	-

The average headcounts of the Company were 53 and 50, including both 10 non-employee directors for the years ended December 31, 2023 and 2022.

The average employee benefits expenses of the Company were NT$1,102 thousand and NT$1,142 thousand for the years endeds, 2023 and 2022, respectively.

The average salaries expenses of the Company were NT$951 thousand and NT$993 thousand for the years ended 2023 and 2022, respectively; while the variance was (4.23)%. Based on the Company has established the Audit Committee in replacement of supervisors, therefore the supervisors' remuneration were not estimated.

According to the wages and salaries policy of the Company, the payment depends on the position compared to the average salaries of comparable corporations in the market, on the responsibilities of the position, and on the contributions to the operational goal. The directors decide the salaries rely on the degree of the participation on the operation and the value of the contributions and refer to the domestic and abroad comparable companies' average salaries. In addition, the Company evaluates the salaries of the management through the rules of the management's salaries. The salaries of the directors and the managers are adopted by the Remuneration Committee and reported to the Board of Directors for resolution.

According to the Company's Articles of Incorporation, 3%~6% of profit of the current year is distributable as employees' compensation and no higher than 4% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on profit of the years ended December 31, 2023 and 2022, the Company estimated the amounts of the employee bonuses and remuneration to directors and supervisors to be both NT$0 thousand.

(18) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost-Bank deposit	$14,094	$9,020

B. Other income

	For the years ended December 31,	
	2023	2022
Dividend income	$22,387	22,573
Others	253	619
Total	$22,640	$23,192

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Net (loss) on financial assets at fair value through profit or loss	$(4)	$(1)
Gain on disposal of investments	75	55
Foreign exchange gain (loss), net	110	(83)
Total	$181	$(29)

D. Financial costs

	For the years ended December 31,	
	2023	2022
Interest expense on lease liabilities	$221	$196

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Components of other comprehensive income

For the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income-before tax	Tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	$65,892	$-	$65,892	$-	$65,892
Share of other comprehensive income of subsidiary accounted for using the equity method	(239)	-	(239)	-	(239)
Total of other comprehensive income	$65,653	$-	$65,653	$-	$65,653

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income-before tax	Tax income (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instrument investments measured at fair value through other comprehensive income	$8,492	$-	$8,492	$-	$8,492
Share of other comprehensive income of subsidiary accounted for using the equity method	(2,038)	-	(2,038)	-	(2,038)
Total of other comprehensive income	$6,454	$-	$6,454	$-	$6,454

(20) Income tax

A. The major components of income tax expense (income) are as follow:

Income tax expense (income) recognized in profit or loss

For the years ended December 31, 2023 and 2022, the Company recognized current income tax expense and deferred income tax expense to be both NT$0.

Income tax relating to components of other comprehensive income

For the years ended December 31, 2023 and 2022, the Company recognized deferred income tax expense to be both NT$0 thousand.

B. Information of unused loss carry-forward and tax-exemption:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

		Remaining Carrying Amount As of December 31		
Current year	Amount	2023	2022	Expiring Year
2014	$302,905	$302,905	$302,905	2024
2015	202,775	202,775	202,775	2025
2016	191,182	191,182	191,182	2026
2017	163,207	163,207	163,207	2027
2018	105,301	105,301	105,301	2028
2019	120,871	120,871	120,871	2029
2020	92,526	92,526	92,526	2030
2021	94,042	94,042	94,042	2031
2022	52,659	52,659	52,659	2032
2023	21,736	21,736	-	2033
	$1,347,174	$1,347,174	$1,325,438	

C. Unrecognized deferred tax assets

As of 31 December 2023 and 2022, deferred tax assets have not been recognized in respect of unused tax losses and deductible temporary differences amounting to NT$1,375,112 thousand, and NT$1,522,246 thousand, respectively, as the future taxable profit may not be available.

D. The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021

(21) Loss per share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted gain per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31,	
	2023	2022
Net loss attributable to ordinary equity holders of the Company (in thousand NT$)	$(47,117)	$(79,413)
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	198,619	198,619
Basic earnings per share (in NT$)	$(0.24)	$(0.40)

The Company’s employee stock options have anti-dilutive effect when the Company encounters loss. Therefore, calculations of diluted loss per share is no required.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Maywufa Co., Ltd.	Entity with significant influence over the Company

Significant transactions with the related parties

(1) Sales

	For the years ended December 31,	
	2023	2022
Maywufa Co., Ltd.	$96,859	$73,611

The sales of goods to related parties were made at the Company’s usual list prices.

(2) Operating expense

	For the years ended December 31,	
	December 31, 2023	December 31, 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Maywufa Co., Ltd.	$13,198	$11,329

The determination of the price of promotion expenses were arranged separately.

(3) Accounts receivable

	As of	
	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	$24,171	$21,000

(4) Other receivables

	As of	
	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	$366	$-

(5) Other payables

	As of	
	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	$3,291	$6,093

The outstanding other payables from related parties are not pledged. Other payables mainly are payables for promotion expenses, utilities expenses and expenses of participation in exhibitions.

(6) Refundable deposit

	As of	
	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	$1,448	$1,448

The refundable deposits are deposits paid to Maywufa Co., Ltd. for rental of a plant and an office.

(7) Lease agreement

		As of	
Name of the related parties	Account	December 31,	December 31,

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

		2023	2022
Maywufa Co., Ltd.	Right-of-use assets	$11,220	$17,036

		As of	
Name of the related parties	Account	December 31, 2023	December 31, 2022
Maywufa Co., Ltd.	Lease liabilities	$13,614	$19,693

		For the years ended December 31,	
Name of the related parties	Account	2023	2022
Maywufa Co., Ltd.	Interest expense	$221	$196

The determination of the rental amount and the payment method in lease agreements with related parties were according to comparable market rental transactions, paid monthly.

(8) Other transactions with related parties

Phytohealth Corporation had commissioned Maywufa Co., Ltd. to market and sell its products in Taiwan. The contract term is set to start in January 2014 and end at the end of 2016. If neither party were not notified in writing by the expiration date that the contract would not be renewed, then it would automatically be renewed.

Phytohealth Corporation had signed a contract with Maywufa Co., Ltd. for the domestic sales. Maywufa Co., Ltd. would receive a portion of the revenue as commission for the services provided, according to the terms of the contract.

(9) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$9,413	$9,581
Post-employment benefits	108	121
Total	$9,521	$9,702

8. Assets pledged as security

None.

9. Commitments and contingencies

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other disclosure

(1) Categories of financial instruments

Financial assets

	As of	
	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$6,000	$13,504
Financial assets at fair value through other comprehensive income	497,972	404,552
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	33,073	53,387
Financial assets at amortized cost	940,714	964,042
Receivables	24,696	21,000
Refundable deposits	1,513	1,513
Subtotal	999,996	1,039,942
Total	$1,503,968	$1,457,998

Financial liabilities

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Payables	$25,824	$27,727
Lease liabilties	13,614	19,693
Total	$39,438	$47,420

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with the relevant regulations. Important financial activities have to be reviewed by the board of directors and the audit committee in accordance with relevant regulations and internal control systems. During the implementation of the financial management activities, the Company must strictly comply with the relevant provisions of the financial risk management.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank deposit with variable interest rates and guarantee deposit received.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including bank deposit with variable interest rates and guarantee deposit received. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT$975 thousand and NT$636 thousand, respectively.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency). The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period.

The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. Because the amount of non-functional currency is immaterial, there was no significant foreign currency risk for the years ended December 31, 2023 and 2022.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments.

A change of 5% in the price of the listed companies stocks classified as equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the years ended December 31, 2023 and 2022 to increase/decrease by NT$23,321 thousand and NT$17,534 thousand, respectively.

Please refer to Note 12. (8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

The Company's exposure to credit risk arises from potential default of the counterparty or other third party. The level of exposure depends on several factors including concentrations of credit risk, components of credit risk, the price of contract and customer credit policy. For the years ended December 31, 2023, and 2022, the Company's credit risk amount is estimated from the contracts with positive fair value on the balance sheet date.

The Company's exposure to credit risk arising from the default of counterparties is limited to the carrying amount of these instruments. The Company mitigates the credit risks from financial institutions by limiting its counterparties to only reputable domestic or international financial institutions with good credit standing and the Company has no derivative financial instrument transactions. Consequently, there is no significant credit risk for these counterparties.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, ratings from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. The Company's exposure to credit risk arising from the default of counterparties is limited to the carrying amount of accounts receivable and notes receivable.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company adopted IFRS 9 to assess the expected credit losses Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company's investment in the financial assets accounted for at fair value through profit or loss has active market. The Company expected the financial assets to be sold easily in the market at a price close to fair value. The Company is not expected to have liquidity risk. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Payables	$25,824	$-	$-	$-	$25,824
Lease liabilities (Note)	6,300	2,839	2,839	2,129	14,107
As of December 31, 2022					
Payables	$27,727	$-	$-	$-	$27,727
Lease liabilities (Note)	6,300	7,720	2,839	3,549	20,408

Notes:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Including cash flows resulted from short-term leases or leases of low-value assets.

2. Information about the maturities of lease liabilities is provided in the table below:

	Maturities			
	Less than 1 year	1 to 5 years	6 to 10 years	Total
As of December 31, 2023	$6,145	$5,367	$2,102	$13,614
As of December 31, 2022	$6,079	$10,138	$3,476	$19,693

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2023:

	Leases liabilities	Total liabilities from financing activities
As of January 1, 2023	$19,693	$19,693
Cash flows	(6,300)	(6,300)
Non-cash changes	221	221
As of December 31, 2023	$13,614	$13,614

Reconciliation of liabilities for year ended December 31, 2022:

	Leases liabilities	Total liabilities from financing activities
As of January 1, 2022	$16,132	$16,132
Cash flows	(6,302)	(6,302)
Non-cash changes	9,863	9,863
As of December 31, 2022	$19,693	$19,693

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Other than cash and cash equivalents, accounts receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Company's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of	
	December 31, 2023	December 31, 2022
Financial assets:		
Financial assets at amortized cost	$940,714	$964,042

	Fair value as of	
	December 31, 2023	December 31, 2022
Financial assets:		
Financial assets at amortized cost	$940,714	$964,042

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair values measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Listed open-ended fund	$6,000	$-	$-	$6,000
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income				
Stock of listed company	466,408	-	-	466,408
Stock of unlisted company	-	-	31,564	31,564

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Listed open-ended fund	$13,504	$-	$-	$13,504
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income				
Stock of listed company	350,688	-	-	350,688
Stock of unlisted company	-	-	53,864	53,864

<u>Transfers between Level 1 and Level 2 during the period</u>

During the years ended December 31, 2023 and 2022, there were no transfers between Level 2 and Level 1 fair value measurements.

<u>Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follow</u>:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Financial assets at fair value through other comprehensive income	
	As of	
	December 31, 2023	December 31, 2022
Beginning balances	$53,864	$37,931
Unrealized losses from financial assets measured at fair value through other comprehensive income	6,286	15,933
	(28,586)	-
Ending balances	$31,564	$53,864
Unrealized losses	$6,286	$15,933

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurement categorized within Level 3 of the fair value hierarchy is as follow:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset-based approach	Volatility	10%~20%	The higher the volatility, the lower the fair value of the stocks.	20% increase (decrease) in the volatility would result in decrease/increase in the Company's equity by NT$10,593 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Market method	Volatility	20%	The higher the volatility, the lower the fair value of the stocks.	20% increase (decrease) in the volatility would result in decrease/increase in the Company's equity by NT$5,689 thousand
Financial assets at fair value through other comprehensive income					
Stock	Asset-based approach	Volatility	10%~20%	The higher the volatility, the lower the fair value of the stocks.	20% increase (decrease) in the volatility would result in decrease/increase in the Company's equity by NT$10,708 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The external evaluation institute ensures the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Company's accounting department analysis the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets measured at amortized cost	$940,714	$-	$-	$940,714

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets measured at amortized cost	$964,042	$-	$-	$964,042

(9) Capital risk management

The primary objective of the Company's capital management is to ensure that it continues to operate and maintains an optimal capital structure in order to reduce the capital cost. The strategy of the Company in 2023 is the same as that in 2022. The Company did not borrow cash from banks and monitored the capital by debt to equity ratio. The Company's debt to equity ratio is as follow (in thousands):

	As of	
	December 31, 2023	December 31, 2022
Total liabilities	$45,151	$53,095
Total equity	$1,927,106	$1,907,392
Ratio	2.34%	2.78%

(10) Significant assets and liabilities denominated in foreign currencies

There is no significant assets and liabilities denominated in foreign currencies for the years ended December 31, 2023 and 2022.

13. Other disclosure

(1) Information of significant transactions:

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Securities held: Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock: None.

I. Financial instruments and derivative transactions: None.

J. Others: business relationships and significant transaction between parent and subsidiary and among subsidiaries: None.

(2) Information on investees

Names, locations, and related information of investees over which Phytohealth Corporation exercises significant influence (excluding information on investment in Mainland China): Please refer to Attachment 2.

(3) Information on investments in mainland China

None.

(4) Information on major share holders

Names, number of shares, percentage of membership, and related information of shareholders with ownership over 5%: Please refer to Attachment 3.

PHYTOHEALTH CORPORATION

(Expressed in Thousands of New Taiwan Dollars)

Attachment 1 : Securities held as of December 31, 2023

Company	Type and Name of Securities	Relationship	Financial statement accounts	December 31, 2023				Note
				Units/Shares	Book value	Percentage of ownership	Fair value	
PHYTOHEALTH CORPORATION	Listed stock-							
	Maywufa Co., Ltd.	Investors that have significant influence over the Company	Financial assets at fair value through other comprehensive income, non-current	16,737,700 shares	375,761	12.59%	375,761	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	502,952 shares	23,010	-	23,010	
	Yuanta Financial Holding Co., Ltd	-	Financial assets at fair value through other comprehensive income, non-current	1,218,000 shares	33,617	-	33,617	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,200,000 shares	34,020	-	34,020	
	Unlisted stock-							
	Taiwan Incubator SME Development Corporation	-	Financial assets at fair value through other comprehensive income, non-current	2,724,920 shares	21,642	3.86%	21,642	
	Amersen Bioscience International, Inc.	-	Financial assets at fair value through other comprehensive income, non-current	227,313 shares	-	3.37%	-	
	Well-Being Biochemical Corp.	-	Financial assets at fair value through other comprehensive income, non-current	520,000 shares	-	5.34%	-	
	Amkey Biotechnology Venture Capital Inc	The director of the investee company	Financial assets at fair value through other comprehensive income, non-current	220,382 shares	9,922	9.98%	9,922	
	Fund-							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss, current	361,731 units	6,000	-	6,000	
AMCAD BIOMED CORPORATION	Listed stock-							
	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	450,000 shares	20,588	-	20,588	
	Unlisted stock-							
	Apollo Medical Optics Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,666,667 shares	7,471	3.48%	7,471	
	Fund-							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss, current	301,443 units	5,000	-	5,000	

PHYTOHEALTH CORPORATION

(Expressed in Thousands of New Taiwan Dollars)

Attachment 2 : Disclose information of investees when the Company directly or indirectly exercises significant influence or control over investees

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee	Investment Income (Loss)	Note
				Ending balance	Beginning balance	Shares (in thousands)	Percentage of Ownership	Carrying Value			
PHYTOHEALTH CORPORATION	AMCAD BIOMED CORPORATION	Taipei, Taiwan	Manufaturing of medical diagnostic products	$273,241	$273,241	18,938	35.53%	$134,392	$(45,314)	$(16,119)	None
AMCAD BIOMED CORPORATION	BROADSOUND CORPORATION	Hsinchu, Taiwan	Manufacturing of medical equipment	105,425	105,425	8,073	40.00%	96,410	6,059	1,443	None

PHYTOHEALTH CORPORATION

(Expressed in Thousands of New Taiwan Dollars)

Attachment 3 : Information of major shareholders

Shares / Name of major Shareholder	Number of Shares	Percentage of Ownership
Maywufa Co., Ltd.	35,130,698	17.68%

CONTENT OF SIGNIFICANT ACCOUNT STATEMENTS

PHYTOHEALTH CORPORATION

1. STATEMENTS OF CASH AND CASH EQUIVALENTS

As of December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand		$25	
Cash in banks			
Savings accounts-New Taiwan Dollars		4,113	
Time deposits-New Taiwan Dollars		28,960	
Total		$33,098	

PHYTOHEALTH CORPORATION

2.STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS, CURRENT

As of December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Units	Cost	Fair value	
			Unic Price	Total Amount
Fund				
Capital Money Market Fund	361,731	$6,000	$16.5869	$6,000

PHYTOHEALTH CORPORATION

3.STATEMENTS OF INVENTORY

As of December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Costs	Net Realizable Value
Finished goods	$73,131	$73,131
Work in progress	80,533	56,308
Raw materials	9,592	6,707
Supplies and parts	2,750	1,922
Subtotal	166,006	$138,068
Less:Losses on inventory write-downs	(27,938)	
Total	$138,068	

PHYTOHEALTH CORPORATION

4.STATEMENTS OF FINAMCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE, NON-CURRENT

As of December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

		As of January 1, 2023		Additions		Decreases			As of December 31, 2023		Accumulated impairments		
Items	Description	Units	Book Value	Shares	Amounts	Shares	Amounts	Revaluation	Shares	Book Value		Collateral	Note
Maywufa Co., Ltd.		16,737,700	$330,570	-	$-	-	$-	$45,191	16,737,700	$375,761	None applicable	None	
Cathay Financial Holding Co.,Ltd.		502,952	20,118	-	-	-	-	2,892	502,952	23,010	None applicable	None	
Yuanta Financial Holding Co., Ltd		-	-	1,218,000	26,941	-	-	6,676	1,218,000	33,617	None applicable	None	
CTBC Financial Holding Co., Ltd		-	-	1,200,000	29,173	-	-	4,847	1,200,000	34,020			
Taiwan Incubator SME Development Corporation		2,724,920	21,209	-	-	-	-	433	2,724,920	21,642	None applicable	None	
Amkey Biotechnology Venture Capital Inc.		220,382	9,899	-	-	-	-	23	220,382	9,922	None applicable	None	
Amersen Bioscience International, Inc.		227,313	-	-	-	-	-	-	227,313	-	None applicable	None	
Andros Pharmaceuticals Co., Ltd.		1,020,000	22,756	-	-	1,020,000	28,586	5,830	-	-	None applicable	None	
Well-Being Biochemical Corp.		520,000	-	-	-			-	520,000	-	None applicable	None	
			$404,552		$56,114		$28,586	$65,892		$497,972			

PHYTOHEALTH CORPORATION

5. STATEMENTS OF INVESTMENT ACCOUNTED FOR UNDER THE EQUITY METHOD

As of December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Name of Investments	As of January 1, 2023		Additions		Decreases		Loss on investment accounted for under the equity method	Capital surplus	Other equity	As of December 31, 2023		Fair value		Collateral	Note
	Units	Book Value	Shares	Amounts	Shares	Amounts				Shares	Amounts	Unit price	Total		
AmCad BioMed Corporation	18,937,948	$150,261	-	$-	-	$-	$(16,119)	$489	$(239)	18,937,948	$134,392	$26.70	$505,643	None	

PHYTOHEALTH CORPORATION

6. STATEMENTS OF RIGHT-OF-USE ASSETS

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	As of January 1, 2023	Additions	Decreases	As of December 31, 2023	Note
Buildings and stuctures	$29,158	$-	$-	$29,158	

PHYTOHEALTH CORPORATION

7.STATEMENTS OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	As of January 1, 2023	Additions	Decreases	As of December 31, 2023	Note
Buildings and stuctures	$12,122	$5,816	$-	$17,938	

PHYTOHEALTH CORPORATION

8.STATEMENTS OF OTHER PAYABLES

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Descriptions	Amounts	Note
Salaries and Bonus payable		$6,070	
Labor and health insurance and pension expense payable		1,016	
Technical Service fee payable		2,340	
Sales royalties payable		3,663	
Business promotion expenses payable		1,850	
Commissioned research payable		5,814	
Others		4,528	
Total		$25,281	

PHYTOHEALTH CORPORATION

9.STATEMENTS OF LEASE LIABILITIES

As of December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Periods	Discount Rate	Ending Balances	Note
Buildings and stuctures A	2020/7/1-2030/6/30	1.596%	$8,758	
Buildings and stuctures B	2023/1/1-2024/12/31	0.94%	4,856	
			$13,614	

PHYTOHEALTH CORPORATION

10. STATEMENTS OF NET OPERATING REVENUE

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Descriptions	Amounts	Note
Corporation A	Prescription drug	$83,845	The amount of individual item in others does not exceed 5% of the account balance.
Corporation A	Healthy food	13,014	
Other		374	
Total		97,233	
Less: Sales return and rebate		-	
Net operating revenue		$97,233	

PHYTOHEALTH CORPORATION

11. STATEMENTS OF NET OPERATING COST

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Iterms	Amounts
Manufacturing cost	
Direct material	
Beginning balance	$11,734
Purchases	5,371
Ending balance	(9,592)
Less: Transfer to R&D expense	(1,439)
Disposal of Direce material	(380)
Direct material used	5,694
Indirect material	
Beginning balance	2,371
Purchases	2,346
Ending balance	(2,750)
Add: Return of Indirect material	8
Less: Disposal of Indirect material	(364)
Transfer to R&D expense	(400)
Indirect material used	1,211
Direct labor	820
Manufacture expense	55,410
Manufacture cost	63,135
Beginning balance: work in progress	82,507
Ending balance: work in progress	(80,533)
Add: Inventory gain of work in progress	7
Less: Transfer to R&D expense	(341)
Disposal of work in progress	(2,745)
Cost of finish goods	62,030
Beginning balance: Finish goods	50,396
Ending balance: Finish goods	(73,131)
Purchases	19,839
Less: Transfer to R&D expense	(829)
Total	58,305
Loss for market price decline and obsolete and slow-moving inventories	8,827
Loss on disposal of inventory	3,489
Inventory gain	(7)
Net of operating cost	$70,614

PHYTOHEALTH CORPORATION

12.STATEMENTS OF MANUFACTURE EXPENSES

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Description	Amounts	Note
Payroll expense		$5,820	The amount of individual item in others does not
Utilities expense		9,542	
Depreciation		30,790	exceed 5% of the account balance.
Others		9,258	
Total		$55,410	

PHYTOHEALTH CORPORATION

13. STATEMENTS OF SALES AND MARKETING EXPENSES

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Promotion expense		$14,370	The amount of individual item in others does not exceed 5% of the account balance.
Others		403	
Total		$14,773	

PHYTOHEALTH CORPORATION

14. STATEMENTS OF GENERAL AND ADMINISTRATIVE EXPENSES

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Description	Amounts	Note
Payroll expense		$15,123	The amount of individual item in others does not
Depreciation expense		2,271	
Transportation fee		3,640	exceed 5% of the account balance.
Professional Service expense		1,763	
Others		8,269	
Total		$31,066	

PHYTOHEALTH CORPORATION

15. STATEMENTS OF RESEARCH AND DEVELOPMENT EXPENSES

For the Year Ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Items	Description	Amounts	Note
Payroll expense		$15,946	The amount of individual item in others does not
Repair and maintenance expense		2,291	exceed 5% of the account balance.
Depreciation expense		2,547	
Outsource development expense		20,161	
Others		7,527	
Total		$48,472	