Stock Code：6472

Bora Pharmaceuticals

Bora Pharmaceuticals Co., Ltd.
2021 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.

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

Printed on April 25, 2022

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

Spokesperson		Acting Spokesperson	
Name:	Chen Shih-Min	Name:	Alice Wang
Title:	Vice President	Title:	Director, Finance & Accounting Division
Telephone:	(02)2790-1555	Telephone:	(02)2790-1555
Email:	public01@bora-corp.com	Email:	public02@bora-corp.com

II. Company address:

Head Office	Address: 6F, No. 2, Alley 36, Lane 26, Ruiguang Road, Neihu District, Taipei City 114 Telephone: (02)2790-1555
Research and Development Center	Address: No.1, Kedong 3rd Road, Zhunan Township, Miaoli County, 350 Telephone: (03)758-6268
Plant	Address: No.54, Gongye West Road, Gongtian District, Tainan City 720 Telephone: (06)698-5180 Address: No.1, Kedong 3rd Road, Zhunan Township, Miaoli County, 350 Telephone: (03)758-6268 Address:7333 MISSISSAUGA ROAD, MISSISSAUGA ON L5N 6L4 Canada Telephone: +1(416)800-2160

III. Name, address, website and telephone of agency handling shares transfer:

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

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

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

IV. The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone: number of said person's accounting firm.

Name of certified public accountants: Certified public accounts Hung Kuo-sen and Lin Li-feng

Name of the accounting firm: Ernst & Young, Taiwan

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

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

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

VI. Company website: http://www.bora-corp.com/

Table of Contents

A. Letter to Shareholders 3

B. Company Profile 8

C. Corporate Governance Report 12

- I. Organization 12
- II. Information regarding Directors, Supervisors, General Manager, Vice Presidents, Division Directors, and Heads of Departments and Subsidiaries 14
- III. Remuneration paid during the most recent fiscal year to directors, supervisors, the General Manager, and Vice President 28
- IV. The State of Implementation of Corporate Governance 36
- V. Information on fees to certified public accountants: 86
- VI. Information on change of certified public accountant: 87
- VII. The company's chairman, general manager, or any managerial personnel in charge of finance or accounting matters who has, during the past year, held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: 87
- VIII. Equity transfer or changes to equity pledge of a director, supervisor, managerial personnel, or shareholder with a stake of more than 10% during the most recent fiscal year and up to the date of publication of the annual report 87
- IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another 89
- X. The number of shares held by the Company, the Company's directors, supervisors, managerial personnel, and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and the consolidated shareholding percentage. 92

D. Fundraising Conditions 93

- I. Capital and Shares 93
- II. Corporate bonds (including overseas corporate bonds) situation: 100
- III. Issuance of Preferred Stock: 100
- IV. Issuance of Global Depositary Receipts (GDR): 100
- V. Exercise of Employee Stock Option Plan (ESOP): 101
- VI. Restriction on Employees' right to new stock: 103
- VII. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies: 103
- VIII. Capital Utilization Plan and Its Implementation: 103

E. Business Overview 104

- I. Business Activities 104
- II. Market and Production Overview 131
- III. Number of workers, average length of service, average age and education distribution of employees in the industry for the last two years and as of the printing date of the annual

report 140
IV. Environmental protection expenditure information 140
V. Labor Relations 142
VI. Information Security Managemet 144
VII. Important Contracts 146
F. Financial Overview 149
I. A condensed balance sheet and consolidated income statement for the last five years, with the name of the accountant and accompanying audit opinion 149
II. Financial Analysis for the Most Recent Five Years 153
III. Audit committee's review report on the latest annual financial report 157
IV. Consolidated financial statements for the most recent year audited by a certified public accountant (158-258) 158
V. Individual financial statements for the most recent year audited by a certified public accountant (259-349) 259
VI. In the event that the Company and its affiliates have experienced financial difficulties in the most recent year and as of the date of the annual report, the impact on the Company's financial position should be stated: 350
G. Review, Analysis, and Risks of Financial Conditions and Performance 351
I. Review and Analysis Table of Financial status 352
II. Review and Analysis Table of Financial Performance 353
III. Cash flow ratio analysis 354
IV. Effect of Major Capital Spending on Financial Position and Business Operation in the Most Recent Year: 354
V. Reinvestment policy in the Most Recent Year, profit/loss and main reasons, improvement plan, and investment plan for the coming year: 354
VI. Risks for the latest year and up to the date of printing of the annual report 355
VII. Other Critical Matters: 364
H. Special Notes 365
I. Profiles of Affiliates: 364
II. Private placement of marketable securities for the most recent year and as of the date of the annual report: 366
III. Shares of the Company held or disposed of by subsidiaries in the most recent year up to the publication date of this annual report: 366
IV. Other necessary supplemental information: 366
I. Matters that have a significant effect on shareholders' equity or the price of securities under Paragraph 2 of Article 36 of the Securities and Exchange Act, for the most recent year and as of the date of printing of the annual report None. 366

A. Letter to Shareholders

Dear Shareholders,

2021is still affected by the COVID-19 epidemic. 2021 is a challenging year for Bora Pharmaceuticals, yet, it is a year with significant progress and development. Bora pharmaceuticals steadily expand to global and reach historical high for both revenue and net profit.

We successfully acquire GlaxoSmithKline (hereinafter known as GSK) Canadian facility. This facility export medicine to more than 100 markets globally, include the biggest medicine market USA, which accounts for the facility's 70% production. This acquisition enable Bora Pharmaceuticals to enter the supply chain of the world's largest eight international pharmaceuticals company. Also, this facility produces over 50 kinds of different dosage, including nasal spray, oral solid dosage form, liquid dosage form and semi-solid dosage. This advantage will help Bora Pharmaceuticals to win more international supply agreement.

Bora Pharmaceuticals' long acting Parkinson medicine Numient (exported name as Rytary) has been introduced to Taiwan last year and enter to several medical center. Focusing on the business opportunity of more than eight million Parkinson's patient globally, Bora Pharmaceuticals has acquired the exclusive agency and sales right for eleven Asia market, including China, Thailand, Japan and Korea. Sales term has been negotiated actively with some countries. For Bora Pharmaceuticals' product Const-K (ingredient as Potassium Chloride), has been officially reimbursed by National Health Insurance Administration and listed as essential during list for Ministry of Health and Welfare. Potassium Chloride is the only oral dosage form that acquire drug permit license in Taiwan. Bora Pharmaceuticals steadily deploy to international pharmaceuticals market, and achieve good result for both CDMO and agency sales business for 2021.

2021 Operating Results

(I) Business Plan Implementation Results

The Company's 2021 consolidated net revenue is NT$4,899,885 thousand, a growth of 172.28% compared to last year's NT$1,799,570 thousand; current net income after tax is NT$749,736 thousand, a growth of 29.62% compared to last year's NT$579,426 thousand, and mainly due to successful acquire GSK Canadian facility which contribute revenue and net income after tax.

(II) Budget Execution Status

The Company did not publish a financial forecast for 2021, and hence there is no budget implementation.

(III) Analysis of revenues and expenditures, and profitability

1. Analysis of revenues and expenditures

Unit: NTD thousands

	2021	2020	Increase (decrease)%
Net revenue	4,899,885	1,799,570	172%
Gross profit	1,671,778	703,884	138%
Operating profit	749,736	578,426	30%
Return on asset	11.03%	11.48%	(4)%
Return on stockholder's equity	26.69%	28.09%	(5)%
Operating profit to paid-in-capital	153%	42%	266%
Profit before tax to paid-in-capital	150%	110%	36%
Net profit rate	15	32	(53)%
EPS	11.04	8.63	28%

(IV) Research and development status

The Company and its subsidiaries have diverse product lines, dedicated to the research and development of drugs. Based on market demand, we invest in small molecules new dosage forms, accurately select products for development, improve the convenience of drug use through dosage form modification, and focus on high quality product to increase the product's competitiveness.

Main project development's production technologies and new products are as follows:

(A) New dosage forms

(B) Special generic drug products development

(C) Owned OTC brand medicine

Promotion of important research projects:

The Company and its subsidiaries have set up a formulation research and development center. Besides having a strong research and development team, it continues to bring in advanced equipment. Short-term projects focus on developing "specialty generic drugs" and owned OTC brand medicine, we will concurrently develop own-brand drugs and accept external contracts, accumulating research and development capabilities and building a comprehensive development chain from assessment to mass production. Long-term projects focus on "new dosage forms" which have high technological threshold and duration but high market value. For unmet medical needs, the Company and its subsidiaries will focus on drug that has long-term economic benefit and market differentiation.

I. 2021 Business Plan Summary

(I) Business Strategy

A complete Contract Development and Manufacturing Company (hereinafter known as CDMO) deployment and merger and acquisition strategy globally to provide drug research and development, patent application, production, registration, marketing and channel sales., and to become the international pharmaceuticals company with complete production chain for Asian medicine market. For CDMO supply chain, providing global and full service for research and development, and market launch is the biggest advantage for Bora Pharmaceuticals. It will not be affected by the single point of the supply chain and continue to maintain profitable growth.Expected sales volume and its basis

(II) Expected sales volume and its basis

The Company's sales plan is estimated based on contract, historical sales record and market changes, and the business goals are expected to maintain a stable growth in 2022.

(III) Important production and sales strategies

1、 Contract development and manufacturing (CDMO) business:

The main CDMO customers at present are GSK, US Amneal and Taiwan's Eisai. Has high-end facilities with quality certifications from various countries including the United States, United Kingdom, Europe, Japan, etc., able to manufacture diverse types of dosage forms, including nasal spray, oral solid dosage form, liquid dosage form and semi-solid dosage form for external application. These advantages are expected to help Bora seize more international CDMO orders in the future

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

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

3、 Global services:

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

II. The Company's future development strategies

International contract development and manufacturing (CDMO) business is the trend for global pharmaceutical company. Bora Pharmaceuticals has been prepared it for a long time. Through precise merger and acquisition, gradual production line for complete dosage form, and high quality production service, increase the Company scale and international contract, with professional technology and management team to gradually enter the global supply chain. Bora Pharmaceuticals has the highest standard for production and focus on CDMO hardware and service to continue to increase the quality and production to provide the highest quality product for the customer.

Looking forward to 2022, our operating momentum will be based on contract development and manufacturing, licensing and strategic acquisition. For agency business, we will still focus on international hot selling OTC (over the counter drug) and healthy food. Through agency and sale model, it will bring stable and growth momentum for the revenue.

III. Effect of external competition, the legal environment, and the overall business environment

The epidemic has accelerated the growth of the industry. To seize the opportunity and follow the international pharmaceuticals company, Taiwanese companies have to differentiate through merger and acquisition and develop niche technology to increase the operating scale.

The concept of division of labor in the pharmaceutical industry has become a global trend, driving the vigorous growth of CDMO (contract development and manufacturing). According to the statistics of research institution, potential global CDMO market had a value of US$341 billion in 2019, with the annual growth rate of 7% from 2019 to 2023, compare to the growth rate of traditional pharmaceuticals of 4.5%.

According to the pharmaceuticals research institution Evaluate, the value of the global drug market will reach US$1.8 trillion in 2026, with the annual growth rate of 3% to 6% from 2021 to 2026. Under this situation, growing through organic growth is not enough. Through global merger and acquisition strategy, the market can be expand and create rapidly.

We would like to thank all of our shareholder for Bora Pharmaceuticals' trust and support. Although the size of the Taiwan CDMO industry is not comparable to international pharmaceuticals, and the industry is still on the development stage, we are optimistic about the company's future and hope to have a long term relationship with the shareholder to create a prosperous future.

Person in charge:	Managerial Personnel:	Chief accountant:
Sheng Pao-Shi	Sheng Pao-Shi	Alice Wang

B. Company Profile

I. Date of establishment: June 12, 2007

II. Company history

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

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

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

<table>
<tr><th>Date</th><th>Important Milestones</th></tr>
<tr><td></td><td>class professional and complete CDMO pharmaceutical services, and started contributing to the Group's revenue.</td></tr>
<tr><td>2021</td><td>

In January, Head Office moved to the newly acquired Neihu Ruiguang Building.
In April, set up Bora Management Consulting Co., Ltd. to strengthen future investment synergy.
In September, sign the contract with KYOWA Pharmaceutical Industry Co. Ltd.
In October, Numient and Potassium Chloride ER (KCL) acquire payment package from National Health Insurance Administration
In December, the Company announced a partnership with Taishin Healthcare Limited Partnership at the 2021 Biotech Investor Forum to increase the CDMO footprint and scale, and strengthen its international competitiveness

</td></tr>
<tr><td>2022</td><td>

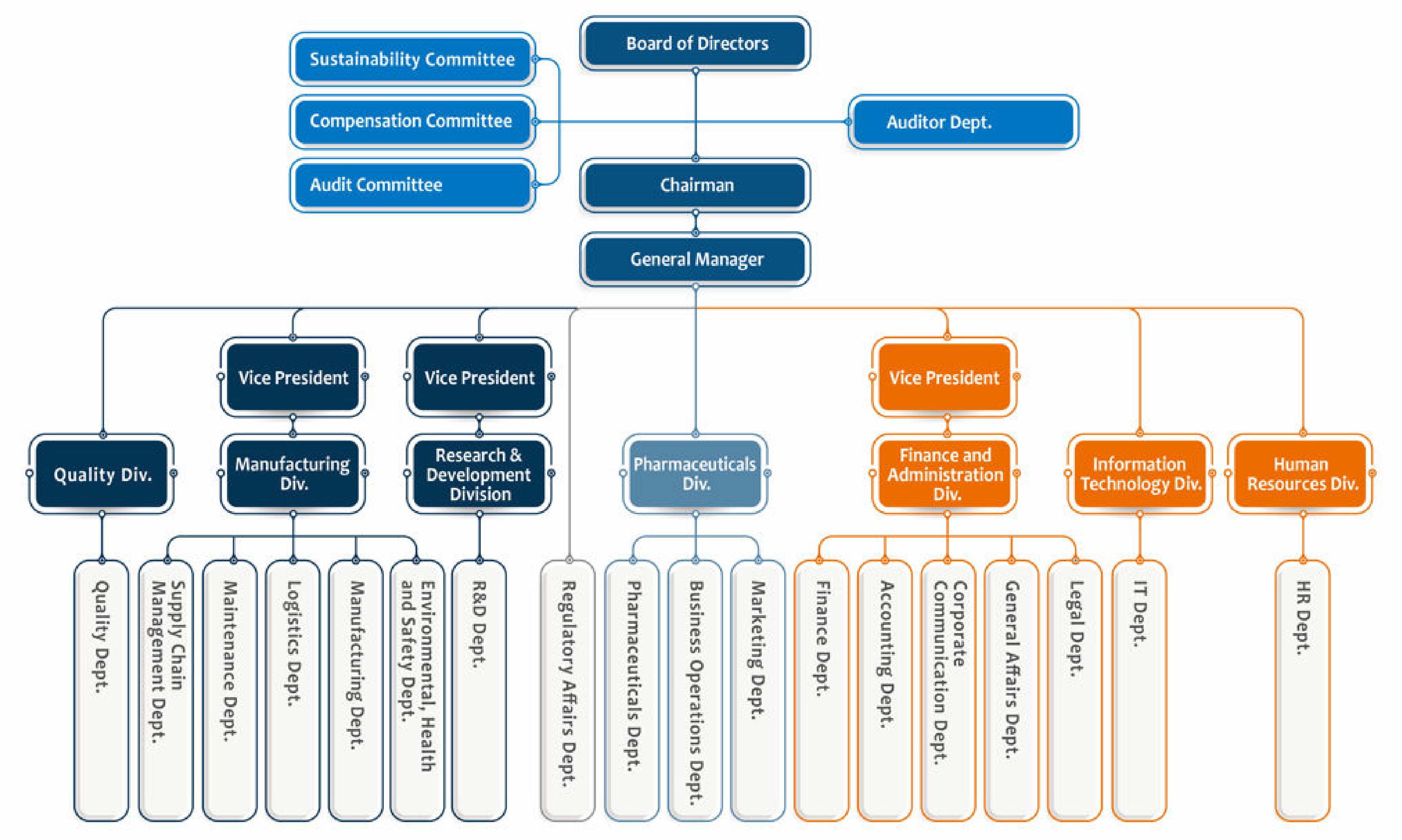
February, the new dosag research and development center has been eapproved by Ministry of Science and Technology to Hsinchu Science Industrial Park.
March, the subsidiary Bora Health Inc. signed the distribution contract with Hong Kong Bright Future Pharmaceuticals for Parkinson disease drug-Numient (export name Rytary) in China, Hong Kong and Macau, focusing on Greater China market.
March, establish the Sustainabe Development Committee to strengthen the corporate governance, invest in social welfare and initiate the corporate sustainability vision plan
March, the Board of Director approved the Company’s subsidiary Bora Health Inc.’s future over the counter or listed plan and will release the share in stages
April, the Board of Dreictor spproved to spin off the Company’s western medicine department to the Company’s subsidiary Bora Health In., to integrate the brand resource and specialize the Company’s CDMO business
April, the Company’s subsidiary Bora Pharmaceutical Service Inc. received a joint investment from the Canada Ontario Government’s mutual fund to expand the plant's CDMO solid dosage production line to meet the needs of more customers and focus on global market.

</td></tr>
</table>

C. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Business Functions of Major Departments

Department	Main responsibilities
Board of Directors	Highest level decision-makers, establishes the Company's operating goals and strategies.
General Manager	Lead the departments in achieving the Company's overall operating performance, and in organizing, planning and development, and formulating company policies.
Audit Department	Assess the soundness, reasonableness and effectiveness of the Company's internal management systems, and conduct internal audit.
Manufacturing Division	(1) Planning management and execution of production plans so as to produce products that comply with PIC/S quality standards. (2) Purchase, sales and inventory control and warehouse management. (3) Responsible for product development and modulation, scale-up and process improvement.
Research & Development Division	(1) Formulation technology research and development, process design and improvement. (2) Product technology support and technology transfer
Quality Division	(1) Establish operational and development strategies for quality management. (2) Standardize quality procedure and improve quality management procedure.
Pharmaceuticals Division	(1) Develop the strategy and operation for the pharmaceuticals division. (2) Develop domestic and foreign market (3) Plan and execute related pharmaceuticals marketing and sales plan.
Finance and Administrative Division	(1) Fund management, planning and execution, and handling of stock related matters. (2) Handling of accounting affairs and preparation of management reports for the management in decision-making and analysis. (3) Handling of tax exemption matters. (4) Formulate and promote the Company's brand image and public relation strategy (5) Responsible for general administration and procurement (6) Legal risk evaluation and preventation
Information Technology Division	(1) Information application system and management, planning and audit of network and information security (2) Establishment of information system strategy and system planning (3) Optimize and integrate business information platform.
HR Division	(1) Human resource planning (2) Personnel system, welfare and education arrangement and execution. (3) Compensation Committee operation.

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

(I) Directors and supervisor's information:

March 26, 2022, Unit: Shares; %

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Sheng Pao-Shi	Male 46-55	2020.05.28	3 years	2014.08.26	2,065,592	4.96	3,714,910	5.42	—	—	14,917,774	21.77	Bachelor of Economics, University of California, Berkeley General Manager, Hoan Pharmaceuticals Ltd.	General Manager of the Company Chairman, Union Chemical & Pharmaceutical Co., Ltd. Director, Wellpool Co., Ltd. Director, Bao Lei Co., Ltd. Director, Rui Bao Xin Investment Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Independent director, BIONET Corp. Independent director, Chilsin Electronic Co., Chairman, Bora Health Co., Ltd. Chairman, Bora Pharmaceutical Laboratories Inc. Chairman, Bao En International Co., Ltd. Chairman, Jia Xi International Co., Ltd. Chairman, Bora Management Consulting Co., Ltd.	—	—	—	Note 1

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
																Chairman, Bora Biologics Co., Ltd Director, Bora Pharmaceuticals USA Inc. Director, Bora Pharmaceuticals Services Inc.				
Director	Republic of China	TA YA Venture Capital Co., Ltd.	–	2020.05.28	3 years	2014.08.26	2,021,096	4.86	2,988,393	4.36	–	–	–	–	–	Director of INADAY'S BIOTECH CO.,LTD. Director of Noisy Incorporation. Director of TA YA GREEN ENERGY TECHNOLOGY CO., LTD., Director of Hengs Technology Co., Ltd. Director of Caodamu Co., Ltd. Supervisor of VSENSE CO.,LTD. Director of NOWNEWS NETWORK CO., LTD. Supermedia&Crespark Co., Ltd. Director of SAVITECH CORP. Supervisor of UNITED ELECTRIC INDUSTRY CO., LTD. Director of TENART BIOTECH LIMITED Director of Farm-direct Co., Ltd. Director of BIGBEST SOLUTIONS, INC.,	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
																Director of Istaging corp. Director of FULLHOPE BIOMEDICAL CO., LTD. Director of Nuazure Innovative Technology Co., Ltd.				
	Republic of China	Representative: Shen Shang-Hung (Note 2)	Male 56-65	2020.05.28	3 years	2014.08.26	–	–	–	–	2,000	0.00	–	–	Department of Electrical Engineering, National Taiwan University MBA, US EMORY University Manager, Electronic Engineering Department, US AT&T	Note 2	–	–	–	–
Director	Republic of China	Bao Lei Co., Ltd.	–	2020.05.28	3 years	2019.06.11	7,963,409	19.13	13,086,311	19.10	–	–	–	–	–	–	–	–	–	–
	Republic of China	Representative: Chen Kuan-Pai	Male 46-55	2020.05.28	3 years	2019.06.11	–	–	–	–	–	–	820,000	1.20	MBA, University of Southern California (USC) Chairman, Hundred River International Investment Corp.	Chairman, Hundred River International Investment Corp. Member of Compensation Committee, Audit Committee and Nominating Committee, Gamania Digital Entertainment Co., Ltd. Independent director, Remuneration Committee member and Audit Committee member, TECO Image Systems Co., Ltd.	–	–	–	–
Director	Republic of China	Chen Shih-Min	Male 46-55	2020.05.28	3 years	2014.08.26	556,711	1.34	875,281	1.28	–	–	–	–	Masters, Department of	Vice President of the Company	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Chemistry, National Chung Hsing University Business Development Manager, Hoan Pharmaceuticals Ltd.	Representative of juristic person director, Bora Pharmaceutical Laboratories Inc. Vice President of the Bora Health Inc.				
Independent Director	Republic of China	Lin Jui-Yi	Male 46-55	2020.05.28	3 years	2015.04.09	–	–	–	–	–	–	–	–	MBA, George Washington University President, Shung Ye Trading Co., Ltd.	Chairman, STARTRII Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Director, Shung Ye Investment Co., Ltd. Director, Shung Ye Trading Co., Ltd. Director, Lien Chen Automotive Co., Ltd.	–	–	–	–
Independent Director	Republic of China	Lai Ming-Jung	Male 46-55	2020.05.28	3 years	2017.06.20	–	–	–	–	–	–	–	–	EMBA, Advanced Finance Program, National Chengchi University Executive Director, Advisory Department, EY Taiwan Executive Director, Assurance Department, EY Taiwan	Independent director, China Life Insurance Co., Ltd.	–	–	–	–
Independent director	Republic of China	Lee Yi-Chin	Male 46-55	2020.05.28	3 years	2017.06.20	–	–	–	–	–	–	–	–	Masters and Ph.D, Resources Planning, Civil Engineering Department, Stanford University Senior consultant, McKinsey & Co.	Partner/Managing Director, FCC Partners Inc. Independent director, Allied Industrial Corp. Chairman, Octoverse International Co., Ltd	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Major work experience (educational background)	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															President, China Food Co., Ltd.					

Note 1: The Company's Chairman is also the General Manager. The main reason being the Company is in its early stage of development and is actively negotiating acquisitions and mergers matters, hence in order to facilitate business operations and prompt and effective communication with the board of directors, the Chairman serving as the General Manager will facilitate the Company in seizing opportunities and conducting projects. Therefore, there is reasonableness and necessity in doing so. Also, the Company has 7 directors on the board and 3 independent directors at present, and more than half are not employees or managerial personnel concurrently, which is in compliance with the regulations of corporate governance. In the future, the Company will also make appropriate adjustments based on the business operations and changes in the laws and regulations.

Note 2: Chairman and CEO of TA YA Electric Wire & Cable Co., Ltd., Chairman of CUPRIME MATERIAL CO., LTD., Chairman of UNITED ELECTRIC INDUSTRY CO., LTD.,Chairman of TA YA VENTURE CAPITAL CO., LTD., Chairman of TA YA Innovation Investment Co., Ltd., Director of TA YA (CHINA) HOLDING LTD, Director of TA YA VENTURE HOLDINGS LTD .,Director of TA YA ELECTRIC WIRE & CABLE (H.K.) CO., LTD., Chairman of HENG YA ELECTRIC LTD., Director of HENG YA ELECTRIC (KUNSHAN) LTD.,Director of TA YA ZHANGZHOU WIRES CABLE CO.,LTD., Director of HENG YA ELECTRIC (DONGGUAN) LTD., Director of TA YA (VIETNAM) INVESTMENT HOLDING LTD., Director of TA YA (Vietnam) ELECTRIC WIRE & CABLE JOINT STOCK COMPANY, Chairman of JIA SHAN INVESTMENT HOLDING CO., LTD. , Supervisor of TA HO ENGINEERING, CO., LTD., Chairman of JIA HSI INVESTMENT HOLDING CO.,LTD., Chairman of CUGREEN METAL TECH CO., LTD., Director of PLASTIC TECHNOLOGY INVESTMENT HOLDING LTD.,Director of TA YI PLASTIC(H.K.) LTD., Chairman of CUPRIME ELECTRIC WIRE & CABLE (H.K.) CO., LTD., Director of JUNG SHING WIRE CO., LTD., Chairman of TA YA GREEN ENERGY TECHNOLOGY CO., LTD., Chairman of BOSI SOLAR ENERGY CO., LTD., Chairman of TOUCH SOLAR POWER CO.,LTD., Director of Theia Medical Technology Co., Ltd., Director of IRIDIUM MEDICAL TECHNOLOGY CO., LTD., Independent Director of MERCURIES DATA SYSTEMS LTD.,Independent Director of ASIA POLYMER CORPORATION,Chairman of AMIT SYSTEM SERVICE LTD., Chairman of HONG YE INVESTMENT HOLDING CO., LTD., Chairman of BRAVO SOLAR POWER CO.,LTD., Chairman of UNION STORAGE ENERGY SYSTEM LTD. Independent Director of PARTNER TECH CORP., Chairman of SIN JHONG SOLAR POWER CO., LTD., Director of BIGBEST SOLUTIONS, INC.,Director of CUPRIME MATERIAL PTE. LTD, Director of CUPRIME VENTURE HOLDING CO., LTD, Director of CUPRIME 24 INVESTMENT HOLDING COMPANY LIMITED, Director of TA YA VIETNAM(Cayman) HOLDINGS LTD.

Major shareholders of corporate shareholders

March 26, 2022

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

March 26, 2022

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

Major shareholders of major corporate shareholders

April 12, 2022

Corporate shareholder name	Major shareholders of corporate shareholders	
	Shareholder	Shareholding Percentage
TA YA Electric Wire & Cable Co., Ltd.	Shen San-Yi	2.55%
	Jia Hsi Investment Holding Co., Ltd.	2.17%
	Shen Shang-Hui	1.73%
	Wang Wen-Hua	1.66%
	Chang Ya-Ping	1.63%
	Shen Shang-Pang	1.50%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.26%
	Hong Yao-Kun CUPRIME MATERIAL CO., LTD.	1.15%
	JP Morgan Chase Bank in custody for JP Morgan Securities Investment Account	1.13%
	JIA SHAN INVESTMENT HOLDING CO.,LTD.	1.08%

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

Professional qualification and independence of the directors and supervisors:

<table>
<tr><th>Criteria
Name</th><th>Professional qualifications and working experience</th><th>Compliance of independence</th><th>Number of companies the person concurrently serves as an independent director</th></tr>
<tr><td>Sheng Pao-Shi</td><td rowspan="7">For director’s professional qualifications and working Experience, please refer to “C. Corporate Governance Report, II. Information regarding Directors, Supervisors, General Manager, Vice Presidents, Division Directors, and Heads of Departments and Subsidiaries (page 14-17)”. None of the circumstances in the subparagraph of Article 30 of the Company Act applies. (Note 1)</td><td rowspan="4">Not applicable.</td><td>3</td></tr>
<tr><td>TA YA Venture Capital Co., Ltd. Representative: Shen Shang-Hung</td><td>0</td></tr>
<tr><td>Bao Lei Co., Ltd. Representative: Chen Kuan-Pai</td><td>1</td></tr>
<tr><td>Chen Shih-Min</td><td>0</td></tr>
<tr><td>Lin Jui-Yi</td><td rowspan="3">All independent director comply with the following:
1. Comply with the Article 14-2 of the Security Exchange Act issued by Financial Supervisory Commision and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note 2)
2. The person (including using others’ names), his/her spouse, minor children, does not have the Company’s share.
3. Did not provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company provider in the past 2 years and receive any interest.</td><td>1</td></tr>
<tr><td>Lai Ming-Jung</td><td>1</td></tr>
<tr><td>Lee Yi-Chin</td><td>1</td></tr>
</table>

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

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

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

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

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

(6) Having no or only limited disposing capacity.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Diversity and Independence of the Board of Director

The Company has 7 directors, including 3 independent directors. The terms of office is 3 year. Board of directors are selected based on their professionalism and diverse background, the selected criteria includes business management, business operation, finance and accounting, industrial knowledge, crisis management and leadership skill. Nomination and election of the members of the Company's board of directors adopts the candidate nomination system in accordance with the Articles of Incorporation, and is in compliance with the "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the members of the board.

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

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

The 7th board of directors of the Company is composed of industry elites and experts in various field. There are 3 independent directors (accounted for 43%), and the consecutive terms shall not exceed three terms for principle. 5 Board of Director (accounted for 71%) who do not have position as directors, supervisors or employees in the company, subsidiaries or affiliated companies. There are 4 directors aged from 45-55 (accounted for 57%) and 3 directors aged from 56-65 (accounted 43%). The Company’s board of directors have strong ability to lead, make operational judgments, manage business operations, conduct mergers and acquisitions, conduct transnational investment, manage crisis, and possess industrial knowledge and international market perspective include Sheng Pao-Shi, Shen Shang-Hung, Chen Kuan-Pai and Lin Jui-Yi, and among them, Director Shen Shang-Hung has professional competence in electrical engineering. Director Lee Yi-Chin used to work in an internationally renowned management consulting company and has professional knowledge in global industries and investment analysis. Director Lai Ming-Jong possesses the qualifications and experience of a certified public accountant, and has years of experience as a lecturer in the insurance industry, and expertise in financial accounting, securities insurance and corporate governance. Director Chen Shih-Min has served the Company for years, and his professional knowledge in biotechnology and pharmaceutical and international market perspective are greatly beneficial to the Company’s business operations.

Diversified core elements / Name/Title/Gender	Age		Industrial experience				Expertise				
	45-55	55-65	Securities investment	Media technologies	International trade	Bank insurance	Asset management	Accounting Economics	Electrical Civil engineering	Business management	Biotechnology and medicine
Sheng Pao-Shi Chairman (Male)	V		V	V	V		V	V			V
Shen Shang-Hung Director (Male)		V	V		V		V		V	V	
Chen Shih-Min Director (Male)	V										V
Chen Kuan-Pai Director (Male)	V		V							V	
Lai Ming-Jung Independent director (Male)		V	V			V	V	V			
Lee Yi-Chin Independent director (Male)		V	V	V					V	V	
Lin Jui-Yi Independent director (Male)	V			V	V	V	V			V	
Total ratio %	**57**	**43**	**71**	**43**	**43**	**29**	**57**	**29**	**29**	**57**	**29**

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

March 26, 2021, Unit: Shares; %

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Republic of China	Sheng Pao-Shi	Male	2009.10.21	3,714,910	5.42	–	–	14,917,774	21.77	Bachelor of Economics, University of California, Berkeley General Manager, Hoan Pharmaceuticals Ltd.	General Manager of the Company Chairman, Union Chemical & Pharmaceutical Co., Ltd. Director, Wellpool Co., Ltd. Director, Bao Lei Co., Ltd. Director, Rui Bao Xin Investment Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Independent director, BIONET Corp. Independent director, Chilsin Electronic Co., Chairman, Bora Inc.. Chairman, Bora Pharmaceutical Laboratories Inc. Chairman, Bao En International Co., Ltd. Chairman, Jia Xi International Co., Ltd. Chairman, Bora Management Consulting Co., Ltd. Director, Bora Pharmaceuticals USA Inc. Director, Bora Pharmaceuticals Services Inc.	–	–	–	Note 1
Vice President	Republic of China	Chen Shih-Min	Male	2013.04.01	875,821	1.28	–	–	–	–	Masters, Department of Chemistry, National Chung Hsing University Business Development Manager,	Director of the Company Representative of juristic person director, Bora Pharmaceutical Laboratories Inc. Vice President of the Bora Health Inc.	–	–	–	–

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
											Hoan Pharmaceuticals Ltd.					
Managerial Personnel	Republic of China	Tom Cheng	Male	2019.08.05	176,725	0.26	–	–	–	–	Department of Industrial and Systems Engineering, Chung Yuan Christian University General Manager, Bora Pharmaceutical Laboratories Inc. Plant Manager, Pfizer's Pharmaceutical Co., Ltd.	Representative of juristic person director, Bora Pharmaceutical Laboratories Inc.	–	–	–	–
Director, Finance & Accounting Division	Republic of China	Alice Wang	Female	2013.05.01	176,573	0.26	–	–	–	–	AALTO University EMBA Department of Accounting, Feng Chia University Finance Director, Thecus Technology Corp. Assistant Finance Manager, ABIT Computer Corporation. Accounting Officer, ALi Corporation Senior Auditor, Deloitte Taiwan Internal auditor	Representative of juristic person supervisor, Bora Pharmaceutical Laboratories Inc. Representative of juristic person director, Bora Health Inc.	–	–	–	–

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director, Information Technology Division	Republic of China	Raymond Lee	Male	2018.06.25	67,066	0.10	—	—	—	—	MBA, University of Southampton IT Director, Synmosa Project Manager, Collective Elite IT Manager, Amkor System Analyst, ASE Production planner, TDK Taiwan Electronics	Representative of juristic person director, Bora Health Inc.	—	—	—	—
Director, HR & General Affairs Division	Republic of China	Lynn Chuang	Female	2019.02.18	71,175	0.10	—	—	—	—	Wright State University, US, Dual Masters in Computer Education/Counseling Psychology Chief Human Resource Officer, Taiwan Fire & Marine Insurance Director of Human Resources, Synmosa Biopharma Corporation Manulife Taiwan, Vice President of Human Resources Assistant Vice President of Human Resources, US AIG Manager of Training Development and Employee	—	—	—	—	—

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Positions currently held in other companies	Managerial personnel who is a spouse or relative within the second degree of kinship.			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
											Relations Department, Human Resource Division, Taiwan High Speed Rail Human Resources Manager, Bayer Taiwan					
Director, Pharmaceuticals Division	Republic of China	Mickey Chen	Male	2019.08.05	–	–	–	–	–	–	Bachelor Degree from School of Public Health, Taipei Medical University Business Manager, TTY Biopharm Business Director, Microbio Co., Ltd. Business Manager, Eli Lilly Taiwan Sales Representative, AstraZeneca Taiwan Sales Representative, Shionogi Company	–	–	–	–	–
Manufacturing Division Director	Republic of China	Eric Chang	Male	2019.08.05	56,591	0.08	–	–	–	–	Masters, Environmental Engineering Research Institute, College of Engineering, National Yangming Jiaotong University Manufacturing Director, Bora Pharmaceutical Laboratories Inc. Quality Compliance Manager, Bristol-Myers Squibb (Taiwan) Ltd.	–	–	–	–	–

Note 1: The Company's Chairman is also the General Manager. The main reason being the Company is in its early stage of development and is actively negotiating acquisitions and mergers matters, hence in order to facilitate business operations and prompt and effective communication with the board of directors, the Chairman serving as the General Manager will facilitate the Company in seizing opportunities and conducting projects. Therefore, there is reasonableness and necessity in doing so. Also, the Company has 7 directors on the board and 3 independent directors at present, and more than half are not employees or managerial personnel concurrently, which is in compliance with the regulations of corporate governance. In the future, the Company will also make appropriate adjustments based on the business operations and changes in the laws and regulations.

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

(I) Remuneration paid to directors,independent directors, supervisors, the General Manager, and Vice President

1. Remuneration paid to directors and independent directors

2020; Unit: NTD thousands; %

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Directors' remuneration</th><th colspan="2" rowspan="2">Total remuneration (A+B+C+D) and as a percentage of net income after tax</th><th colspan="8">Remuneration received as the Company's employee</th><th colspan="2" rowspan="2">Total remuneration (A+B+C+D+E+F+G) and as a percentage of net income after tax</th><th rowspan="4">Remuneration received from investees other than subsidiaries or the parent company</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Directors' remuneration (C)</th><th colspan="2">Business execution expenses (D)</th><th colspan="2">Salary, bonus and allowance, etc. (E)</th><th colspan="2">Severance pay and pension (F)</th><th colspan="4">Employees' remuneration (G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>Sheng Pao-Shi</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">7,489</td><td rowspan="5">7,489</td><td rowspan="5">120</td><td rowspan="5">120</td><td rowspan="5">7,609
1.01</td><td rowspan="5">7,609
1.01</td><td rowspan="5">14,544</td><td rowspan="5">14,544</td><td rowspan="5">108</td><td rowspan="5">108</td><td rowspan="5">5,779</td><td rowspan="5">—</td><td rowspan="5">5,779</td><td rowspan="5">—</td><td rowspan="5">28,040
3.74</td><td rowspan="5">28,040
3.74</td><td rowspan="5">None</td></tr>
<tr><td>Director</td><td>Bao Lei Co., Ltd.</td></tr>
<tr><td>Representative of corporate director</td><td>Chen Kuan-Pai</td></tr>
<tr><td>Director</td><td>TA YA Venture Capital Co., Ltd.</td></tr>
<tr><td>Representative of corporate director</td><td>Shen Shang-Hung</td></tr>
</table>

Director	Chen Shih-Min																					
Independent director	Lin Jui-Yi Lee Yi-Chin Lai Ming-Jung	1,260	1,260	—	—	1,350	1,350	90	90	2,700 0.36	2,700 0.36	—	—	—	—	—	—	—	—	2,700 0.36	2,7000. 36	None

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

Range of remuneration chart

Remuneration range for each director in this Company	Name of Director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than NT$1,000,000	Lin Jui-Yi, Li Yi-qin, Lai Ming-Jung	Lin Jui-Yi, Lee Yi-Chin, Lai Ming-Jung	Lin Jui-Yi, Lee Yi-Chin, Lai Ming-Jung	Lin Jui-Yi, Lee Yi-Chin, Lai Ming-Jung
NT$1,000,000 (include) to NT$2,000,000 (exclude)	Bao Lei Co., Ltd., Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd., TA YA Venture Capital Co., Ltd representatives Shen Shang-Hung, Chen Shi-min	Bao Lei Co., Ltd., Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd., TA YA Venture Capital Co., Ltd representatives Shen Shang-Hung, Chen Shi-min	Bao Lei Co., Ltd., Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd., TA YA Venture Capital Co., Ltd representative Shen Shang-Hung	Bao Lei Co., Ltd., Bao Lei Co., Ltd. representative Chen Kuan-Pai, TA YA Venture Capital Co., Ltd., TA YA Venture Capital Co., Ltd representative Shen Shang-Hung
NT$2,000,000 (include) to NT$3,500,000 (exclude)	–	–	–	–
NT$3,500,000 (include) to NT$5,000,000 (exclude)	Sheng Pao-Shi	Sheng Pao-Shi	Chen Shih-Min	Chen Shih-Min
NT$5,000,000 (include) to NT$10,000,000 (exclude)	–	–	–	–
NT$10,000,000 (include) to NT$15,000,000 (exclude)	–	–	–	–
NT$15,000,000 (include) to NT$30,000,000 (exclude)	–	–	Sheng Pao-Shi	Sheng Pao-Shi
NT$30,000,000 (include) to NT$50,000,000 (exclude)	–	–	–	–
NT$50,000,000 (include) to NT$100,000,000 (exclude)	–	–	–	–
Higher than NT$100,000,000	–	–	–	–
Total	9 persons	9 persons	9 persons	9 persons

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

3. General Manager and Vice President Remunerations

2020; Unit: NTD thousands; %

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Bonuses and allowances, etc. (C)</th><th colspan="4">Employee remuneration (D)</th><th colspan="2">Total remuneration (A+B+C+D) and as a percentage of net income after tax</th><th rowspan="3">Remuneration received from investees other than subsidiaries or the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>Cash Amount</th><th>Stocks Amount</th><th>Cash Amount</th><th>Stocks Amount</th></tr>
<tr><td>General Manager</td><td>Sheng Pao-Shi</td><td rowspan="2">8,892</td><td rowspan="2">8,892</td><td rowspan="2">108</td><td rowspan="2">108</td><td rowspan="2">5,652</td><td rowspan="2">5,652</td><td rowspan="2">5,779</td><td rowspan="2">—</td><td rowspan="2">5,779</td><td rowspan="2">—</td><td rowspan="2">20,431
2.73</td><td rowspan="2">20,431
2.73</td><td rowspan="2">None</td></tr>
<tr><td>Vice President</td><td>Chen Shih-Min</td></tr>
</table>

Range of remuneration chart

Remuneration range for General Manager and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies in the financial report
Less than NT$1,000,000	—	—
NT$1,000,000 (include) to NT$2,000,000 (exclude)	—	—
NT$2,000,000 (include) to NT$3,500,000 (exclude)	—	—
NT$3,500,000 (include) to NT$5,000,000 (exclude)	Chen Shih-Min	Chen Shih-Min
NT$5,000,000 (include) to NT$10,000,000 (exclude)	—	—
NT$10,000,000 (include) to NT$15,000,000 (exclude)	—	—
NT$15,000,000 (include) to NT$30,000,000 (exclude)	Sheng Pao-Shi	Sheng Pao-Shi
NT$30,000,000 (include) to NT$50,000,000 (exclude)	—	—
NT$50,000,000 (include) to NT$100,000,000 (exclude)	—	—
Higher than NT$100,000,000	—	—
Total	2 persons	2 persons

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

2021; Unit: NTD thousands; %

Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax
General Manager	Sheng Pao-Shi	–	9,153	9,153	1.22%
Vice President	Chen Shih-Min				
Managerial Personnel	Tom Cheng				
Director	Alice Wang				
Director	Raymond Lee				
Director	Lynn Chuang				
Director	Mickey Chen				
Director	Eric Chang				

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

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

Unit: NTD thousands; %

Item \ Year	2020		2021	
	The Company	Consolidated Report	The Company	Consolidated Report
Total directors' remuneration	9,941	9,941	10,309	10,309
Directors' remuneration as a percentage of net income after tax	1.72%	1.72%	1.38%	1.38%
Total supervisors' remuneration	–	–	–	–
Supervisors' remuneration as a percentage of net income after tax	–	–	–	–

Total General Manager and Vice Presidents remuneration	27,662	27,662	20,431	20,431
General Manager and Vice Presidents remuneration as a percentage of net income after tax	4.78%	4.78%	2.73%	2.73%
Income after tax	578,426	578,426	749,736	749,736

The Company's total director's renumeration for 2021 increased compared to 2020, it is due to the increase in income after tax in 2021. The Company's total general manager and vice presidents renumeration for 2021 decreased compared to 2020, it is due to decrease in bonus payment.

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

(1) Remuneration policies, standards, and packages:

The Company's directors remuneration is paid in accordance to the Company's Article 16 of the Articles of Incorporation and Regulations for Remuneration Distribution, and taking into consideration the individual's participation in the operation of the Company, the value of contribution, and normal industry standard. When the Company makes profit during the fiscal year, it shall set aside no higher than 5% of the profit as directors' remuneration in accordance to the Company's Article 20 of the Article of Incorporation.The Compensation Committee will assess the relation and reasonableness to operational performance, individual performance and future risk exposure. Upon discussion and approval by the Compensation Committee, it will be submitted to the board of directors for approval and then to the shareholders' meeting.

The Company's managers' remuneration is paid in accordance to the Company's renumeration policy. Related bonus is paid in accordane to the Company's annual operating performance, financial performance, and individual work performance. When the Company makes profit during the fiscal year, it shall set aside no less than 2% of the profit as employees' compensation in accordance to the Company's Article 20 of the Article of Incorporation. The Company's manager's bonus is paid based on the performance evaluation of the Company's "Manager's Rebumeration Policy". Manager's evaluation item is divided to:

1. Financial performance: evaluated based on the Company's management report, profit contribution for each business group and the manager's goal completion rate.
2. Non-financial performance: the operating performance is evaluated

based on the execution on the Company's corevalue, operating management, and sustainable operation. The remuneration policy will be reviewed and evaluated based on the actual operating performance and related regulation.

The Company's renumeration package includes cash payment, stock option, dividend, pension, severance pay, various allowance, and other incentives. The scope is the same as the directors' and managers' renumeration listed in Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Procedure for determining remuneration

To evaluate the director and manager's renumeration periodically, director's renumeration distribution procedure and manager's renumberation distribution procedure are used. Chairman and vice president's renumberation is evaluated based on human resource market, international renumeration survey result, the Company's renumeration policy and linked to the operating perfornace, and submitted to the Board of Director for approval. The chairman's performance evaluation is based on the Company's yearly operation, evaluation scope includes income after tax and corporate governance. Evaluation scope includes income before tax, credit rating, customer satisfaction, and corporate governance evaluation. The scope of the vice president's performance evaluation includes operating safety management, monitor and execution on the financial plan, implementing digitalized operation management, promoting automony on maintenance, increase in internal control, and quality assurance.

Under the epidemic Covid-19 in 2021, the Company's revenue and income after tax significantly increased compare to 2020. The operating performance is higher than the expected target. Individual remuneration for directors and managers are distributed and calculated based on the Articles of Incorporation and related renumeration procedure. The distribution detail is reviewed by the renumeration committee and submitted to the Board of Directors for approval.

The Company's directors and managers related performance evaluation and rationality on renumeration have been reviewed and evaluated periodically by the renumeration committee and Board of Director. Evaluation items include individual's performance completion rate, contribution to the Company, the Company's overall operating performace, industry's future risk and development trend. The Company's actual performance and current corporate governance trend are also taken into consideration when distributing remuneration to ensure the balance of the Company's sustainable operation and risk control.

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

The Company's renumeration policy, payment criteria and system evaluation is based on the Company's overall operating performance. Payment criteria is evaluated based on the performance completion rate and contribution to increase the Board of Director and overall efficiency of the organization. To ensure the renumeration competitiveness for the Company's management in the industry, human resource market and international renumeration survey result are considered to retain the management talents.

The Company's manager's performance is linked to risk control to ensure possible risk can be managed or prevented within scope of duty. The performance is evaluated based on the actual operating performance, and link to human resource and related renumeration policy. For the major policy made by the Company's management, various factors have been considered, related decision will reflect on the Company's profitability and connect the management's renumeration to the risk control.

The Company and its subsidiary's renumeration payment to director, president and vice president includes long term incentive payment, payable with stock, employee stock option, restricted stock or other equity based payment. The payment will not be paid in full during the fiscal year. Its actual value is related to the future stock price which links the operating risk with the Company.

IV. The State of Implementation of Corporate Governance

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

From 2021 to the publication date of the annual report in 2022, the board of directors has held 9 board meetings [A], and the directors' attendance rates are as follows:

Title	Name	Attendance in person [B]	Attendance by proxy	Attendance in person rate (%) [B/A]	Remarks
Chairman	Sheng Pao-Shi	9	—	100%	None
Director	Bao Lei Co., Ltd. Representative: Chen Kuan-Pai	9	—	100%	None
Director	TA YA Venture Capital Co., Ltd. Representative: Shen Shang-Hung	6	3	66.67%	None
Director	Chen Shih-Min	9	—	100%	None
Independent director	Lin Jui-Yi	9	—	100%	None
Independent director	Lee Yi-Chin	9	—	100%	None
Independent director	Lai Ming-Jung	9	—	100%	None

Other matters that should be recorded:

I. The date of the board meeting, the term, contents of the proposals, opinions of all independent directors, and the Company's handling of opinions of independent directors shall be recorded under the following circumstances in the operations of the board of directors meeting:

(I) Items specified in Article 14-3 of the Securities and Exchange Act: Article 14-3 of the Securities and Exchange Act is not applicable as the Company has set up an Audit Committee, and the relevant information can be found in the State of operations of the Audit Committee in the Annual Report.

(II) Other board resolutions apart from the aforementioned matters with respect to objections or qualified opinions expressed by independent directors on record or in writing: None.

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

Agenda	Name of Director	Reasons for recusal	Participate in voting
2020 earning distribution for manager and increase in renumeration.	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director is managerial personnel	No
To discharge the non compete clause for subsidiary's manager and the Company's director	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi	To discharge the non-compete clause, hence recusal.	No

The subsidiary to sign the management contract with Taishin Healthcare Limited	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi	Sheng Pao-Shi is the committee member for Taishin Healthcare Limited	No
2021 bonus for manager	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director is managerial personnel	No
2021 employee stock option for manager	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director is managerial personnel	No
2021 earning distribution for director.	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min, Shen Shang-Hung, Chen Kuan-Pai, Lin Jui-Yi, Lai Ming-Jung, Lee Yi-Chin	Director and independent director cross review the renumeration	No
2021 earning distribution for manager	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director is managerial personnel	No
2022 renumeration increase for manager	Directors to recuse themselves on matters relating to them: Sheng Pao-Shi, Chen Shih-Min	Director is managerial personnel	No

III. Evaluation of the performance for the board of directors: The Company, in accordance with “Regulations Governing Board Performance Evaluation”, shall beginning 2020, conduct evaluation of the board of directors on a yearly basis, and submitted the evaluation results to the board of directors. The evaluation and results are as follows:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once ever year	2021/01/01 to 2021/12/31	Board of directors, individual director, audit committee and compensation committee	Internal evaluation of the board and self-evaluation by individual board members	(I) Criteria for evaluating the performance of the board of directors include the following: 1. Participation in the operation of the Company. 2. Improvement of the quality of the board of directors' decision making. 3. Composition and structure of the board of directors. 4. Election and continuing education of the directors. 5. Internal control. (II) The criteria for evaluating the performance of the board members cover the following aspects: 1. Alignment of the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal

				relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control. (III) Criteria for evaluating the performance of the Audit Committee include the following: 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Functional committee composition and election of members. 5. Internal control. (IV) Criteria for evaluating the performance of the Compensation Committee include the following: 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Functional committee composition and election of members. 5. Internal control.

The company's 2021 evaluation of the performance for the board of directors have been submitted to the board of directors on March 9, 2021, as the basis for review and improvement. The overall average score of the self-assessment of the performance of the board of directors is 4.8 (out of 5 points), and the score in 2021 is slightly lower than 2020. It is mainly due to the fact that the number of board meeting in 2021 is less than 2020. The overall operation functions well. The overall average score of the evaluation for the audit committee is 4.95 points (out of 5 points), indicating that the overall operation is good. The results of the self-evaluation of individual director members and the remuneration committee's operational performance are 100% satisfied with each measurement item. Regarding the matters that the self-assessment results of the board of directors are not complete, starting from 2022, in addition to holding regular or interim board meeting, it will also communicate with directors directly through video or telephone to ensure the flow of meeting information and increase the operating efficiency of the board of directors.

IV. Goals for enhancing the functions of the board of directors for the current and most recent fiscal period as well as assessments of the actions implemented: The Company has 7 directors, including 3 independent directors. The election and re-election of directors take into consideration the diversity and expertise of the board members, and regular evaluations are conducted in accordance with the Regulations Governing Board Performance Evaluation to improve the operation efficiency of the board. For details, please refer to “The State of Implementation of Corporate Governance” of the Annual Report. To improve corporate governance, the Company has also set up an Audit Committee and Compensation Committee. In accordance with the Securities and Exchange Act, the Company set up an Audit Committee in 2017, which is composed of the entire number of independent directors, to assist the board of directors in fulfilling its duties in supervising the Company in implementing the procedures for accounting, audit and financial reporting, and ensuring the quality and loyalty in financial control, so as to improve the operation efficiency of the board. In accordance with Article 6 of the Company's Audit Committee Charter, the main powers of the Audit Committee are:

(I) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
(II) Evaluate the effectiveness of the internal control system.
(III) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
(IV) Matters in which a director is an interested party.
(V) Asset transactions or derivatives trading of a material nature.
(VI) Loans of funds, endorsements, or provision of guarantees of a material nature.
(VII) The offering, issuance, or private placement of equity-type securities.
(VIII) The hiring or dismissal of a certified public accountant, or their compensation.
(IX) The appointment or discharge of a financial, accounting, or internal audit officer.
(X) Annual Financial Report signed and sealed by the Chairman, managerial personnel and chief accountant, and Q2 Financial Report to be audited by the certified public accountant.
(XI) Proposals on Business Operation Report and Earnings Distribution or Deficit Compensation.
(XII) Other material matters as may be required by the Company or by the competent authority.

In addition to the above, the Audit Committee will conduct evaluation of the independence and performance of the certified public accounts once every year, as well as communicate the Company's important issues with the accountant and chief auditor at least once per quarter, and disclose the mode of communication, issues and results in the Company's website. For details of the establishment and operation of the Compensation Committee, please refer to "(IV) If the Company has a compensation committee in place, the composition, responsibilities and operation of the compensation committee shall be disclosed" under "The State of Implementation of Corporate Governance" of the of the Annual Report.

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

The state of operations of the Audit Committee: From 2021 to the publication date of the annual report in 2022, the Audit Committee has held 9 meetings (A), and the attendance of the committee members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) (B/A)	Remarks
Independent director	Lai Ming-Jung	9	—	100%	Audit Committee convener
Independent director	Lin Jui-Yi	9	—	100%	
Independent director	Lee Yi-Chin	9	—	100%	

Other matters that should be recorded:

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

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

	Article 14-5 of the Securities and Exchange Act		Committee's opinion or objections/reservations	handling status
2021.03.30 2021 (2nd) 5th Audit Committee Meeting	Agenda Item 1: The Company's "2020 Statement on Internal Control".	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Review the Company's independent assessment of certified public accountants	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: 2020 Business Operation Report and Financial Statements.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 5: Proposal to distribute new shares for capital increase by earnings.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 6: Propose to continue to provide a loan guarantee of NT$30 million to Bora Pharmaceutical Laboratories Inc., a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 7: Propose to continue to provide a loan guarantee of NT$20 million to Yuta Health Co., Ltd., a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 8: Propose to continue to provide a loan guarantee of NT$20 million to Yuta Health Co., Ltd., a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 9: Propose to continue to provide a loan guarantee of NT$60 million to Yuta Health Co., Ltd., a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
2021.05.13 2021 (2nd) 6th Audit Committee Meeting	Agenda Item 1: Propose to provide a credit purchase guarantee to Yuta Health Co., Ltd., a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Amendment of the Company's written internal control system.	Unanimously approved by all attending Audit Committee members	None	N/A
2021.06.04 2021 (2nd) 7th Audit Committee	Agenda Item 1: Proposal to discharge non-compete clause for the Company's board of director.	Unanimously approved by all attending Audit	None	N/A

Meeting		Committee members		
2021.08.11 2021 (2nd) 8th Audit Committee Meeting	Agenda Item 1: Proposal to provide a loan guarantee to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal to provide a credit purchase guarantee to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Proposal to continue to provide a loan guarantee to Bora Pharmaceutical Laboratories Inc., a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 4: Proposal to revise the Company's 2021 internal audit plan.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 5: Proposal to appoint the internal audit manager.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 6: Proposal to issue the Company's 2020 employee stock warrants to non-manager	Unanimously approved by all attending Audit Committee members	None	N/A
2021.11.11 2021 (2nd) 9th Audit Committee Meeting	Agenda Item 1: Propose to continue to provide a loan guarantee of NT$20 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal to issue employee stock warrants	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Proposal to formulate the record date of cash capital increase for the Company's 2018 employee stock warrant exercised on 2021 Q3	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 1: The Company's 2022 internal audit plan	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: Proposal to continue to	Unanimously	None	N/A

		provide a loan guarantee to Bora Pharmaceutical Laboratories Inc., a company that is 100% owned by the Company	approved by all attending Audit Committee members		
	2021.12.29 2021 (2nd) 10th Audit Committee Meeting	Agenda Item 3: Proposal to continue to provide a loan guarantee of NT$30 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A
		Agenda Item 4: Proposal for Bora Management Consulting Co., Ltd, a company that is 100% owned by the Company, to sign the management contract with Taishin Health Limited Partnership	Unanimously approved by all attending Audit Committee members	None	N/A
		Agenda Item 5: Proposal to issue letter of intent to acquire CDMO Business operating asset	Unanimously approved by all attending Audit Committee members	None	N/A
		Agenda Item 6: Proposal to issue cash capital increase of NT$70 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A
	2022.01.21 2021 (2nd) 11th Audit Committee Meeting	Agenda Item 1: Propose to continue to provide a loan guarantee of NT$5 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
		Agenda Item 2: Proposal to formulate the record date of cash capital increase for the Company's 2018 employee stock warrant exercised on 2021 Q4	Unanimously approved by all attending Audit Committee members	None	N/A
		Agenda 3 To revise the Company's 2021 First Employee Stock Warrant Plan	Unanimously approved by all attending Audit Committee members	None	N/A
		Agenda 4: To issue the Company's 2021 employee stock warrant to non-managers	Unanimously approved by all attending Audit Committee members	None	N/A
			Unanimously approved by all attending Audit Committee members	None	N/A
		Agenda 5: To purchase the Company's	Unanimously	None	N/A

	treasury stock	approved by all attending Audit Committee members		
2022.03.09 2021 (2nd) 12th Audit Committee Meeting	Agenda Item 1: The Company's "2021 Statement on Internal Control".	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 2: The Company to change CPA due to accounting firm's internal CPA rotation	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 3: Review the Company's independent assessment of certified public accountants	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 4: 2021 Business Operation Report and Financial Statements.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 5: Proposal to distribute new shares for capital increase by earnings.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda 6: Proposal to provide a loan guarantee of NT $30 million to Bora Pharmaceutical Laboratories Inc., a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda 7: Proposal to provide a loan guarantee of NT $40 million to Bora Health Inc., a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda 8: Proposal to provide a loan guarantee of NT $60 million to Bora Health Inc., a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 9: Proposal to continue to provide a loan guarantee to Bora Health Inc., a company that is 100% owned by the Company.	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda Item 10: Amendments to the Procedure for Lending Funds to Other Party, Procedure for Endorsement and Guarantee, Procedure for Acquiring and Disposing Assets and Procedure for Engaging in Financial Derivative Transaction	Unanimously approved by all attending Audit Committee members	None	N/A

	Agenda Item 11: Amendments to the Internal Control, authorization table, management guideline on authorization table, Procedure for the Company's transaction with related party, Procedure for the monitoring on the Company's subsidiary and Guideline for internal audit	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 12: To coordinate with the Company's subsidiary Bora Health Inc.'s future over the counter or listed plan, the Company will release the share in stages and not to participate the future capital increase plan.	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 13: The Company's 100% owned subsidiary Bora Pharmaceutical Services Inc. plans to purchase PP&E for operation	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 14: Appointment on the accounting officer	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 15: Review the independent assessment of certified professional	Unanimously approved by all attending Audit Committee members	None	N/A	
2022.04.11 2021 (2nd) 13th Audit Committee Meeting	Agenda 1: To spin off the Company's western medicine department to 100% own subsidiary	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 2: Proposal to continue to provide a loan guarantee of NT $70 million to Bora Pharmaceuticals Laboratories. Inc., a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 3: Proposal to continue to provide a loan guarantee of NT $30 million to Bora Health Inc., a company that is 100% owned by the Company	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 4: Proposal to set the capital increase date for 2018 employee stock warrant exercised on 2022Q1	Unanimously approved by all attending Audit Committee members	None	N/A	
	Agenda 5: Proposal to amend the Company's 2022 internal audit plan	Unanimously approved by all attending Audit	None	N/A	

		Committee members		
	Agenda 6: Proposal to increase the cash capital for the 100% owned subsidiary Bora Pharmaceuticals Laboratories Inc	Unanimously approved by all attending Audit Committee members	None	N/A
	Agenda 7: Proposal to amend Procedure for Acquiring and Disposing Assets	Unanimously approved by all attending Audit Committee members	None	N/A

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

II. Implementation status of recusal by independent directors due to conflict of interest: None.

III. Communication between independent directors, chief internal auditors and certified public accountants:

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

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

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

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

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

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Did the company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?</td><td>V</td><td></td><td>be able to achieve effective risk management.
(IV) The Company has formulated “Operating Procedures for Handling Internal Material Information and Preventing Insider Trading” to prohibit company insiders from trading securities using information not disclosed to the market and educate the Company’s director, manager, and employee on current regulation at least once a year. For newly on board director and manager, educational session will be arranged. For newly on board employee, educational session will be provided by the HR department during the on board training. The Company’s educational training session to the director, manager, and employee is as follows:
<table><tr><th>Date</th><th>Content</th><th>For</th></tr><tr><td>2021.02.04</td><td>Insider equity management and reporting guideline</td><td>Manager</td></tr><tr><td>2021.11.11</td><td>Indsider trading guideline and responsibility</td><td>Director and manager</td></tr><tr><td>2021.12.27-28</td><td>Corporate governance and insider trading prevention</td><td>All employee</td></tr></table>
The above educational session accounted for total 116 people and 3,700 minutes.
In additiona to internal session, the certified public account shares new regulation on insidr trading during the board meeting and reminds the board of director not to trande the stock 30 days before the publication for the yearly financial report and 15 days for the</td><td>No material deviation</td></tr>
</table>

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			quarterly financial report. The Company has inform the director during the board meeting and audit committee meeting on March 9. 2022 on the above new regulation where certified public account is present.	
III. Board compositions and responsibilities (I) Has the board of directors developed and implemented a diversified policy for the composition of its members?	V		(I) For the board's diversity policy and implementation, please refer to "The Diversity and Independence of the Board of Director (P21-22) The Diversity and Independence of the Board of Director	No material deviation
(II) In addition to remuneration committee and audit committee established according to law, has the company voluntarily established other functional committees?	V		(II) The Company's Articles of Incorporation stipulates that the board of directors may based on the needs of business operations, set up other functional committees, and establish a charter for the committee to be approved by the board of directors. The Company currently has a Compensation Committee and an Audit Committee, and may based on the Company's business development and regulatory requirements, set up other functional committees. To promote and develop ESG, the Company's board of director approved to establish the sustainable committee on March 9, 2022 with 3 committee member and Sheng Pao-Shi is the convener.	No material deviation
(III) Did the company stipulate regulations for performance evaluation of the board, and its evaluation method, and conduct performance evaluation on a yearly basis, and submit the performance evaluation results to the board of directors and use them	V		(III) The Company has established a performance evaluation of the board, and its evaluation method. Regular evaluation has officially begun in 2020, and the evaluation results have been used as reference in determining compensation for individual directors, their nomination and additional office term. The 2021	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
as reference in determining compensation for individual directors, their nomination and additional office term.			evaluation results of the members of the board of directors, the board of directors, the Audit Committee and the Compensation Committee have been submitted to the board of directors on March 9, 2022, to facilitate the board in understanding the operational performance and to continue to track and improve. For details of the evaluation, please refer to "The State of Implementation of Corporate Governance" - “(I) The State of Operations of the Board of Directors” of the Annual Report. (P28-29)	
(IV) Did the company regularly implement assessments on the independence of the certified public accountants?	V		(IV) The Company has in accordance with the regulations relating to independence as stated in Bulletin No. 10 “Integrity, Objectivity and Independence” of “The Norm of Professional Ethics for Certified Public Accountant of the Republic of China”, established the Company’s evaluation standard on the independence of the accountants, and evaluates the independence of the certified public accountants on a yearly basis. Has obtained the Auditor's Independence Declaration, and conducted evaluation based on the above independence evaluation standard. The evaluation results show that the certified public accountants Hung, Kuo Sen and Lin, Li Huang from Ernst & Young, Taiwan, both conform to the standards of independence established by the Company, and hence are capable of serving as the Company’s certified public accountants. The Company has submitted the results to the board of directors on March 9, 2022, and the audit committee has approved the results. Details of the certified public accountants’ independence evaluation standards are in Note 1.	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer to be in charge of corporate governance affairs (include but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings, etc.)?	V		(I) Appointment of chief corporate governance officer The Company continues to promote and implement corporate governance to enhance the functions of the board of directors and safeguard the rights and interests of the shareholders. The Company has, before the mandatory requirements, passed a board resolution on March 30, 2021 to appoint Director Alice Wang as the Company's chief corporate governance officer, the highest ranking officer in charge of corporate governance related matters. Director Wang has more than 3 years experience heading the law, finance, stock affairs or corporate governance related matters units in public companies, and hence meets the qualifications of a chief corporate governance officer. (II) Scope of duties and powers Main duties include supervising and executing the establishment and operation of corporate governance related rules and regulations, including handling of matters relating to board of directors meetings and shareholders meetings in compliance with law, reviewing and preparation of minutes of board of directors meetings and shareholders meetings, assisting in onboarding and continuing education of the directors, providing information required for performance of duties by the directors, and assisting directors in complying with the laws and regulations, etc. (III) Continue education Total 20 hours of course session have been attended in 2021 as follows:	No material deviation

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>

Item	Date	Course Name	Hour	Note
1	07.22.2021	Anti Money Laundering and Counter Financing Terrorism	3	1
2	08.13.2021	Information Disclosure and Insider Trading Preventation	3	1
3	08.31.2021	2021 TPEX Sustainability Online Forum	2	2
4	09.28-29.2021	Workshop for Director, Supervisor and Corporate Governance Manager	12	1

Note 1: The course is hosted by Securities & Future Institute
Note 2: The course is hosted by Taipei Exchange</td><td></td></tr>
<tr><td>II. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?</td><td>V</td><td></td><td>The Company has a spokesperson and deputy spokesperson as channels of communication for stakeholders. The Company values the interest of the stakeholder and works to develop a open, transparent, effective communication channel to move toward a sustainable future.
(I) Identification on the stakeholder
The Company adhere to the resposonsbility and mission</td><td>No material deviation</td></tr>
</table>

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			of sustainable corporate governance. On the official website, the Company set up the stakeholder communication email and identified operating related stakeholder, including investor, employee, supplier, government, and research institution. The Company communicates to stakeholder with different topic which stakeholder concern. Starting in 2022, the implementation of ESG project will focus on effective communication with stakeholder, strengthen the communication, and ensure to reply different group of stakeholder's concern. The stakeholder communication report will submit to the board of director annually. (II) For main stakeholder communication, please refer to below note 2. (III) Stakeholder communication platform: Besides main stakeholder, the Company maintains good communication with stakeholder and has set up the external communication email on the Company's website for diverse communication channel. (IV) 2021 stakeholder communication report has been submitted to the board of director on Nov 11, 2021.	
III. Did the company engage a professional shareholder services agent to handle shareholders meeting matters?	V		The Company has engaged the Stock-Affairs Agency Department, Taishin Securities Co., Ltd. to handle matters relating to shareholders meeting.	No material deviation
IV. Information disclosure (I) Has the company set up a website to disclose information regarding the company's financial operations and corporate governance?	V		(I) The Company has set up an Investors corner in the website to disclose information relating to financial operations and corporate governance. Website: http://www.bora-corp.com/	No material deviation
(II) Did the company adopt other information disclosure methods (such as establishing	V		(II) In accordance with the competent authority and relevant laws and regulations, The Company makes	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?			public announcements and declarations of the various information, has set up Chinese and English websites, assigned dedicated personnel to collect and disclose Company data and implemented the spokesperson system, and uploads the investor conference processes to the Company's website, to enable shareholders to obtain material information and events information from the Market Observation Post System and the Company's website.	
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		V	(III) The Company currently reports and publishes its annual financial report within the deadline stipulated in the Securities and Exchange Act, and has not published and reported the financial report within two months after the end of a fiscal year. In the future, it will adjust its reporting date based on the closing of the accounts.	Evaluating
V. Is there any other important information to facilitate a better understanding of the state of implementation of corporate governance (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. Employees' rights and employee care: The Company always values labor-management relations, treats its employees with integrity, and safeguards the legitimate rights and interests of its employees in accordance with the Labor Standards Act; and through the employee welfare system and a good education and training system, it allows the employees to contribute through their jobs. 2. Investor relations: The Company's biggest goal is to protect the rights and interests of the shareholders, and treat all shareholders equitably. Besides publishing the Company's material information such as finances, operations and changes in insider shareholdings through the Market Observation Post System in a timely manner in accordance with the law, an Investors corner is also set up in the Company's website to provide timely	No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			disclosure of the Company's finances, operations, and corporate governance. The minutes of the Company's annual general shareholders' meeting are recorded in accordance with the Company Act and relevant laws and regulations, and published in the Company's website and retained for the duration of the existence of the Company. 3. Supplier relationship: The Company establishes close long-term relationship with suppliers based on win-win principle, in the aim to achieve mutual trust and mutual benefit, and together pursue sustainable growth. 4. Rights and interests of stakeholders: The Company value stakeholders' right and has set up communication channel with stakeholder to ensure stakeholder may communicate and make recommendations to the Company to safeguard their legal rights. 5. Status of directors' continuing education: The Company's directors possess relevant professional knowledge, and in accordance with the relevant laws and regulations, attend courses related to securities regulations. Has disclosed under Corporate Governance of the Market Observation Post System (http://mops.twse.com.tw/mops/web/t100sb07). 6. State of implementation of risk management policy and risk assessment standards: The Company has established an internal control system to prevent any possible risks, and the audit unit conducts regular and occasional checks on the execution and improvement of the internal control system. The Company has also purchased various business related insurances, such as fire insurance, theft insurance, product liability insurance and employees' group insurance, etc. to reduce various types of risks.	

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>7. Status of implementation of customer policies: The Company maintains stable and good relationship with customers, and upholds the policy of putting customer first, to generate profit for the Company.
8. Status of purchase of liability insurance for directors and supervisors: The Company has since June 27, 2014, purchased liability insurance for its directors and independent directors so as to strengthen the protection of shareholders' rights and interests. The status of purchase of liability insurance for all directors in 2020 are as follows:
<table>
<tr><th>Insured party</th><th>Insurance company</th><th>Policy duration (from/to)</th><th>Insured amount (NT$: X)</th></tr>
<tr><td rowspan="2">All directors and managerial personnel</td><td>Insurance Company of North America, Taiwan Branch</td><td>From:
June 27, 2021
To:
June 27, 2022</td><td rowspan="2">US$8,000,000 (equivalent to NT$233,880 thousand)</td></tr>
<tr><td>Shinkong Insurance Co., Ltd.</td><td>From:
June 27, 2019
To:
July 27, 2020</td></tr>
</table></td><td></td></tr>
<tr><td colspan="5">VI. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.
(not required as the Company is not an assessed company):
1. The Company has established "Bora Pharmaceuticals Co., Ltd. Corporate Governance Best Practice Principles", which has been passed in a resolution of the board, by referencing "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", to uphold the spirit of corporate governance, thereby maximizes the rights and interest for the shareholders and pursues the Company's sustainable operation. There are no significant differences between Company's state of implementation of corporate governance and "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".
2. The Company ranks in the top 66 to 80% TWSE-listed companies in the 7th Corporate Governance Evaluation Results. There are 79 evaluation indicators</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">(including 2 extra indicators), and the Company scored in 35 indicators, and the 2 extra indicators. Pertaining to indicators which the Company did not score, the priority for improvements and countermeasures are as follows:
(1) For unscored ESG item, the Company has hired ESG consultant in 2021 to implement related procedure and issue assurance report. The Company and its subsidiary has implemented carbon check and review, and acquire ISO14064 certification. On March 9, 2022, the board of director approved to establish the sustainable committee and have the Company's chairman Sheng Pao-Shi to be the convener and to continue promote ESG related procedure. As of the report date, the 2021 ESG report has not been issued. Once issued, the Company will upload the report to the MOPS and the Company's website.
(2) The Company will continue to evaluate and consider possible improvement measures for indicators which it did not score.</td></tr>
</table>

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

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

Note 2: Communication to main stakeholders:

Stakeholder	Importance and Meaning	Focus Topic	Communication Channel, Respond, and Frequency of Communication	Annual Communication
Employee	The Company value employees' right. The Company host the employee welfare committee meeting and the management employee communication meeting irregularly. We follow the human right guideline issued by	-Labor relations and labor security -Talent retention and development -Diversity and equal	-Department communication and working meeting (daily) -Site meeting (weekly) -Internal newsletter (monthly) -Townhall meeting (quarterly)	-To enhance employee training and provide internal rotating opportunity. -The chairman announce the Company's main policy and

Stakeholder	Importance and Meaning	Focus Topic	Communication Channel, Respond, and Frequency of Communication	Annual Communication
	United Nation. We value human right, equal working righ and follow international labor safety standard and protocol to foster a friendly working environment. Bora Pharmaceuticals believes our employees can develop their career in ease and reach the maximum potential by providing a stable, healthy, and comfortable environment. For incidents that affects our employees' right, Bora Pharmaceuticals provides effective and appropriate appeal system to ensure the appeal process is equal and transparent.	opportunity - Employee health and employee care Workplace safety and health	-Labor and management meeting (quarterly) -Labor dafety committee (quarterly) -Performance review (yearly) -Safety and health training (yearly) -Employee welfare committee (yearly) -Renumeration committee (yearly) -Employee training (irregularly) -Employee opinion and complain email box (immediately) -Internal website (irregularly)	message, and make Q&A with employee to align everyone's goal during the quarterly town hall meeting. -To enhance the relationship with the employee, total 12 labor and managehemt meeting are hosted (each site host the meeting quarterly). -Set the goal in the beginning of the year and evaluate the result at the end of year. 100% of the employee receive the performance review. -Provide reimbursement for employee travel and activity. 1.Yearly table tennis tourment 2.2021 Total Wellness Fitness Challenge 3.Bora Pharmaceuticals Laboratory Inc. family day 4.Sports day 5.Bora Mississauga BBQ Day -Enocurage employee to participate charitable activity to collect used shoes and ship to Africe for people in need
Investor	The Company values investor relationship, have complete spokeman system and establish the investor relationship contact window.	-Corporate governance and operating efficiency -Integrity and compliance	-Stockholder meeting (yearly) -Earnings call (semi yearly) -Investor conference	-Host 1 shareholder meeting -Host 2 earning call -Host 3 investor conference

Stakeholder	Importance and Meaning	Focus Topic	Communication Channel, Respond, and Frequency of Communication	Annual Communication
	Stockholder's meeting is hosted and annual report is issued regularly. Material information is announced timely on MOPS. Earning call and investor conference is hosted irregularly. Press release is issued to maintain a good relationship with media. Information is disclosed timely and transparently to protect investors' interest.	-Risk management -Future growth potential and profit driver	(irregularly) -Announce financial report (quarterly) -Announce operating performance (monthly) -Disclose the Company's main financial and business information on MOPS (irregularly) -Established spokesman, deputy spokesman and news contact window (immediately) -Established investor relationship email and contact window (immediately)	-Announce 29 material information on MOPS -Interviewed by domestic and international institution, news and report for 25 times (as of the Nov 2021 Board of Director meeting)
Customer	The Company is a professional CDMO company, having advanced site and equipment, and provide customers professional and customized service with international standard.	-Customer relationship management -Supply chain management -Information safety and personal information protection -Product quality and complaince	-Customer service email (immediately) -Website and social platform for professional information (irregularly) -Newsletter (irregularly)	-0 customer complaints and positive customer satisfaction -The official website adds white paper and professional industry information. Monthly viewer for CDMO website increase from 145 to 12,968, and create 116 potential business opportunity. -The followers for professional network platform Linkedin increase rapidly to 2,781 people.
Supplier	The Company has tight standard to evaluate the supplier to ensure the long term and stable relationship with the supplier. Audit and safety meeting are hosted irregularly with the	-Raw material and supply chain management BCM (Business Continuity Management)	-MRO item will purchase and inquire the purchase flow (irregularly) -Purchase raw material with	-2020 supplier evualtion has been completed and report has been issued as a reference for future cooperation.

Stakeholder	Importance and Meaning	Focus Topic	Communication Channel, Respond, and Frequency of Communication	Annual Communication
	supplier and ensure the stability of the operation.	-Quality test and GMP related regulation compliance	qualified supplier (irregularly) -According to PIC/S regulation, suppliers shall be audited to understand the suppliers' compliance. The audit frequency shall be evaluated based on the audit result and risk evaluation.	-4 suppliers are being audited in 2020 and results are all qualified.

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

1. Compensation Committee member profiles

Position	Criteria Name	Professional qualifications and working experience	Independence status	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent director	Lin Jui-Yi	For director's professional qualifications and working Experience, please refer to "C. Corporate Governance Report, II. Information regarding Directors, Supervisors, General Manager, Vice Presidents, Division Directors, and Heads of Departments and Subsidiaries (page 14-17)"	All renumeration committee member comply with the following 1. Comply with the renumeration committee guideline for public and listed company issued by Financial Supervisory Commision, please refer to note for the guideline. 2. The person (including using others' names), his/her spouse, minor children, does not have the Company's share. 3. Did not provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company provider in the past 2 years and receive any interest.	1
Independent director	Lee Yi-Chin			1
Independent director	Lai Ming-Jung			1

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

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

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

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

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

(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to

Paragraph 1 or 2, Article 27 of the Company Act (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).

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

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

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

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

2. Operations of the Compensation Committee

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

(2)Term of the (4th) Compensation Committee: May 28, 2020 to May 27, 2023; in 2021 and 2022 as of the date of publication of the annual report, the Compensation Committee has held 6 meetings (A); the members' qualifications and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener of the 4th Committee	Lai Ming-Jung	6	—	100%	Convener of the 3rd and 4th Committee; re-elected on May 28, 2020 during the board of directors re-election.
Committee Member	Lin Jui-Yi	6	—	100%	Convener of the 1st to 4th Committee; re-elected on May 28, 2020 during the board of directors re-election.
Committee Member	Lee Yi-Chin	6	—	100%	Convener of the 3rd and 4th Committee; re-elected on May 28, 2020 during the board of directors re-election.

Other matters that should be recorded:

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

(I) Discussions and resolutions of the compensation committee:

Date of convening	Discussion items:	Resolution
	Agenda Item 1: 2020 director remuneration distribution proposal.	Unanimously approved by all attending committee members
	Agenda Item 2: 2020 director remuneration distribution details.	Unanimously approved by all attending

	2021.03.30 2021 1st meeting of the Compensation Committee		committee members
		Agenda Item 3: 2020 Earnings Distribution Proposal.	Unanimously approved by all attending committee members
		Agenda Item 4: Amendment to the Company's "Procedures for Distribution of Managerial personnel Remuneration".	Unanimously approved by all attending committee members
		Agenda Item 5: Distribution of remaining bonus from 2020 managerial personnel' year-end performance bonus.	Unanimously approved by all attending committee members
	2021.05.13 2021 2nd meeting of the Compensation Committee	Agenda Item 1: 2020 managerial personnel details for earnings distribution proposal.	Unanimously approved by all attending committee members
		Agenda Item 2: 2020 salary adjustment proposal for managerial personnel.	Unanimously approved by all attending committee members
	2021.12.29 2021 3rd meeting of the Compensation Committee	Agenda Item 1: 2021 managerial personnel year-end bonus	Unanimously approved by all attending committee members
	2022.01.21 2022 1st meeting of the Compensation Committee	Agenda Item 1: Managerial personnel details for 2021 first employee stock warrants distribution.	Unanimously approved by all attending committee members
	2022.03.09 2022 2nd meeting of the Compensation Committee	Agenda Item 1: 2021 year end bonus distribution proposal	Unanimously approved by all attending committee members
		Agenda Item 2: Report the president of the Company's 100% owned subsidiary as the Company's managerial personnel	Unanimously approved by all attending committee members
		Agenda Item 3: Report the Company's accounting manager as the Company's managerial personnel	Unanimously approved by all attending committee members
		Agenda Item 4: 2021 Employees' and Directors' Compensation.	Unanimously approved by all attending

		committee members
	Agenda 5: Promotion for the Company's vice president for finance accounting, and administration department	Unanimously approved by all attending committee members
	Agenda Item 6: 2021 director remuneration distribution details.	Unanimously approved by all attending committee members
	Agenda Item 7: 2021 managerial personnel details for earnings distribution proposal.	Unanimously approved by all attending committee members
	Agenda Item 8: Appointment of the Company's human resource manager	Unanimously approved by all attending committee members
2022.04.11 2022 3rd meeting of the Compensation Committee	Agenda Item 1: 2021 managerial personnel' salary adjustment	Unanimously approved by all attending committee members

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

II. If there are objections or reservations by the members that have been recorded in writing during the Compensation Committee resolution, the Compensation Committee meeting's date, period, motion content, the opinions of all members, and treatment of the member's opinions must be disclosed in detail: In the most recent year, there were no objections or reservations on record or stated in a written statement from members of the compensation committee.

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

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
I. Has the company established corporate governance for sustainable development and promote sustainable development unit which is authorized from the board of director to managerial personnel, and monitor by the board of director?	✓		As ESG has become an important indicator for the corporate's substainble operation and risk control, the Company's board of director approves to establish Sustainable Development Committee.The Company's core vision "Contributing to Better Health All Over the World", focus on integrity, happy workplace, healthy society, R&D innovation, and susitainable development. Goals include promote economic growth, social development, and environment protection to increase the Company's competitiveness and promote the positive influence of the pharmaceuticals company. The Company's Sustainable Committee has 3 committee member with the chairman as the convener. As the highest internal decision center for sustainable development, the chairman will lead the manager from different department to review the Company's core operation. The first meeting is hosted on April 22, 2022 to develop mid and long term sustainable development plan. Sustainable Development Committee will be the communication platform for different department. The topic include Corporate Governance, Respobsible Manufacturing and Innovation, Health and Social Wellbeing, Employee Welfare, and Environment Sustainability. These three topic will identify the Company's operation and the sustainable topic that stakeholders focus. Work development, sustainable development planning, and execution will be performed. Sustainable development committee will report to the board of director regularly and irregularly, main responsibility include: 1.Identify the strategic and direction for the sustainable	No material deviation

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>development and focus on management and execution plan.
2.Yearly target for sustainable developemtn and information collection on execution.
3.Review and revise on the execution of the sustainable development.
4.Other sustainable development item approved by the board of director.</td><td></td></tr>
<tr><td>II. Did the company evaluate the risk related to the environment, social and corporate governance for the Company’s operation and formulate related risk control policy and strategy?</td><td>✓</td><td></td><td>The Company will issue the 2021 ESG report, the scope includes the Company and its subsidiary’s production site, which is Zhunan site, Tainan site, and Canada site. The Company’s management has reviewed the domestic and international report to design the survey for internal and external stakeholder. To evaluate in accordance with materiality, the Company considers management’s opinion and formulate the guideline and policy for ESG.
As of the printing date, the Company has not published the 2021 ESG report issied by 3rd party. The report will upload to the Company’s website accordingly.</td><td>No material deviation</td></tr>
<tr><td>III. Environmental Issues
(I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?</td><td>✓

✓</td><td></td><td>(I) The Company is a PIC/S GMP certified drug manufacturer, and has passed site inspections by US FDA and UK MHRA. It has established relevant management mechanisms for the manufacturing process, and among them is the strict accordance with standard operating procedures in handling of waste generated, and clearing by external professional clearing companies. The Company has also in accordance with the laws and regulations, applied for Water Pollution Control permit, and a dedicated personnel is appointed to handle the relevant matters.
Starting in 2021, the Company has been followed ISO14064-1 greenhouse has management system</td><td>No material deviation</td></tr>
</table>

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			standard, and hired 3rd party organization to execute the carbon review and audit. Short, mid, and long term carbon emission target has been set and will report to the sustainable committee and board of director to ensure the environment management mechanism.	
(II) Is the company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	✓		(II) The Company is dedicated in improving the usage efficiency of the various resources. The Company's main businesses are research and development, and sale of western drugs and health products; manufacturing and CDMO of drugs; and development and CDMO of new drugs. As it does not belong to an energy-intensive and highly polluting industry. The Company continue to promote energy reduction, including air conditioning, lighting control and optimization of equipment operating efficiency..	No material deviation
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	✓		(III) The Company's management assesses the current and future potential risks and opportunities of the Company and disclose in accordance with TCFD framework. Related risk is presented to sustainable committee and continue to implement conintued operation plan in accordance with BCM. As of the printing date, the Company has not published the 2021 ESG report issied by 3rd party. The report will upload to the Company's website accordingly.	No material deviation
(IV) Does the company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumption, carbon and greenhouse gas emission, and waste production?			(IV) The Company and its subsidiary (Zhunan site, Tainan site, and Canada site) has hired 3rd party organization to execute the carbon review and audit in accordance with ISO14064-1. Other documented information include the greenhouse gas emission for the past 2 year, total water usage, and total waste. As of the printing date, the Company has not published	No material deviation

Evaluation items	Implementation status			Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			the 2021 ESG report issied by 3rd party. The report will upload to the Company's website accordingly.	
IV. Social Issues (I) Has the company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?	✓		(I) The Company complies with the relevant regulations of the labor law, and has established working rules and complete personnel management regulations, and respect internationally recognized human rights of labor, including freedom of association, collective bargaining rights, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, etc., to safeguard the rights and interests of the employees. The basic salary, working hours, leave, pension, payment of labor and health insurance, compensation for occupational accidents, etc., of the staffs employed by the Company comply with the relevant regulations of Labor Standards Act.	No material deviation
(II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		(II) The Company has established relevant welfare measures for the welfare and rights and interests of the employees, and upon discussion with the management, reflect the Company's yearly operating performance or results in the employee compensation appropriately.	No material deviation
(III) Has the company provided a safe and healthy working environment and provided employees with regular safety and health training?	✓		(III) The Company provides the employees with comfortable, safe and healthy working environment, include implementing necessary access control measures, conducting regular occupational safety and health education and training, banning smoking indoors and setting up staff canteen in the facility, etc. The Company pays high attention to the safety of the employees, where half-yearly fire and evacuation drills are conducted in the plants, and all employees receive fire-fighting training every year.	No material deviation

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

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from sustainable development for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such regulations?</td><td></td><td></td><td>passed US FDA and UK MHRA site inspections, and the product development and production comply with international pharmaceutical regulations. The contracts between the Company and its suppliers do not specially stipulate the terms where the Company may terminate or rescind the contract at any time if the supplier violates the Company’s corporate social responsibilities policy, The Company will find substitute supplier to replace suppliers who does not implement corporate social responsibility. The Company will continue to discuss and work on ESG with suppliers.</td><td></td></tr>
<tr><td>V. Has the company, following internationally recognized guidelines, prepared reports such as its Corporate Social Responsibility Report to disclose non-financial information of the company? Has the company received assurance or certification of the aforementioned reports from a third-party accreditation institution?</td><td></td><td>✓</td><td>As of the printing date, the Company has not published the 2021 ESG report issied by 3rd party. The report will upload to the Company’s website accordingly.</td><td>No material deviation</td></tr>
<tr><td colspan="5">VI. If the company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation:
Starting in 2021, the Company prepares the sustainability report, implement ISO14064 carbon check and review and engage 3rd party organization for audit. To implement the sustaibability plan, the Company’s board of director approved to establish the sustainability committee on March 9, 2922. The sustainability committee will sustainability related matter and continue to revise the Company’s guideline in accordance to “Sustainable Development Best Practice Principles for TWSE/TPEx List Companies”. There is no material deviation.</td></tr>
<tr><td colspan="5">VII. Other key information useful for explaining status of corporate social responsibility practices:
The Company aims to become a professional pharmaceutical and healthcare marketing company, provide better and higher quality professional services. With the marketing and promotion of a strong team, it hopes to correctly convey to medical personnel and consumers the most complete medical and health information and product knowledge. For better control of disease, better care of health, and better industrial development, health is no longer a physiological need, but an ultimate portray of the quality of life. Besides putting effort in the core business, the Company believes in giving back to the society and hopes to play a part in promoting social welfare. In addition, From 2020 to the publication date of the annual report in 2021, the Company has donated a total of NT$572 thousand to non-profit organization or institutions.</td></tr>
</table>

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

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions (I) Has the company established the ethical corporate management policies approved by the board of directors and specified in its rules and external documents, the ethical corporate management policies and practices as well as the commitment of its board of directors and senior management to implementing the management policies?	✓		(I) To establish an ethical corporate culture and strengthens corporate governance and risk control to build a sound operating environment, the Company has established "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct", stipulating that the Company's directors, managerial personnel and employees shall comply with the laws and regulations and prevent unethical behavior when conducting business activities.	No material deviation
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess operating activities with higher risk of unethical conducts on a regular basis, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice	✓		(II) The Company's internal regulations stipulate that employees when engaging in commercial activities shall not directly or indirectly accept any improper benefits. Staff trainings are also conducted from time to time to strengthen the promotion of the importance of integrity.	No material deviation

Evaluation items	Implementation status: Yes	Implementation status: No	Implementation status: Summary	Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
Principles for TWSE/TPEx Listed Companies"? (III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, implemented the policies, and review the policies on a regular basis?	✓		(III) The Company implements the relevant regulations of corporate governance by establishing regulatory compliance, internal control system and audit system, strengthening the function of the board of directors, fulfilling the function of supervisors, and increasing information transparency.	No material deviation
II. Implementation of ethical corporate management (I) Has the company evaluated the integrity records of parties it does business with and stipulated ethical conduct clauses in business contracts?	✓		(I) The Company evaluates its trading counterparty by conducting credit investigation on customers and evaluation on suppliers to prevent unethical business activities, and gradually specifies in the contracts with the trading counterparty, the terms on ethical conduct.	No material deviation
(II) Has the company set up a dedicated unit under the board of directors to promote ethical corporate management and regularly (at least once every year) report to the board of directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) To implement ethical management policy, the Company has established “Ethical Corporate Management Best Practice Principles”, “Codes of Ethical Conduct” and “Operating Procedures for Handling Internal Material Information and Preventing Insider Trading”. Dedicated units report the state of implement to the board of directors at least once per year, and the relevant regulations are continuously modified and promoted according to the regulatory updates. In 2020, the dedicated units conducted ethical management promotion and training for 3,501 people (about 928.5 hours), and reported the implementation status to the board of directors on May 13, 2021. 1. Set up dedicated unit in promoting ethical management: The original dedicated unit for promoting ethical management was the General Manager Office. To	No material deviation

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			fully integrate the planning and promotion of the various activities of corporate governance, the Company passed a board resolution on March 30, 2021, to appoint the Director of Finance & Accounting Division, Alice Wang, as the chief corporate governance officer, responsible for coordinating the various corporate governance activities. The dedicated unit for ethical management is incorporated into the scope of duties of the corporate governance unit, where the chief corporate governance officer will lead the dedicated personnel from the various departments responsible for ethical management promotion. 2. Scope of duties and powers (1) Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. (2) Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. (3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher	

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			risk for unethical conduct. (4) Promoting and coordinating awareness and educational activities with respect to ethics policy. (5) Developing a whistle-blowing system and ensuring its operating effectiveness. (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.	
(III) Has the company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		(III) The recusal system for directors is specified in the Company's "Rules of Procedure for Board of Directors Meetings". The directors shall uphold a high level of self-discipline and when a proposal at a board meeting concerns the personal interest of, or the interest of the juristic person represented by any of the directors, and is likely to prejudice the interest of the Company, the director may state his or her opinion and answer queries, may not participate in discussion of or voting on the proposal, shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.	No material deviation
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and designated its internal audit unit, based on the results of assessment	✓		(IV) The Company has established and implemented an internal control system. The internal auditors regularly review its state of compliance, and prepare an audit report to be submitted to the board of	No material deviation

Evaluation items	Implementation status: Yes	No	Summary	Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a certified public accountant to conduct the audit?			directors. In addition, to ensure the system design and execution continue to be effective, the Company conducts annual review and modification to establish a good corporate governance and risk control system, which is used as basis for assessing the effectiveness of the overall internal control system and preparation of the internal control system statement.	
(V) Has the company held internal and external educational trainings on operational integrity regularly?	✓		(V) Through new employee training and regulatory advocacy from time to time, the Company aims to convey the corporate philosophy of ethical management to all employees. The Company encourage employee to read and sign intergrity management document, and has received 410 signed intergrity management document. Integrity management course is hosted on Dec 27-28, 2022 with 114 employee (49 hours). For employee who is not attending, recorded file is provided afterward by the HR department.	No material deviation
III. Implementation status of the Company's whistle-blowing system				
(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	✓		(I), (II), and (III): The Company has established “Ethical Corporate Management Best Practice Principles”, “Codes of Ethical Conduct”, “Rules on Employees Rewards and Punishments”, various personnel management regulations, and follow-up measures to be adopted upon completion of investigation. There is also an employee suggestion box, where employees can convey their message in a safe and confidential manner under the rigorous whistleblowing system.	No material deviation
(II) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	✓			No material deviation
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate	✓			No material deviation

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>measures as a result of reporting such incidents?</td><td></td><td></td><td>The Company has set up a dedicated unit to verify and respond to the whistleblowing case. In 2020, there were no whistleblowing case or complaint of unethical or immoral behavior received.</td><td></td></tr>
<tr><td>IV. Enhance information disclosure
(VI) Did the company disclose the content and effectiveness of its ethical management management principles on the company's website and the Market Observation Post System?</td><td>✓</td><td></td><td>The Company has put up the “Ethical Corporate Management Best Practice Principles” and “Codes of Ethical Conduct” in the Company’s website, under Investors/Corporate Governance/Important Company Regulations.</td><td>No material deviation</td></tr>
<tr><td colspan="5">V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any discrepancy between the principles and their implementation:
The Company has established “Ethical Corporate Management Best Practice Principles”, and there are no significant difference between the operation and the principles. In the future, it will gradually incorporate Ethical Corporate Management Best Practice Principles into the various operational aspects.</td></tr>
<tr><td colspan="5">VI. Other key information useful for explaining the Company's implementation of ethical corporate management:
The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better effectiveness of ethical management.</td></tr>
</table>

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

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

1. Articles of Incorporation
2. Rules of Procedure for Shareholders Meetings
3. Procedures for Election of Directors
4. Regulations Governing the Acquisition and Disposal of Assets
5. Procedures for Lending Funds to Other Parties
6. Procedures for Endorsements and Guarantees
7. Procedures for Engaging in Financial Derivative Transactions
8. Ethical Corporate Management Best Practice Principles
9. Corporate Governance Best Practice Principles
10. Rules of Procedure for the Board of Directors' Meetings
11. Audit Committee Charter
12. Rules Governing the Scope of Powers of Independent Directors
13. Corporate Social Responsibility Best Practice Rules
14. Operating Procedures for Handling Internal Material Information and Preventing Insider Trading

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

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

(X) Status of implementation of internal control system

1. Internal Control System Statement: Please refer to page 71.
2. If the internal control system review is conducted by commissioned accountants, the said accountant's review report shall be disclosed: None.

Bora Pharmaceuticals Co., Ltd.
Internal Control System Statement

Date: March 9, 2022

The Company's 2021 Statement of Internal Control System, based on self-assessment results, is as follows:

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

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

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

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

V. Based on the aforementioned evaluation results, the Company believes that the design and execution of its December 31, 2020 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the Company can reasonably achieve the aforementioned goals.

VI. This statement of declaration shall be the primary content of annual report and prospectus, and shall be made available to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This Statement was approved by the board on March 9, 2022 where none of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Bora Pharmaceuticals Co., Ltd.

Chairman: Sheng Pao-Shi

General Manager: Sheng Pao-Shi

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

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

1. Important resolutions of board meetings

Date	Important proposals summary	Implementation status
2021/07/09 (Annual General Shareholders' Meeting)	1. 2020 Business Operation Report and Financial Statements.	Comply with the resolution
	2. The Company's 2020 Earnings Distribution.	Has set 2021/09/13 as dividend record date, and 2021/10/08 as cash dividend distribution date.
	3. Distribute new shares for capital increase by earnings	Comply with the resolution.
	4. Amendment to the Articles of Incorporation	Comply with the resolution.
	5. Amendment to the Procedures for Shareholder Meeting	Comply with the resolution.

4. Important resolutions of board meetings

Date	Type of meeting	Important resolutions
2021/03/30	Board of directors	1. The Company's 2020 Statement on Internal Control. 2. Review the independent assessment of Company's certified public accountants 3. 2020 Business Operation Report and Financial Statements. 4. 2020 Surplus Distribution in the form of Cash Dividend 5. Amendment to the Articles of Incorporation 6. Distribute new shares for capital increase by earnings 7. 2020 Employees' and Directors' Compensation 8. Discussion of 2020 year-end performance bonus distribution for the Company's managerial personnel 9. Amendment to the Company's "Procedures for Distribution of Managerial Personnel Remuneration". 10. Amendment to the Codes of Ethical Conduct 11. Amendment to the Rules of Procedure for Shareholders Meetings 12. Propose to convene 2021 Annual General Shareholders' Meeting 13. Propose to sign loan agreement with financial institution. 14. Propose to sign loan agreement with financial institution. 15. Propose to continue to provide a loan guarantee of NT$30 million to Bora Pharmaceutical Laboratories Inc., a company that is 100% owned by the Company. 16. Propose to continue to provide a loan guarantee of NT$20 million to Yuta Health Co., Ltd., a company that is 100% owned by the Company. 17. Propose to sign loan agreement with financial institution. 18. Propose to continue to provide a loan guarantee of NT$20 million to Yuta Health Co., Ltd., a company that is 100% owned by the Company. 19. Propose to continue to provide a loan guarantee of NT$20 million to Yuta Health Co., Ltd., a company that is 100% owned by the Company. 20. Amendment to the Rules of Procedure for the Board of Directors' Meetings 21. Amendment to the Rules Governing the Scope of Powers of Independent Directors 22. Amendment to the Audit Committee Charter 23. Amendment to the Board of Directors Self-Evaluation or Peer Evaluation Regulations 24. Propose to appoint Director of Finance & Accounting Division, Alice Wang, as the chief corporate governance officer
2021/05/13	Board of directors	1. Propose to continue to provide a purchase guarantee to Yuta Health Co., Ltd., a company that is 100% owned by the Company. 2. Amendment of the cycle procedures of the Company's internal control system. 3. Propose to sign loan agreement with financial institution. 4. Establish the Company's Procedures for Ethical Management and Guidelines for Conduct.

Date	Type of meeting	Important resolutions
		5. Discussion on the managerial personal remuneration of the Company's 2020 Surplus Distribution. 6. Proposal for the raise of managerial personal salary.
2021/06/04	Board of directors	1. Proposal to decide on the Company's 2021 stockholder meeting date and venue. 2. Proposal to discharge non-compete clause for the Company's manager. 3. Proposal to discharge non-compete clause for the Company's board of director.
2021/08/11	Board of directors	1. Proposal to provide a loan guarantee to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company. 2. Proposal to provide a credit purchase guarantee to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company. 3. Proposal to continue to provide a loan guarantee to Bora Pharmaceutical Laboratories Inc., a company that is 100% owned by the Company. 4. Proposal to renew loan agreement with financial institution. 5. Proposal to renew loan agreement with financial institution. 6. Proposal to renew loan agreement with financial institution. 7. Proposal to revise the Company's 2021 internal audit plan. 8. Proposal to appoint the internal audit manager. 9. Proposal to formulate the ex-dividend date and adjustment of subscription price of employee stock option. 10. Proposal to distribute the Company's earnings for the first half of 2021. 11. Proposal to issue the Company's 2020 employee stock warrants to non-manager.
2021/11/11	Board of directors	1. Amendment to the Company's Corporate Governance Practice Principle. 2. Amendment to the Company's Corporate Social Responsibility Practice Principle. 3. Amendment to the Company's Procedure for Internal Material Information and Procedure on Preventing Insider Trading 4. Proposal to continue to provide a loan guarantee of NT$20 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company 5. Proposal to renew loan agreement with financial institution. 6. Proposal to issue employee stock warrants 7. Proposal to formulate the record date of cash capital increase for the Company's 2018 employee stock warrant exercised on 2021 Q3
2021/12/29	Board of directors	1. The Company's 2022 operating plan 2. The Company's 2022 budget 3. The Company's 2022 internal audit plan 4. Proposal to continue to provide a loan guarantee to Bora Pharmaceutical Laboratories Inc., a company that is 100% owned by the Company

Date	Type of meeting	Important resolutions
		5. Proposal to continue to provide a loan guarantee of NT$30 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company 6. Proposal to renew loan agreement with financial institution. 7. Proposal for Bora Management Consulting Co., Ltd, a company that is 100% owned by the Company, to sign the management contract with Taishin Health Limited Partnership 8. Proposal to issue letter of intent to acquire CDMO Business operating asset 9. Proposal to issue cash capital increase of NT$70 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company 10. The Company's 2021 year end bonus for manager
2022/01/21	Board of directors	1. Proposal to renew loan agreement with financial institution. 2. Proposal to provide a loan guarantee of NT$50 million to Bora Health Inc. (formerly named: Yuta Health Co., Ltd.), a company that is 100% owned by the Company 3. Proposal to formulate the record date of cash capital increase for the Company's 2018 employee stock warrant exercised on 2021 Q4 4. Amendment to the Company's 2021 First Employee Stock Warrant Plan 5. Proposal to distribute 2021 First Employee Stock Warrant to manager detail 6. Proposal to distribute 2021 First Employee Stock Warrant to non-manager 7. Formulate the Company's 2022 Stock Repurchase and Transfer to Employee Program 8. To purchase the Company's treasury stock
2022/03/09	Board of directors	1. The Company's 2021 Statement on Internal Control. 2. The Company to change CPA due to accounting firm'sinternal CPA rotation 3. Evaluation on the Company CPA's independence 4. 2021 Business Operation Report and Financial Statements. 5. 2021 Surplus Distribution in the form of Cash Dividend 6. Distribute new shares for capital increase by earnings 7. Amendment to the Articles of Incorporation 8. Proposal to renew loan agreement with financial institution. 9. Proposal to provide a loan guarantee of NT 40 million to Bora Pharmaceuticals Laboratories Inc., a company that is 100% owned by the Company 10. Proposal to provide a loan guarantee of NT 40 million to Bora Health Inc., a company that is 100% owned by the Company 11. Proposal to provide a loan guarantee of NT 60 million to Bora Health Inc., a company that is 100% owned by the Company 12. Proposal to provide a loan guarantee to Bora Health Inc., a company that is 100% owned by the Company 13. Amendment to the Procedure for Lending Funds to Other Party, Procedure for Endorsement and Guarantee, Procedure for Acquiring and Disposing Assets, Procedure for Engaging in

Date	Type of meeting	Important resolutions
		Financial Derivative Transaction and others 14. Amendment to the internal control system, authorization table, authorization table management guideline, guideline on the transaction with the Company's related party, monitor and management on the Company's subsidiary, internal control implementation guideline, and others 15. The Company's Board of Director's resolution on approving the Company's subsidiary Bora Health Inc.'s future over the counter or listed plan 16. The Company's Board of Director's resolution on 2020 stockholder meeting and related item 17. To announce the Company set up the Sustainable Development Committee and its committee member 18. Proposal on the Company's 100% owned subsidiary Bora Pharmaceutical Service Inc. to purchase operating asset 19. 2021 year-end performance bonus distribution for the Company's managerial personnel 20. Proposal to appoint the Company's 100% owned subsidiary Bora Health Inc.'s manager Henry Kuo as the Company's managerial personnel 21. Appointment on the Company's accounting manager 22. 2021 Employees' and Directors' Compensation 23. Promotion on the Company's finance manager, corporate governance manager and deputy spokesman to vice president 24. 2021 directors compensation distribution detail 25. 2021 employee remuneration distribution detail for managerial personnel 26. Appointment on the Company's human resource manager
2022/04/11	Board of directors	1. Proposal to spin off the Company's pharmaceuticals department to the Company's 100% owned subsidiary 2. Proposal to add report item for 2022 stockholder's meeting 3. Proposal to renew loan agreement with financial institution 4. Proposal to provide a loan guarantee of NT 307 million to Bora Pharmaceuticals Laboratories Inc., a company that is 100% owned by the Company 5. Proposal to provide a loan guarantee of NT 30 million to Bora Health Inc., a company that is 100% owned by the Company 6. Proposal to formulate the record date of cash capital increase for the Company's 2018 employee stock warrant exercised on 2022 Q1 7. Proposal to revise the Company's 2022 internal audit plan 8. Proposal to increase cash capital of NT $400 million for the 100% owned subsidiary Bora Pharmaceutical Laboratories Inc. 9. The Company's managerial personnel 2022 remuneration raise 10. Amendment to the Procedure for Acquiring and Disposing Assets

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

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

Title	Name	On Board Date	Departure Date	Type of Change
Internal Audit Manager	Ping Fang Lee	10/11/2017	08/11/2021	Position Adjustment
Accounting Manager	Alice Wang	05/13/2013	03/09/2022	Position Adjustment

V. Information on fees to certified public accountants:

(I) Information of certified public accountants

Name of the firm of the certified public accountant	Name of the certified public accountant		Audit Period	Remarks
Ernst & Young, Taiwan	Fuh, Wen Fun	Lin, Li Huang	2021/01/01~2021/09/30	None
	Hung, Kuo Sen	Lin, Li Huang	2021/10/01~2021/12/31	None

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

Unit: NT$1,000

Name of the firm of the certified public accountant	Name of the certified public accountant	Audit period	Audit fee	Non-audit fee	Total	Remarks
Ernst & Young, Taiwan	Fuh, Wen Fun	2021/01/01~2021/09/30	7,345	3,670	11,015	Note 1
	Lin, Li Huang					
	Hung, Kuo Sen	2021/10/01~2021/12/31				
	Lin, Li Huang					

Note 1: Tax service of 1,110 thousand dollar, ESG sustainability development consulting service of 2,400 thousand dollar and business registration service of 160 thousand dollar.

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

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

(V) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) shall be disclosed. None.

VI. Information on change of certified public accountant:

(I) Predecessor accountant

<table>
<tr><td>Change Date</td><td colspan="4">The board of director approved on March 9, 2022</td></tr>
<tr><td>Reason for the Change</td><td colspan="4">Change CPA due to accounting firm's internal CPA rotation</td></tr>
<tr><td rowspan="3">Explain the Company or certified public accountant terminated or discontinued the engagement</td><td colspan="2">Party
Condition</td><td>Certified public accountant</td><td>The Company</td></tr>
<tr><td colspan="2">Terminated the Engagement</td><td colspan="2" rowspan="2">Not Applicable</td></tr>
<tr><td colspan="2">Discountinued the Engagement</td></tr>
<tr><td>Issue opinion other than unqualified opinion for the financial statements for the recent two year</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Having different opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle and practice</td></tr>
<tr><td></td><td colspan="2">Financial statement disclosure</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedure</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Note</td></tr>
<tr><td>Other disclosure item</td><td colspan="4">None</td></tr>
</table>

(II) Successor Accountant

Name of the accounting firm	Ernst & Young, Taiwan
Name of the certified public accountant	Hung, Kuo Sen and Lin, Li Huang
Engagement date	Approved by board of director on March 9, 2022
Inquiry on specific accounting principle and procedure, and possible issued opinion	None
Successor accountant's written notice on different opinion issued by predecessor account	None

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

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

None.

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

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

Title	Name	2021		As of March 26, 2022	
		Increase (decrease) in	Increase (decrease) in	Increase (decrease) in	Increase (decrease) in

		shares held	pledged shares	shares held	pledged shares
Chairman and President	Sheng Pao-Shi	1,029,641	—	—	—
Director	TA YA Venture Capital Co., Ltd.	530,969	—	—	—
	Representative: Shen Shang-Hung	—	—	—	—
Director and Major Shareholder	Bao Lei Co., Ltd.	2,733,880	1,450,000	—	—
	Representative: Chen Kuan-Pai	—	—	—	—
Director and President	Chen Shih-Min	205,197	—	—	—
Independent director	Lin Jui-Yi	—	—	—	—
Independent director	Lai Ming-Jung	—	—	—	—
Independent director	Lee Yi-Chin	—	—	—	—
Major shareholder	Rui Bao Xin Investment Co. Ltd.	1,349,358	(690,000)	—	—
	Representative: Sheng Pao-Shi	1,029,641	—	—	—
Managerial Personnel	Tom Cheng	105,948	—	—	—
Director, Information Technology Division	Raymond Lee	29,341	—	12,000	—
Director, Finance & Accounting Division	Alice Wang	47,601	—	2,000	—
Director, HR & General Affairs Division	Lynn Chuang	49,075	—	—	—
Director, Pharmaceuticals Division	Mickey Chen	—	—	—	—
Director, Manufacturing Division	Eric Chang	46,191	—	—	—

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

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

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

March 26, 2022; Unit: Shares

Name	Personal shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangement		Name and relationship of the Company's 10 largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another.		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or name)	Relationship	
Bao Lei Co., Ltd.	13,086,311	19.10%	–	–	–	–	Rui Bao Xin Investment Co. Ltd.	Representative is the same person	–
							Baoen International Co., Ltd.	Representative is the same person	–
							Jia Xi International Co., Ltd.	Representative is the same person	
							Sheng Pao-Shi	Representative of Rui Bao Xin Investment Co. Ltd.	–
Representative: Sheng Pao-Shi	3,714,910	5.42%	–	–	14,917,774	21.77%	Bao Lei Co., Ltd.	Representative of Bao Lei Co., Ltd.	–
							Rui Bao Xin Investment Co. Ltd.	Representative of Rui Bao Xin Investment Co. Ltd.	–
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	
							Jia Xi International Co., Ltd.	Representative of Jia Xi International Co., Ltd.	–
Rui Bao Xin Investment Co. Ltd.	8,562,920	12.50%	–	–	–	–	Bao Lei Co., Ltd.	Representative is the same person	–
							Baoen International Co., Ltd.	Representative is the same person	–
							Jia Xi International Co., Ltd.	Representative is the same person	
							Sheng Pao-Shi	Representative of Bao Lei Co., Ltd.	–
Representative: Sheng Pao-Shi	3,714,910	5.42%	–	–	14,917,774	21.77%	Bao Lei Co., Ltd.	Representative of Bao Lei Co., Ltd.	–
							Rui Bao Xin Investment Co.	Representative of Rui Bao Xin	–

Name	Personal shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangement		Name and relationship of the Company's 10 largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another.		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or name)	Relationship	
							Ltd.	Investment Co. Ltd.	
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	
							Jia Xi International Co., Ltd.	Representative of Jia Xi International Co., Ltd.	–
Sheng Pao-Shi	3,714,910	5.42%	–	–	14,917,774	21.77%	Bao Lei Co., Ltd.	Representative of Bao Lei Co., Ltd.	–
							Rui Bao Xin Investment Co. Ltd.	Representative of Rui Bao Xin Investment Co. Ltd.	–
							Baoen International Co., Ltd.	Representative of Baoen International Co., Ltd.	
							Jia Xi International Co., Ltd.	Representative of Jia Xi International Co., Ltd.	–
TA YA Venture Capital Co., Ltd.	2,988,393	4.36	–	–	–	–	None	None	–
Representative: Shen Shang-Hung	–	–	–	–	–	–	None	None	–
Schotten Limited	2,486,876	3.63%	–	–	–	–	None	None	–
Representative: Wong Shing Yi	–	–	–	–	–	–	None	None	–
Baoen International Co., Ltd. Representative: Sheng Pao-Shi	1,053,235	1.54%	–	–	–	–	Bao Lei Co., Ltd.	Representative is the same person	–
							Rui Bao Xin Investment Co. Ltd.	Representative is the same person	–
							Jia Xi International Co., Ltd.	Representative is the same person	
							Sheng Pao-Shi	Representative of Baoen International Co., Ltd.	–

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Personal shareholding</th><th colspan="2">Shares held by spouse and minor children</th><th colspan="2">Total shareholding by nominee arrangement</th><th colspan="2">Name and relationship of the Company's 10 largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another.</th><th rowspan="2">Remarks</th></tr>
<tr><th>Number of Shares</th><th>Shareholding ratio</th><th>Number of Shares</th><th>Shareholding ratio</th><th>Number of Shares</th><th>Shareholding ratio</th><th>Title (or name)</th><th>Relationship</th></tr>
<tr><td rowspan="4"></td><td rowspan="4">3,714,910</td><td rowspan="4">5.42%</td><td rowspan="4">–</td><td rowspan="4">–</td><td rowspan="4">14,917,774</td><td rowspan="4">21.77%</td><td>Bao Lei Co., Ltd.</td><td>Representative of Bao Lei Co., Ltd.</td><td>–</td></tr>
<tr><td>Rui Bao Xin Investment Co. Ltd.</td><td>Representative of Rui Bao Xin Investment Co. Ltd.</td><td>–</td></tr>
<tr><td>Baoen International Co., Ltd.</td><td>Representative of Baoen International Co., Ltd.</td><td></td></tr>
<tr><td>Jia Xi International Co., Ltd.</td><td>Representative of Jia Xi International Co., Ltd.</td><td>–</td></tr>
<tr><td>Chen Shih-Min</td><td>875,821</td><td>1.28%</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td rowspan="2">Hundred River International Investment Corporation

Representative: Chen Kuan-Pai</td><td>820,000</td><td>1.20%</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td rowspan="8">Jia Xi International Co., Ltd.

Representative: Sheng Pao-Shi</td><td rowspan="4">778,228</td><td rowspan="4">1.14%</td><td rowspan="4">–</td><td rowspan="4">–</td><td rowspan="4">–</td><td rowspan="4">–</td><td>Bao Lei Co., Ltd.</td><td>Representative is the same person</td><td>–</td></tr>
<tr><td>Rui Bao Xin Investment Co. Ltd.</td><td>Representative is the same person</td><td></td></tr>
<tr><td>Baoen International Co., Ltd.</td><td>Representative is the same person</td><td></td></tr>
<tr><td>Sheng Pao-Shi</td><td>Representative of Jia Xi International Co., Ltd.</td><td></td></tr>
<tr><td rowspan="4">3,714,910</td><td rowspan="4">1.11%</td><td rowspan="4">–</td><td rowspan="4">–</td><td rowspan="4">14,917,774</td><td rowspan="4">21.77%</td><td>Bao Lei Co., Ltd.</td><td>Representative of Bao Lei Co., Ltd.</td><td>–</td></tr>
<tr><td>Rui Bao Xin Investment Co. Ltd.</td><td>Representative of Rui Bao Xin Investment Co. Ltd.</td><td>–</td></tr>
<tr><td>Baoen International Co., Ltd.</td><td>Representative of Baoen International Co., Ltd.</td><td></td></tr>
<tr><td>Jia Xi</td><td>Representative of</td><td>–</td></tr>
</table>

Name	Personal shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangement		Name and relationship of the Company's 10 largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another.		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or name)	Relationship	
							International Co., Ltd.	Jia Xi International Co., Ltd.	
TA YA Electric Wire & Cable Co., Ltd.	758,000	1.11%	–	–	–	–	None	None	–
Representative: Shen Shang-Hung	–	–	–	–	–	–	None	None	–

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

December 31, 2021; Unit: Shares; %

Investee company (Note 1)	Investment by the Company		Investments by directors, supervisors, managerial personnel and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Union Chemical & Pharmaceutical Co., Ltd.	3,000,000	100%	–	–	3,000,000	100%
Bora Health Inc. (Note 2)	8,000,000	100%	–	–	8,000,000	100%
Bora Pharmaceutical Laboratories	125,000,000	100%	–	–	125,000,000	100%
Bora Pharmaceuticals USA Inc.	500,000	100%	–	–	500,000	100%
Bora Pharmaceuticals Services Inc.	100,000,000	50%	100,000,000	50%	200,000,000	100%
Bora Management Consulting Co., Ltd	100,000	100%	–	–	100,000	100%
Bora Biologics Co., Ltd (Note 3)	10,000	100%	–	–	10,000	100%

Note 1: The Company's investment using the equity method.
Note 2: Approved by Taipei City Government for the name change, document number #11050737700
Note 3: Approved by Taipei City Government for the name change, document number #11146792600

D. Fundraising Conditions

I. Capital and Shares

(I) Source of Capital

1. Capital formation

Unit: Thousand share; NTD thousands

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

Year/Month	Issuing Price (NT$)	Authorized Capital		Paid-Up Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions paid with property other than cash	Others
2020.03	120	60,000	600,000	41,627	416,272	Cash capital increase of NTD22,000	—	Note 14
2020.12	10	60,000	600,000	54.115	541,154	Earned surplus turned capital increase of NTD124,882	—	Note 15
2021.09	10	120,000	1,200,000	67,644	676,443	Earned surplus turned capital increase of NTD135,289	—	Note 16
2021.12	81.5	120,000	1,200,000	68,412	684,123	Employee stock warrant of NTD7,680	—	Note 17
2022.02	65.4	120,000	1,200,000	68,478	684,783	Employee stock warrant of NTD660	—	Note 18

Note 1: 2007.06.12 Letter No. Fujianshangzi 09685784100 approved by the government
Note 2: 2010.11.17 Letter No. Fuchanshangzi 09989766200 approved by the government
Note 3: 2012.12.25 Letter No. Fuchanshangzi 10190606710 approved by the government
Note 4: 2013.02.01 Letter No. Fuchanshangzi 10281026900 approved by the government
Note 5: 2014.06.13 Letter No. Fuchanyeshangzi 10384749500 approved by the government
Note 6: 2013.06.03 Letter No. Fuchanyeshangzi 10283499730 approved by the government
Note 7: 2014.01.27 Letter No. Fuchanyeshangzi 10380450410 approved by the government
Note 8: 2014.07.10 Letter No. Fuchanyeshangzi 10385703800 approved by the government
Note 9: 2016.08.12 Letter No. Fuchanyeshangzi 10590942610 approved by the government
Note 10: 2017.05.05 Letter No. Fuchanyeshangzi 10653541210 approved by the government
Note 11: 2018.08.23 Letter No. Fuchanyeshangzi 10752480520 approved by the government
Note 12: 2019.08.21 Letter No. Fuchanyeshangzi 10853082710 approved by the government
Note 13: 2019.11.25 Letter No. Fuchanyeshangzi 10856445400 approved by the government
Note 14: 2020.03.04 Letter No. Fuchanyeshangzi 10946656210 approved by the government
Note 15: 2020.12.04 Letter No. Jingshoushangzi 10901224860 approved by the government
Note 16: 2021.09.30 Letter No. Jingshoushangzi 11001179450 approved by the government
Note 17: 2021.12.02 Letter No. Jingshoushangzi 11001222740 approved by the government
Note 18: 2021.02.16 Letter No. Jingshoushangzi 11101018340 approved by the government

2. Total number of issued shares

April 25, 2022; Unit: shares

Type of Shares	Authorized Capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	68,478,280	51,521,720	120,000,000	The Company's shares are listed over the counter.

3. Information for shelf registration: None.

(II) Shareholder Structure

March 26, 2022 Unit: Person; shares

Shareholder Structure / Quantity	Government Agency	Financial Institution	Other Institutions	Individual Investors	Foreign Institutions and Foreigners	Total
Number of people	0	9	47	7,213	30	7,299
Number of Shares Held	0	988,349	29,425,713	33,943,652	4,171,566	68,529,280
Shareholding Percentage	0.00%	1.44%	42.94%	49.53%	6.09%	100.00%

(III) Shareholding Distribution Status

March 26, 2022 Unit: Person; shares

Shareholding Classification	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1 to 999	2,219	572,484	0.84%
1,000 to 5,000	3,945	8,071,306	11.78%
5,001 to 10,000	557	4,133,212	6.03%
10,001 to 15,000	198	2.426,372	3.54%
15,001 to 20,000	109	1,929,072	2.81%
20,001 to 30,000	99	2,465,974	3.60%
30,001 to 40,000	46	1,589,139	2.32%
40,001 to 50,000	27	1,199,636	1.75%
50,001 to 100,000	61	4,231,672	6.17%
100,001 to 200,000	18	2,809,019	4.10%
200,001 to 400,000	6	1,622,296	2.37%
400,001 to 600,000	2	964,112	1.41%
600,001 to 800,000	4	2,926,520	4.27%
800,001 to 1,000,000	2	1,695,821	2.47%
More than 1,000,001	6	31,892,645	46.54%
Total	7,299	68,529,280	100.00%

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

(IV) List of Main Shareholders

March 26, 2022 Unit: shares

Shares / Name of the Main Shareholder	Number of Shares Held	Shareholding Percentage
Bao Lei Co., Ltd.	13,086,311	19.11%

Shares / Name of the Main Shareholder	Number of Shares Held	Shareholding Percentage
Rui Bao Xin Investment Co. Ltd.	8,562,920	12.50%
Sheng Pao-Shi	3,714,910	5.42%
TA YA Venture Capital Co., Ltd.	2,988,393	4.36%
Schotten Limited	2,486,876	3.63%
Bao En International Co., Ltd.	1,053,235	1.54%
Chen Shih-Min	875,821	1.28%
Hundred River International Investment Corporation	820,000	1.20%
Jia Xi International Co., Ltd.	778,228	1.14%
TA YA Electric Wire & Cable Co., Ltd.	758,000	1.11%

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

Unit: NTD; Thousands of shares

<table>
<tr><th colspan="3">Year / Item</th><th>2020</th><th>2021</th></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>247.00</td><td>345.00</td></tr>
<tr><td colspan="2">Lowest</td><td>108.00</td><td>150.50</td></tr>
<tr><td colspan="2">Average</td><td>173.16</td><td>240.61</td></tr>
<tr><td rowspan="2">Net value per share</td><td colspan="2">Before distribution</td><td>45.55</td><td>46.04</td></tr>
<tr><td colspan="2">After distribution</td><td>36.78</td><td>Note 1</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average shares</td><td>67,005</td><td>67,893</td></tr>
<tr><td rowspan="2">Earnings per share</td><td>Before Retrospective Adjustment</td><td>10.76</td><td>11.04</td></tr>
<tr><td>After Retrospective Adjustment</td><td>8.63</td><td>Note 1</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>2.00</td><td>3.50</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Dividend form Retained Earnings</td><td>2.465</td><td>1.00</td></tr>
<tr><td>Dividend form Capital Surplus</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Cumulative undistributed dividends</td><td>—</td><td>—</td></tr>
<tr><td rowspan="3">Return on investment analysis</td><td colspan="2">PE ratio</td><td>15.24</td><td>20.71</td></tr>
<tr><td colspan="2">Price-dividend ratio</td><td>81.99</td><td>Note 1</td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>1.22%</td><td>Note 1</td></tr>
</table>

Note 1: Subject to the approval of the shareholders' meeting.

(VI) Company's Dividend Policy and Implementation

1. Dividend policy established in the Articles of Incorporation

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

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

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

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

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

2. Current year dividend distribution proposal to the shareholders meeting

The distribution of earnings for fiscal 2021 has been approved by the Board of Directors at its meeting on March 9, 2022, pending the resolution of the shareholders' meeting on May 2, 2022. The distribution is as follows:

Unit: NTD

Item	Amount	
	Subtotal	Total
Opening balance for fiscal 2021		569,594,851
Plus: 2021 Net income after tax		749,736,809
Accumulated balance available for distribution		1,319,331,660

Less: Contribution to the 10% legal reserve (Note 1)	(74,973,681)	
Plus: Contribution to special reserve (Note 2)	(19,019,098)	
Distributable earnings for the period		1,225,338,881
Distribution items		
Dividend to Shareholders – Stock (NTD 1 per share distribution)	(68,522,280)	
Dividend to Shareholders – Cash (NTD 3.5 per share distribution) (Note 3 and 4)	(239,827,980)	
Undistributed earnings at the end of the period		916,988,621

Note 1: Legal reserve NTD749,736,809 x 10%=NTD74,973,681

Note 2: The special reserve is set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act and is intended to be transferred back to retained earnings.

Note 3: Total outstanding shares are 68,552,280 shares.

Note 4: The earning distribution are in priority for 2021.

(VII) The Company's dividend distribution proposal for 2021 (NT$3.5 cash dividend and NT$1 stock dividend per share) has been approved by the Board of Directors on March 9, 2022, and is subject to approval by the shareholders at the annual general meeting on May 24, 2022. As the Company's existing business continue to grow with excellent sales and profits, the placement should not have a significant impact on the Company's operating results and earnings per share.

(VIII) Employee bonus and remuneration for directors and supervisors

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

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

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

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

3. Remuneration proposals passed by the board of directors

(1) The amount of employees' remuneration and directors' and supervisors' remuneration distributed in cash or stock. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed. Based on the Company's profitability, the amount of employees' remuneration and directors' and supervisors' remuneration are estimated to be NTD22,832 thousand and NTD10,815 thousand respectively, for 2021. The aforementioned amounts are included in salaries and wages; the Company's board of directors resolved on March 9, 2022 to pay employees' remuneration and directors' and supervisors' remuneration in cash amounting to NTD17,678 thousand and NTD8,839 thousand respectively. The difference between the above amount and the expense recognized in fiscal 2021 is mainly an estimation difference, and the difference will be recognized as profit or loss in fiscal 2022.

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

4. Discrepancies, if any, between actual distribution of remuneration for employee, directors, and supervisors (including the number of shares distributed, amount and stock price) and the recognized remuneration for employees, directors, and supervisors, and disclosure of the differences, reasons and responses: On March 30, 2021, the Board of Directors resolved to pay employees' remuneration and directors' and supervisors' remuneration in cash of NTD14,461 thousand and NTD8,676 thousand respectively. The differences of NTD2,492 thousand and NTD2,876 thousand between the aforementioned employee remuneration and directors' and supervisors' compensation, respectively, and the expenses recognized in fiscal 2020 are mainly estimation differences, which will be recognized as profit or loss in fiscal 2021.

(IX) Status of Company Share Buyback:

1. Completed:

Number of Buybacks	6th
Buyback purpose	Transfer to employees
Buyback period	2022/01/24~2022/03/21
Planned buyback shares	400,000 shares
Buyback interval price	NTD121 – 274
Type and number of shares bought back	300,000 Ordinary shares
Amount of shares bought back	NTD53,115,499
Average buyback price per share	177.05
Buyback volume as a percentage of scheduled buyback volume (%)	75.00%
Number of shares cancelled and transferred	0 shares
Cumulative number of shares held by the	300,000 shares

Company	
Ratio of the cumulative number of shares held by the Company to the total number of shares in issue (%)	0.44%

2. Still in execution: None.

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

None.

III. Issuance of Preferred Stock:

None.

IV. Issuance of Global Depositary Receipts (GDR):

None.

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

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

Mar 31, 2022

Type of Employee Stock Option Plan (ESOP):	The first employee stock option certificate for 2018	The first employee stock option certificate for 2020	
Effective Date of Filing	2018/07/13	2020/11/04	
Date of Issue (processing)	2019/06/04	2020/12/29	2021/08/13
Number of units issued	1,000 units, each unit can subscribe 1,000 shares	275 units, each unit can subscribe 1,000 shares	598 units, each unit can subscribe 1,000 shares
Number of shares issued as a percentage of the total number of shares in issue	1.46%	1.27%	
Subscription Period	2019/06/04~2022/06/03	2020/12/29~2025/12/28	2021/08/13~2026/08/12
Performance Method	Issuance of new shares	Issuance of new shares	
Restricted period and rate (%)	The stock option holder shall exercise the stock option right in accordance with the following schedule 2 years from the expiry date of the employee stock option certificate being granted: Second year (2021/06/04): 100%	The stock option holder shall exercise the stock option right in accordance with the following schedule 2 years from the expiry date of the employee stock option certificate being granted: Second year (2022/12/29): 30% Third year (2023/12/29): 60% Forth year (2024/12/29): 100%	
Number of executed shares acquired	885,000 shares	—	—
Value of executed stock options	70,243,800	—	—
Number of outstanding stock options	115,000 shares (Note 1)	275,000 shares	598,000 shares

Subscription price per share for unexecuted stock options	NTD65.4	NTD156.8	NTD220.7
Number of outstanding stock options as a percentage of the total number of shares in issue (%)	0.17%	1.27%	
Effect on shareholders' equity	The Company aims to attract and retain the best talent it requires, as well as to motivate and enhance employees' motivation and sense of belonging to the Company in order to create mutual benefits for the Company and its shareholders, which will have a positive impact on shareholders' equity.	The Company aims to attract and retain the best talent it requires, as well as to motivate and enhance employees' motivation and sense of belonging to the Company in order to create mutual benefits for the Company and its shareholders, which will have a positive impact on shareholders' equity.	The Company aims to attract and retain the best talent it requires, as well as to motivate and enhance employees' motivation and sense of belonging to the Company in order to create mutual benefits for the Company and its shareholders, which will have a positive impact on shareholders' equity.

Note 1: The number of unexecuted stock options is 115 units, of which 80 units are forfeited. The remaining 35 units are subscribed for 35,000 shares in total.

Note 2: After the issuance of the employee stock options, except for the issuance of various securities with common stock conversion rights or stock options for the issuance of common shares or the issuance of new shares as a result of employee bonuses, in the event of changes in the Company's common stock (including private placements, cash capital increase, capital increase from earnings, capital increase from capital surplus, corporate mergers, corporate splits, transfer of shares of other companies, stock splits, and cash capital increase for the issuance of overseas depositary receipts), the Company will make adjustments in accordance with the Regulations Governing the Issuance of Employee Stock Options for the First Time in 2018.

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

Unit: NTD thousands;

	Title	Name	Number of stock options acquired	Number of stock options acquired to the total number of shares in issue	Executed				Outstanding			
					Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue	Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue
Managerial Personnel	General Manager	Sheng Pao-Shi	845 thousand shares	1.23%	495 thousand shares 70 thousand	NTD 81.5 NTD 65.4	40,342.5 thousand 4,578 thousand	0.83%	35 thousand shares 245 thousand	NTD65.4 NTD156.8	NTD2,289 thousand NTD38,416 thousand	0.41%
	Vice President	Chen Shih-Min										
	Vice President	Alice Wang										

	Title	Name	Number of stock options acquired	Number of stock options acquired to the total number of shares in issue	Executed				Outstanding			
					Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue	Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue
	Vice President	Tom Cheng			shares				shares			
	Director	Lin Shi-juan										
	Director	Raymond Lee										
	Director	Lynn Chuang										
	Director	Eric Chang										
Employees	Employee	Andrew Ehrat	264 thousand shares	0.39%	74 thousand shares	NTD 81.5	6,031 thousand shares	0.11%	15 thousand shares 175 thousand shares	NTD 156.8 NTD 220.7	NTD 2,352 thousand NTD 38622.5 thousand	0.28%
	Employee	Eduardo Lopez										
	Employee	John Lawrie										
	Employee	Marcel Vieno										
	Employee	Sally Langa										
	Employee	Chang Suirong										
	Employee	Chen Shixian										
	Employee	Chen Ellen										
	Employee	Liu, Chuan Hua										
	Employee	Tai Demi										

VI. Restriction on Employees' right to new stock:

None.

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

None.

VIII. Capital Utilization Plan and Its Implementation:

None.

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

E. Business Overview

I. Business Activities

(I) Business scope

1. Main contents of the Company's business

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

2. Revenue breakdown of major products

Unit: NTD thousands; %

Year / Item	2020		2021	
	Amount	%	Amount	%
Western Pharmaceuticals	240,399	13.35	257,621	5.26
Health Care Products	213,758	11.87	235,617	4.81
Income from CDMO	1,345,413	74.76	4,406,647	89.93
Total	1,799,570	100.00	4,899,885	100.00

3. Current product/service lineup:

A. Sales product categories and items:

The Company produces and sells solid dosage forms such as tablets and capsules in Taiwan; liquid and semi-solid dosage forms, as well as solid dosage forms in North America and Canada. Products sold include various dosage forms. In addition, the Company sells its own proprietary as well as distributed health care products.

B. Sales target audience:

(A) We sell our products directly to clinics, pharmacies, pharmacy chains and drug stores.
(B) We sell through distributors to medical centers, corporate hospitals, public hospitals, and regional and district hospitals.
(C) We accept products on commission and sell to direct distributors.

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

A. R&D direction:

In order to enrich the existing product line, the Company and its subsidiaries are actively engaged in the research and development of their own pharmaceutical products, and have invested in the improvement of new dosage forms of small molecules to increase the convenience of use of pharmaceutical products.In addition, the Company chooses products that are oriented to meet market demand, and make our products more competitive with high quality demands.

The main new products planned for development are as follows:
(A) New dosage forms
(B) Special generic drug products development
(C) Owned OTC brand medicine

B. Promotion of important research projects:

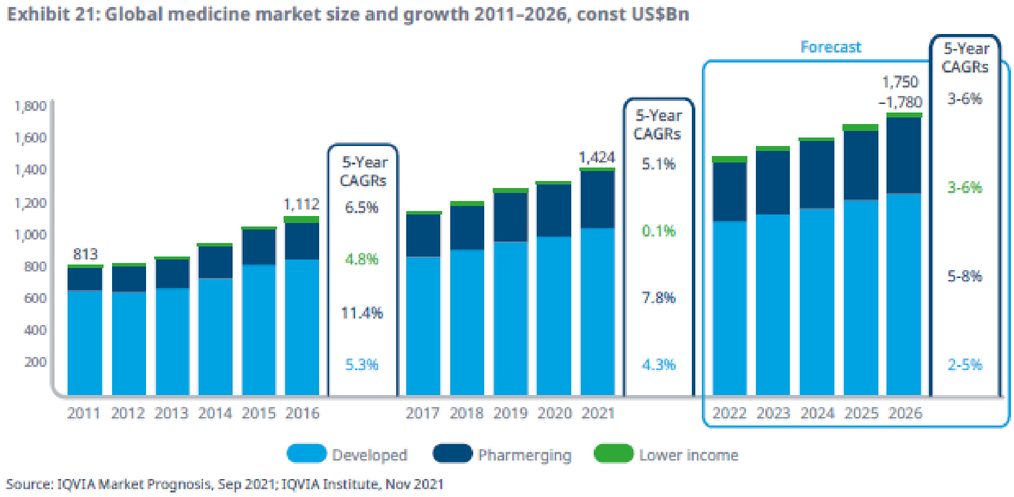
The Company and its subsidiaries have set up a drug manufacturing research and development center, while continuing to bring in advanced equipment and strengthen its research and development team. Short-term projects mainly focus on “specialty generic drugs” and owned OTC brand medicine. The Company concurrently develops self-branded drugs and accepts external contracting, while accumulating research and development capabilities and building a comprehensive development chain from assessment to mass production. Mid-term projects focus on “new dosage forms” which have high development threshold and duration but high market value.

(II) Industry overview

1. Current state and development of the industry

According to the statistics from IQVIA, the global pharmaceutical market size is about US$1.42 trillion in 2021, which is an increase of about 11.81% compared with the market of US$1.27 trillion in 2020. The increase is mainly due to the expenditure of about US$80 billion for COVID-19 vaccines in 2021. The overall forecast is that the market will grow with a compound growth rate of 3-6% per year in the future, and the total global market size will reach US$1.8 trillion in 2026, as shown in [Figure 1], and the cumulative expenditure on COVID-19 vaccines is expected to reach US$251 billion in 2026, a compound growth rate of 4.6% for the five year period. Excluding the impact of COVID-19, the compound growth rate of 4.5% for the five year period..

Figure-1. 2021-2026 Global Drug Sales Market Growth Rate



Source: IQVIA, Jan 2022.

Based on market segmentation, developed countries and emerging countries accounted for 73.79% and 24.88% of the global drug market in 2021 respectively, with the U.S. still maintaining a high proportion, accounting for 40.77% of the global drug market; based on the analysis as shown in [Figure-2], the Germany and emerging countries are expected to grow at a higher rate than the global market and will become the key markets in the future. It is estimated that Germany will replace Japan as the third largest pharmaceutical sales market country by 2026.

Figure-2 Regional distribution of global drug sales in 2022-2026

Unit: Billion US Dollar

Exhibit 33: Global invoice spending and growth in selected countries

	2021 SPENDING US$BN	2017–2021 CAGR	2026 SPENDING US$BN	2022–2026 CAGR
Global	**1,423.5**	**5.1%**	**$1,750–1,780**	**3–6%**
Developed	1,344.9	4.9%	$1,635–1,665	2.5–5.5%
10 Developed	935.2	4.3%	$1,100–1,130	2–5%
United States	580.4	4.9%	$685–715	2.5–5.5%
Japan	85.4	-0.5%	$73–93	-2–1%
EU4+UK	209.7	4.8%	$245–275	3–6%
Germany	64.6	6.2%	$76–96	4.5–7.5%
France	42.0	3.0%	$48–52	2–5%
United Kingdom	36.6	5.9%	$46–50	4–7%
Italy	36.5	3.0%	$41–45	2–5%
Spain	29.8	5.4%	$32–36	1.5–4.5%
Canada	27.4	5.2%	$32–36	3–6%
South Korea	17.9	6.0%	$21–25	3.5–6.5%
Australia	14.4	0.6%	$15–19	1.5–4.5%
Other Developed	115.2	4.7%	$132–152	3–6%
Pharmerging	354.2	7.8%	$470–500	5–8%
China	169.4	6.1%	$190–220	2.5–5.5%
Brazil	31.6	11.7%	$47–51	7.5–10.5%
India	25.2	11.1%	$37–41	8–11%
Russia	18.8	11.4%	$27–31	7.5–10.5%
Other Pharmerging	109.2	8.3%	$151–171	6.5–9.5%
Lower Income Countries	19.0	0.1%	$21–25	2.5–5.5%

Source: IQVIA Market Prognosis, Sep 2021; IQVIA Institute, Nov 2021

Source: IQVIA, Jan 2022.

Figure-3 2021-2026 Global Market Outlook of Various Drug Types and Regions
Unit: Billion US Dollar

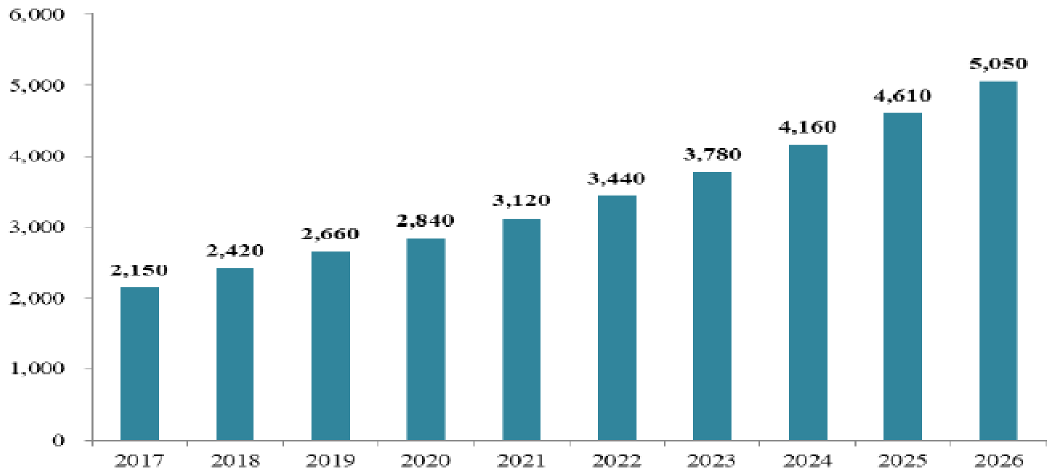
		ORIGINAL BRANDS	NON-ORIGINAL BRANDS	UNBRANDED GENERICS	OTHER	TOTAL
Spending 2021 US$	**Global**	**888.7**	**246.1**	**153.8**	**132.7**	**1,421.3**
	Developed	776.1	113.7	106.6	52.7	1,049.2
	10 Developed	708.3	88.5	96.6	41.8	935.2
	Other developed	67.8	25.2	10.0	11.0	114.0
	Pharmerging	106.0	123.2	46.1	77.9	353.2
	Lower income countries	6.6	9.2	1.2	2.0	18.9
Constant dollar CAGR 2017–2021	**Global**	5.7%	5.9%	1.9%	3.6%	5.1%
	Developed	5.1%	6.3%	-0.9%	1.1%	4.3%
	10 Developed	5.2%	6.6%	-1.4%	0.6%	4.3%
	Other developed	4.8%	5.3%	4.5%	3.2%	4.7%
	Pharmerging	10.9%	6.0%	10.9%	5.5%	7.8%
	Lower income countries	-2.0%	0.8%	2.6%	3.2%	0.1%
Spending 2026 US$	**Global**	**$1,100–1,130**	**$295–325**	**$154–174**	**$146–166**	**$1,730–1,760**
	Developed	$930–960	$134–154	$92–112	$53–57	$1,230–1,260
	10 Developed	$845–875	$103–123	$80–100	$40–44	$1,090–1,120
	Other developed	$73–93	$29–33	$10–14	$12–16	$129–149
	Pharmerging	$151–171	$146–166	$59–63	$88–108	$460–490
	Lower income countries	$7–9	$9–13	$1–2	$1–5	$21–25
Constant dollar CAGR 2022–2026	**Global**	3.5–6.5%	3.5–6.5%	0–3%	2–5%	3–6%
	Developed	2.5–5.5%	3.5–6.5%	-2–1%	-0.5–2.5%	2–5%
	10 Developed	2.5–5.5%	3.5–6.5%	-2.5–0.5%	-1.5–1.5%	2–5%
	Other developed	3–6%	3–6%	2–5%	3–6%	3–6%
	Pharmerging	7.5–10.5%	4–7%	4–7%	3.5–6.5%	5–8%
	Lower income countries	2–5%	3–6%	3.5–6.5%	3–7%	2.5–5.5%

Source: IQVIA, Jan 2022.

The launch of biological drugs provides new treatment options for difficult-to-treat diseases. Due to the advantages of good efficacy and fewer side effects, the sales have increased rapidly after launch, and their proportion in the global prescription drug market has also increased year by year. According to a research report EvaluatePharm, the global biopharmaceutical market size is around US$248 billion in 2020, an increase of 6.77% compared to the market size of from US$266 billion in 2019. The market share for biological drugs of the global pharmaceutical market has also increased from 26% in 2017 to 30% in 2020. In 2026, it is restimated that the global biological drugs market will reach US$ 505 billion, and the market share will reach 35% for the global pharmaceuticals market, becoming a key growth of the global pharmaceutical market, as shown in [Figure-4]. In 2020, the US FDA approved 13 biological drugs, of which 11 are monoclonal antibody drugs and 1 is ADC drug, developed by GlaxoSmithKline (GSK), a new drug for the treatment of multiple myeloma Blenrep®, others are Trodelvy® and Tepezza ®, which is expected to have the opportunity to become a blockbuster drug with sales exceeding $1 billion.

Figure-4 Global Biopharmaceutical Market Outlook 2016-2022

Unit: Billion US Dollar



Data source: Evaluate, May 2017

The aforementioned studies show that the outlook for the pharmaceutical market is one of steady growth. The Company's pharmaceutical CDMO and Western pharmaceutical sales, which involve both new drugs/new class drugs and generic drugs (small molecules), are broken down as follows:

① CDMO

According to the research report of Results International, the global pharmaceutical market size reaches US$1.25 trillion in 2019, and small molecule drugs accounted for 78% of the total global drug sales. Therefore, small molecule drugs are main manufacturing product for contract development and manufacturing service companies (Contract Development Manufacture Organization, hereinafter referred to as CDMO). In addition, analyzing the total number of drugs approved by the US FDA in the past three years from 2016 to 2018, the number of small molecule drugs (NDA) grew from 13 in 2016 to 42 in 2018. The total approved case for small molecule drugs increase from 59% to 71%, followed by Biologic License Application (BLA), which reflects the current optimism about the future development of drugs such as biologics, biosimilars, and cell and gene therapy. The macromolecules pharmaceutical market is growing rapidly in all areas, yet the small molecule pharmaceutical market will continue to account for the largest proportion of all CDMO sales, as shown in Figure-5.

Figure-5 CDMO's various manufactured drug markets and the number of US FDA-approved drug applications

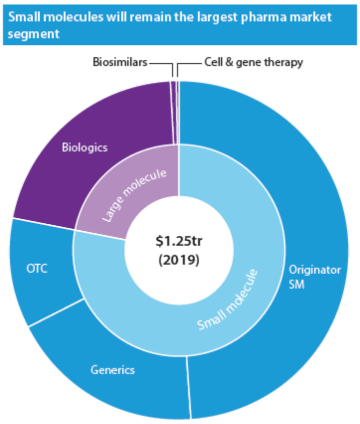


Figure 1 Global pharmaceutical market (2019)

Approvals of new biologic drugs are increasing

Molecule	2016	2017	2018
Small molecule (NDA)	13	34	42
% of total approvals	59%	74%	71%
Biologic (BLA)[11]	7	12	17
% of total approvals	32%	26%	29%
Other	2	-	-
% of total approvals	9%	-	-
Total NMEs approved	22	46	59

Table 1 *New chemical entity approvals by the FDA (2016-2018)*

Data source: Outsourced Pharmaceutical Manufacturing,2020 White Paper,Results Healthcar,2019/11。

The CDMO drug manufacturing market size is about US$90 billion, and it is estimated to reach US$117.3 billion by 2023, with a compound annual growth rate of 7%, higher than the average growth rate of the global pharmaceutical market. The growth is mainly due to manufacturing and vevelopment needs from pharmaceutical and biotechnology companies and compare to biologics drugs, small molecule drugs are easier to outsource and have faster time for technology transfer. This makes the CAGR of CDMOs higher than the average growth rate of the global pharmaceutical market. Results International research also estimates that the potential market size of CDMO will reach US$341 billion. Hence, CDMO should have considerable business expansion potential, as shown in Figure-6.

Figure-6. Global CDMO Market and Forecast Potential Market

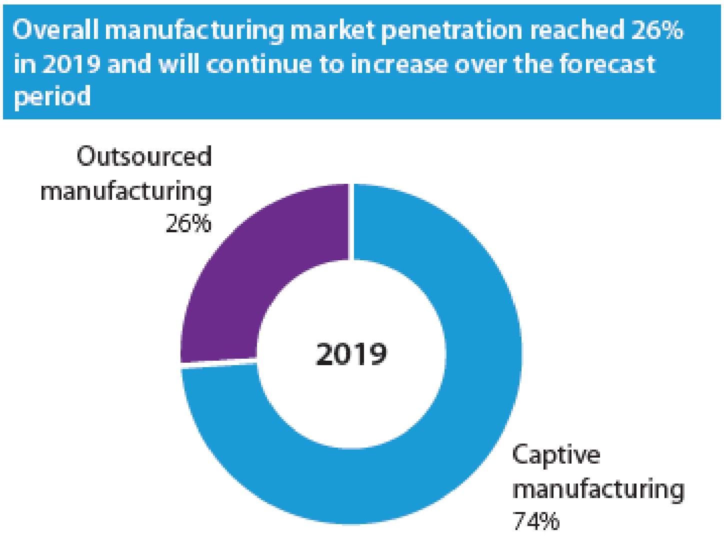


***Figure 2** Market penetration of the outsourced manufacturing sector[13]*

資料來源：Outsourced Pharmaceutical Manufacturing,2020 White Paper,Results Healthcar,2019/11。

Analyzing the market share and growth rate of different CDMO products, it can be found that small molecule drugs account for 91% of the CDMO market and have a growth rate of 50%, while commissioned development and manufacturing only account for 26% in the pharmaceutical manufacturing industry, while macromolecular drugs account have rapid growth, but with relatively low market share, as shown in Figure-7.

Figure-7. Market Share for Different CDMO Product and its Growth Rate

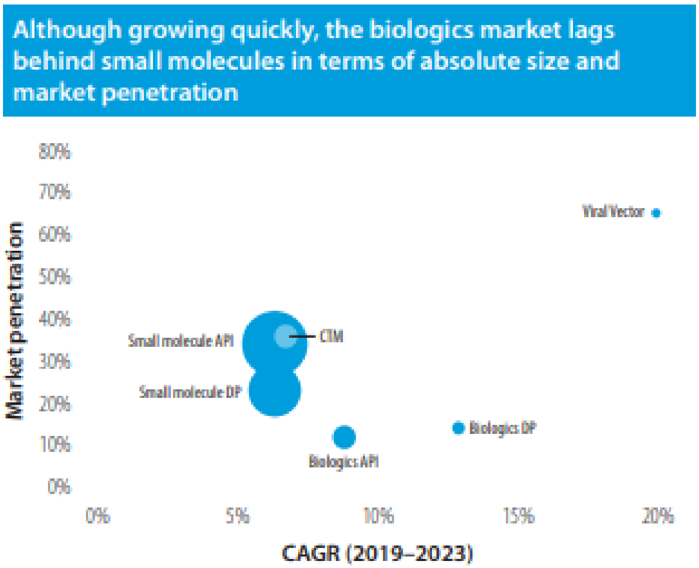


***Figure 4** Breakdown of the outsourced manufacturing sector by sub-sector – bubble size indicates market size in 2019*

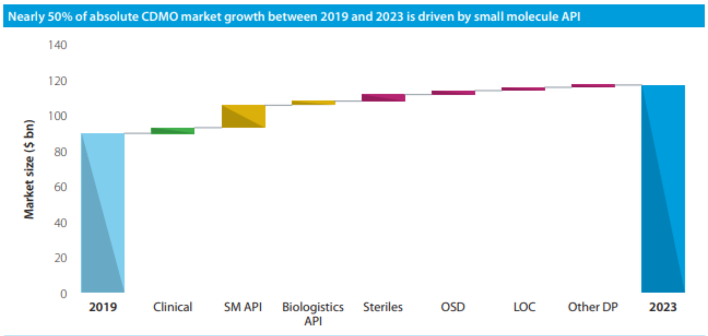


Figure 5 Growth bridge of the outsourced manufacturing market to 2023 by sub-sector

Source：Outsourced Pharmaceutical Manufacturing,2020 White Paper,Results Healthcar,2019/11。

Dividing the CDMO market according to product demand, North America is the largest CDMO sales area, accounted for 37%, followed by Europe, accounted for 25%. The CDMO industry is highly fragmented, with two-thirds of companies with revenue below $50 million, the top 10 companies has less than 20% of the market share, as shown in Figure-8. Lonza is still the largest in the world, which is more than twice the size of its nearest competitor, Catalent. Catalent, Lonza and Recipharm have all expanded their market share through mergers and acquisitions with a one-stop service model from early development to manufacturing foundry. In the future, CDMO will also make the fields of CRO and CMO closer and closer.

Figure-8. Sales for Global Top 10 CDMO Company

Top 10 CDMOs by revenue (2018)			
Company	2018 revenue ($m)	HQ	Ownership
Lonza	5,901		Public
Catalent	2,463		Public
Patheon	2,000		Subsidiary of public company
Fareva	1,600		Private
Jubilant LS	1,217		Public
Aenova	960		Private (PE backed)
Siegfried	810		Public
AMRI	750		Private (PE backed)
Recipharm	709		Public
FIS	660		Private

Source：Outsourced Pharmaceutical Manufacturing, 2020 White Paper,Results Healthcar,2019/11。

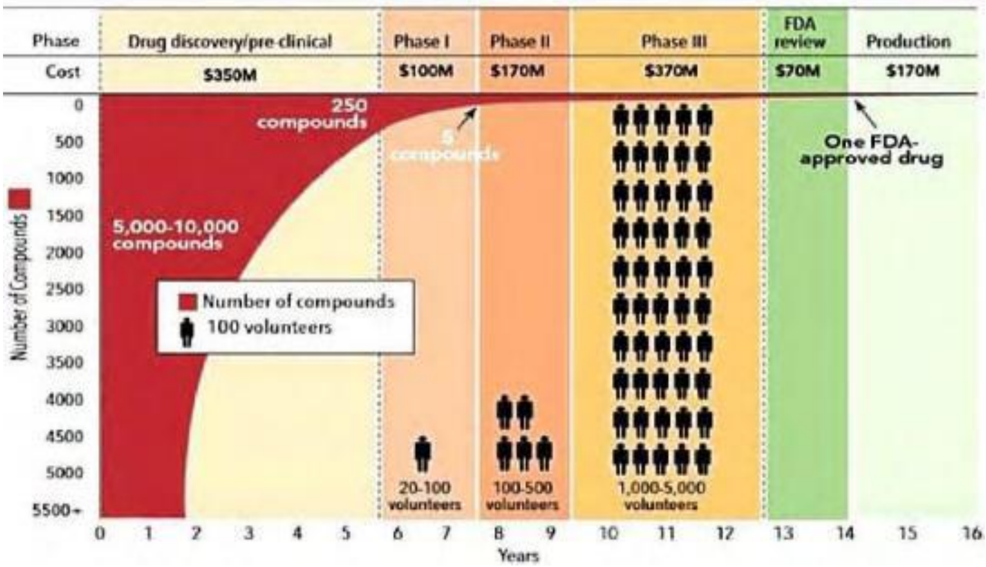
Western Pharmaceuticals Drugs

① New drugs market

New drug requires great amount of resource and time for research and development. In recent years, the research and development process is long and the success rate is low. It takes about 10 years from early research to the successful launch of the drug [Figure-9]. The generic factory's active investment strategy for breakthrough patent drugs, once the patent expires and loses the protectio, the high-profit drugs are often replaced by generic drugs immediately within 1-2 years, which led to the belief that the development of new drugs tends to be slow. In fact, due to the high output value created by new drugs, which are high value-added and knowledge-oriented industries, the new drug development market continues to grow, and countries continue to increase their investment in new drug research and development. The number of new drugs approved by the US FDA over the years continues to grow steadily, [Figure-10]. It can be confirmed that the new drug development market is still growing.

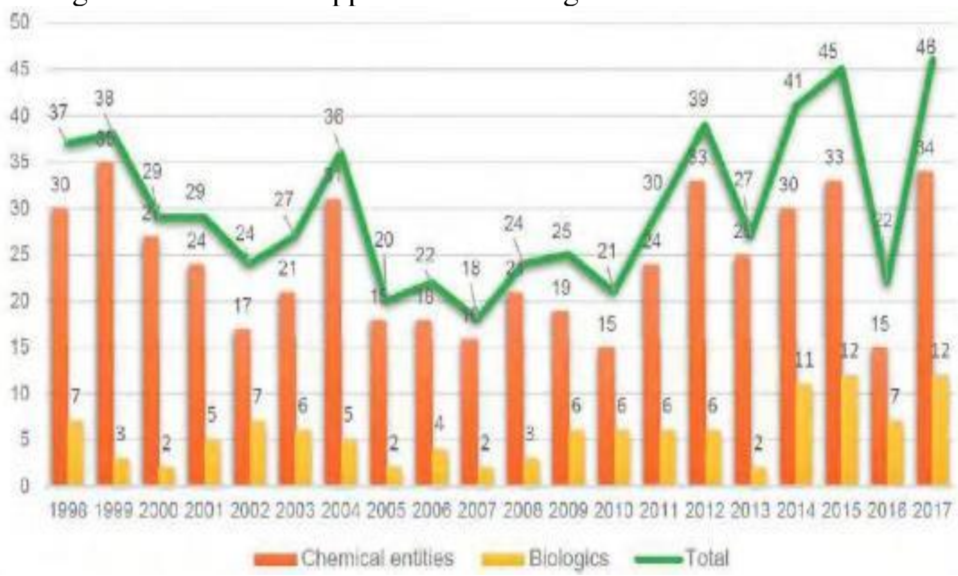
The structure of the pharmaceutical industry began to gradually change, forming a model of sharing benefits, risks and joint development, that is, CRO (Contract Research Organization), Contract Manufacturing Organization (CMO), and CDMO (Contract Development Manufacture Organization), which reduced the expenses and risks of developmenting new drugs. The pharmaceutical policy has been cut in favor of patients. Policy from the United States, a major pharmaceutical country, has focused on encouraging the development of new drugs and the promotion of drug price suppression. In 2017, the number of new drug approved by the US FDA was the highest in history. New drugs market launch time has been shorten due to the pptimization in regulations.

Figure-9. Flow Chart for New Drug Developemtn to Launch (USD)



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

Figure-10. US FDA Approved New Drug for Recenr Years



Source ：Security Service # 662, p102. (Trend and Developemtn for New Drug Industry)

② Generic drugs market

According to the research report of Research And Markets, the global generic drug market is USD 371.04 billion in 2020, and it is estimated that the market will reach USD 564.43 billion in 2026, with a compound annual growth rate of 7.08%, which is higher than the growth rate of the global pharmaceutical market. Due to chronic diseases derived from an aging population, generic drugs with the same efficacy as the original medicines are cheaper are included in the medication use option, thereby increasing the demand for generic drugs. According to the forecast of IQVIA, the global drug sales that may be lost due to the expiration of the patent term from 2021 to 2025 will reach USD 114 billion, which is higher than the USD 98 billion from 2016 to 2020. It will drive the development of generic drugs, with the launch of sales, the global generic drug market will continued to grow. Although innovative drugs are the mainstay in advanced countries, in order to promote competition and provide cheaper drugs for public use, the development of generic drugs is also encouraged. Generic drugs account for more than 70% of physicians' prescriptions, of which the United States has approached 90% in 2020, and the percentage is still increasing.

The United States has the highest drug spending in the world. The US FDA is actively improving drug-related regulations to encourage pharmaceutical companies to develop generic drugs to lower drug prices and speed up product launches. In addition, in order to address the problem of high drug prices caused by the lack of competition in the generic drug market in the United States, and to encourage manufacturers to actively pursue the development and rapid launch of generic drugs with little or no competition in the market, the U.S. FDA officially released a draft guidance document entitled "Competitive Generic Therapies-Draft Guidance for Industry" in February 2019, which focuses on creating new routes to market for competitive generic therapies (CGTs). If an application is designated by the FDA as a CGT drug application, an interim review meeting and CGT collaborative review measures can be adopted to expedite the review, and a 180-day exclusivity period for competitive generic drugs can be obtained to encourage the launch of new generic drugs, promote comprehensive competition in the drug market, and provide patients with rapid access to much needed and affordable drugs.

According to statistics from Fitch Solutions, the total global sales of generic drugs accounted for 27.6% of the global drug market, mainly from small molecule generic drugs. In 2019, the global sales of generic drugs were US$331.6 billion, and the top ten generic drug market are: Mainland China, the United States, India, Japan, Germany, the United Kingdom, Russia, South Korea, Brazil, and France, with a total S$246.32 billion market, accounted for 74.3% of the global generic drug market. For Mainland China and the United States, the market size is USD 88.5 billion and USD 68.18 billion, respectively, which is nearly half of the global generic drug market, accounted for 47.2%. Since Trump implemented policies to combat high drug prices and overall drug pricing in 2019, the number of generic drugs approved for the first time has increased by nearly 50% compared with 2016. In addition, in response to the COVID-19 epidemic, the US FDA has evaluated and prioritized the drugs involved in the treatment of COVID-19 to expedite the launch of products, such as antibiotics, tranquilizers, anticoagulants, and generic drugs for the treatment of lung diseases, etc. At the same time, in order to reduce the risks in the drug supply chain, the bioequivalence assessment of ANDA (Abbreviated New Drug Approvals) is also accelerated; in the face of the drug supply chain crisis caused by the COVID-19 epidemic, the EU has adopted the Pharmaceutical Strategy for Europe In response to the health crisis that occurs in the future, we will formulate policies for generic drugs to promote the competitiveness of generic drugs and prevent drug patent companies from hindering generic drug competitors from entering the market. Generic drugs are mostly used in emerging drug markets, while the use of innovative drugs is slowly increasing. Mainland China and India are the major users of generic drugs.

According to the data of Globaldata, Teva, Viatris, Sun, Dr. Reddy's and Cipla are the top five generic durg companies in the world (Figure-11). Among them, the revenue of Teva and Viatris both exceeded USD 10 billion, which is a significant gap compare with the third-ranked Sun's revenue of USD 4.44 billion US dollars. Amneal's revenue is USD 1.9 billion in 2020, with a growth rate of 22.57%, ranking among the top ten generic drug company. Nichi-Iko from Japan has the second highest growth rate in 2020. The top ten generic drug companies have a combined revenue of US$47.58 billion in 2020, an increase of 2.04% compred to last year. Most of the world's large generic drug companies' main market is United State and through continuous mergers and acquisitions to increase the operating scale.

For example: Pfizer announced in July 2019 that it would spin off its generic brand and generic drug business units and jointly announced a merger with Mylan to become a new company Viatris. The company focuses on emerging markets with complementary product lines, supply chains, manufacturing capabilities and sales channels. Teva and Sun also set their main market in the United States and continue to expand the company's operating scale through mergers and acquisitions. Although mainland China is an important market for global generic drugs, it has a large number of manufacturers and both are medium and large-scale enterprises, and there are few large-scale mergers and acquisitions. It is difficult to enter into the top ten famous drug companies in the world. Figure-11. Top 10 global pharmaceutical companies by sales of generic drugs

Table 3-3-4 Top 10 Generic Drug Manufacturers in Global Sales in 2018

Unit: US$ hundred million

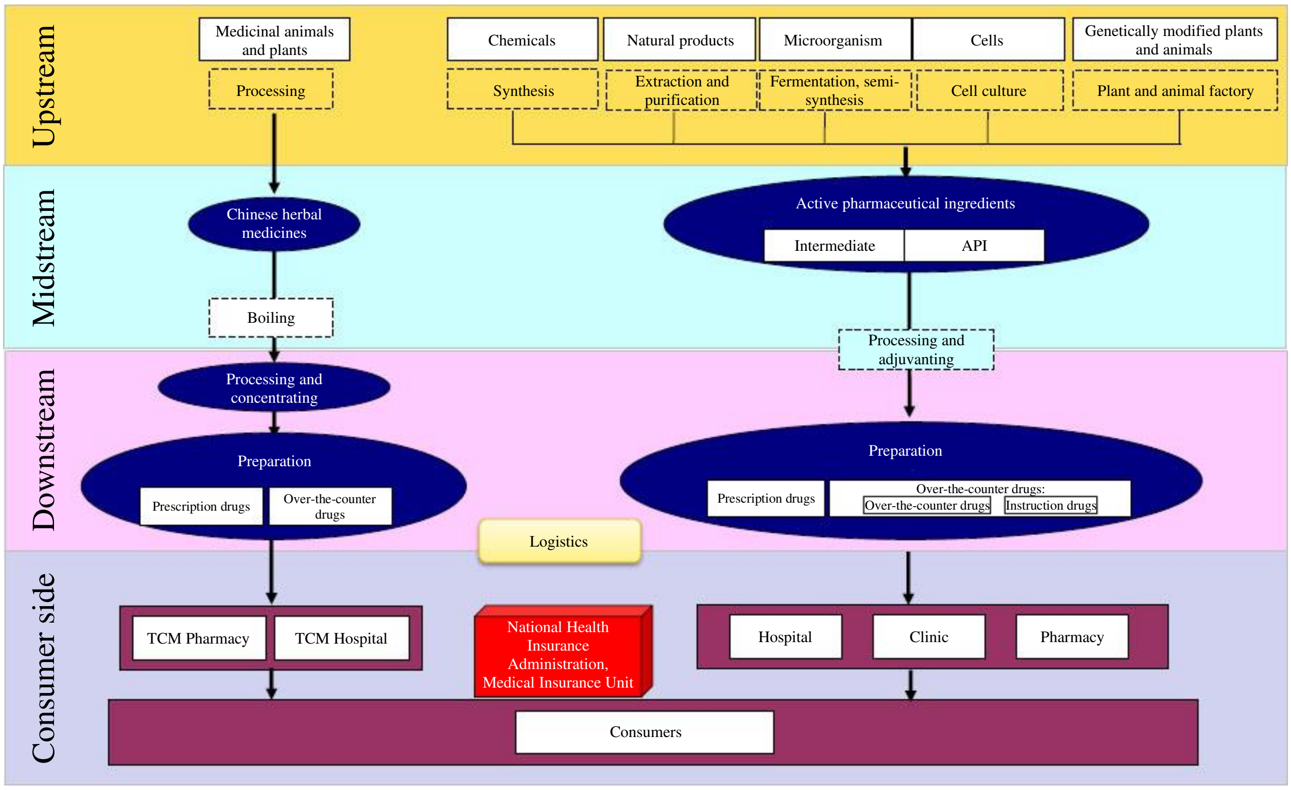
Ranking	Manufacturer	2019	2020	Headquarters	Growth Rate
1	Teva	168.87	166.59	Israel	-1.35
2	Viatris	115.00	119.46	US	2.03
3	Sun Pharmaceutical	41.36	44.44	India	7.45
4	Dr. Reddy’s	21.98	23.71	India	7.87
5	Cipla	23.28	23.18	India	-0.43
6	Lupin	20.87	20.81	India	-0.29
7	Aspen Pharmacare	24.60	20.46	South Africa	-16.83
8	Amneal	16.26	19.93	USA	22.57
9	Cadila healthcare	18.74	19.29	India	2.93
10	Nichi-Iko	15.33	17.93	Japan	16.96

Source: 2021 Biotech White Paper; Globaldata, May, 2021

2. Upstream, midstream and downstream industry relations

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

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



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

A. Upstream

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

B. Midstream

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

C. Downstream

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

3. Product trends and competition

A. Product trends and competition

The Company and its subsidiaries are currently engaged in two major product categories: pharmaceutical CDMO and Western pharmaceutical distribution. With respect to Western pharmaceutical CDMO, the Food and Drug Administration (TFDA) of the Ministry of Health and Welfare of Taiwan officially became the 43rd member of PIC/S on January 1, 2013 after a series of rigorous evaluation procedures by PIC/S, and PIC/S GMP has been fully implemented since January 1, 2015. This establishes mutual certification with other countries, eliminating the complicated procedure of repeated inspection and review, representing Taiwan's pharmaceutical companies' alignment with the international market. It is expected that as the number of PIC/S GMP members continues to increase while the competition in the global drug market will become increasingly intense for new drugs and generic drugs. The pharmaceutical regulatory standards will be raised, making it more important for pharmaceutical companies or new drug companies to control R&D costs and improve R&D efficiency. Therefore, in recent years, the industry has moved towards a supply chain emphasizing professional division of labor and focusing resources on their core business. Professional service outsourcing companies have emerged in all segments of the industry chain, including disease-targeted research, drug compound selection and development, clinical trials, contract manufacturing and processing, and marketing, and are divided into contract research organizations (CROs) and contract manufacturing organizations (CMOs), depending on the needs of the product at different stages. According to 2020 medical industry report, the global CRO market reached USD 49.74 billion in 2019, and is expected to reach USD 72.54 billion in 2024, with the CAGR of 7.6% from 2019 to 2024. The global CMO market reached USD 70.59 billion in 2019, and is expected to reach USD 102.14 billion in 2024, with the CAGR of 7.7% from 2019 to 2024. The COVID-19 has a short term effect on the industry development. The frequent merger and acquisition among the industry, strategic cooperation, expand service, or introduce new technology for value added service all have increase the efficiency of developing new drugs. This creases hige business opportunities for CRO and CMO which benefit the pharmaceitucals OEM market. In addition, the Company and its subsidiaries are actively developing the global CDMO business and optimistic about the market demand, especially because most of the new drug companies in Taiwan do not have their own manufacturing plants. When there is a demand for clinical drug manufacturing, it is very difficult to find Active Pharmaceutical Ingredient plants and pharmaceutical plants that comply with PIC/S GMP regulations to collaborate in manufacturing technology development and manufacturing; Without a pilot plant, traditional pharmaceutical companies face the risk of uncertainty in the early stage of new product development, and the use of their own R&D and production lines is bound to take up the resources of existing products, causing delays and higher development costs. Therefore, traditional pharmaceutical companies have started to outsource CDMOs in recent years to reduce risks and enhance their competitiveness; According to a new report by TrendForce, a global market research firm, the global pharmaceutical market is estimated to reach US$1.2 trillion in 2018, with an annual growth rate of 3.8%, driven by the entry of new drug products into the market and the continued increase in usage. It is expected to grow to approximately USD 1.55 trillion by 2023, with a compound annual growth rate (CAGR) of 5.1% from 2018 to 2023, indicating that the future development of the drug market is still promising.

B. Product Competition

(A) Pharmaceutical CDMO

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

(B) Distribution and commercialization

In addition, the Company will continue to develop its own products and increase the proportion of in-house production in order to enhance the competitive advantage of its own products, and to increase the number of self-financed pharmaceutical projects to satisfy the characteristics of different pharmaceuticals and market demand. Our subsidiary company Yuta Health is developing its health care products business and continues to strive for the distribution rights of well-known international brands in Taiwan to enrich the business and product lines of the Group. We have acquired the exclusive marketing business in Taiwan for SSP, the third largest pharmaceutical company in the Japanese cosmetic market, and for BOIRON, the global leader in the production of health care and maintenance products.

(III) Overview of Technology and R&D

1. Technology level and research development of the business

A. Technology level of the business operated

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

B. Research and Development

(A) Process technology capability enhancement

a. Development of process technology for various dosage forms: At present, our Canadian facility is capable of producing tablets, liquids (oral liquid, nasal spray) and semi-solids (gel, cream, ointment), certified by international standards and recognized as a high quality pharmaceutical manufacturing facility. The Tainan Guantian Facility has tablet, capsule and granule product lines. In addition to the production lines for oral solid dosage forms, the Zhunan facility has production lines and technical capabilities for oral multiple long-acting controlled release capsules. We will continue to expand production lines for different dosage forms in response to the development or authorization of new products and continue to develop process technologies for various dosage forms to meet the needs of our CDMO customers and to pursue more CDMO opportunities.

b. Development of process amplification technology: Our company has been able to meet the needs of our customers in the trial production stage in small quantities. The contracted manufacturer must be able to meet the customer's low volume production needs at this point to test the market acceptance level. Subsequently, the authorized manufacturer must be able to quickly scale up the production volume to meet the customer's mass market supply needs. In this regard, the flexible production process at our Guantian facility in Tainan has achieved a lot size range of 10~440kg/batch or 50,000~1,200,000 tablets/lot. The flexibility of scheduling makes it possible to meet the needs of customers with small and medium-sized lots or diverse packaging. The Zhunan facility has a medium-sized production area and a large production area, so that it can scale up or change its production capacity and volume in response to the needs of large overseas markets (e.g., the United States). The Canadian facility also has a small pilot facility to respond to customers' needs for mass production scale-up. It has exported pharmaceutical drugs to about 100 markets worldwide and has extensive experience in supplying to international customers. In the future, the Company will continue to develop different process scaling technologies to provide our CDMO customers with various production volumes and speed up the mass production of our products.

(B) Self-developed pharmaceutical drugs

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

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

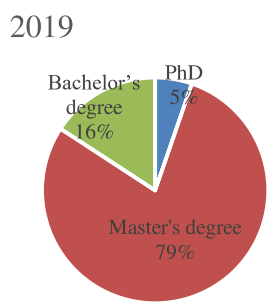
2. Research and development staff and their academic experience

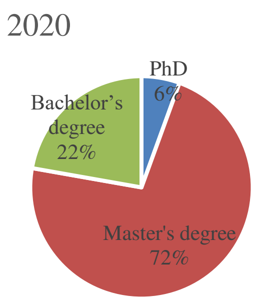
(1) Number of research and development staff and their years of experience

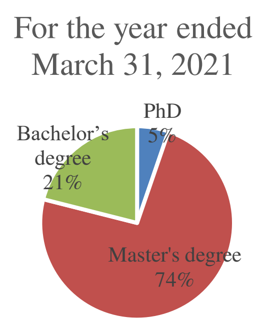
Unit: Number of people; Year

Item \ Year	2020	2021	For the year ended March 31, 2022
Number of people	18	19	15
Average years of services	3.31	3.4	4.6
Average years of R&D experience	11.62	11.95	10.53

(2) Research and development staff and their academic experience







3. Research and development expenses for the last two years

Unit: NTD thousands; %

Item \ Year	2020	2021
R&D expenses	36,652	41,267
Net revenue	1,799,570	4,899,885
Percentage of net revenue	2.04	0.84

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

Year	Technology or products successfully developed or under development in the last 5 years
2015	• TGT-1409 (urinary tract disorder): Long-acting oral dosage form, passed bioequivalence test study.
2016	• BGF-1302 (antipsychotic): Passed the bioequivalence test study. • TGTE-1305 (antiviral): Passed the bioequivalence test study. • TGT-1307 (antiviral): Passed the bioequivalence test study. • BSAS-1523 (a new drug for psychosis in Taiwan): The TFDA articulation trial was evaluated and a large scale articulation clinical trial was waived.
2017	• BSAD-1303 (OTC combination cold and flu medicine): Obtain a license. • TGTE-1305 (antiviral): Obtain a license. • TGT-1307 (antiviral): Obtain license, complete product validation and product launch. • TGT-1409 (urinary tract disorder): Obtain a license. • TGT-1520 (antiviral): Passed the bioequivalence test study. • TGR-1524 (Parkinson's disease): Passed the bioequivalence test study.
2018	• BSAT-1301 (a new dosage form of compound pain relief drug) was patented in Taiwan. • TGT-1520 (antiviral): Obtain a license.
2019	• TGR-1524 (Parkinson's disease): Obtain a license.
2020	• BSAT-1301 (a new dosage form of compound pain relief drug) has been patented in Germany, the UK and France.
2021	• Complete client's new drug clinical phase II to III formulation development, optimization and mass production.

5. Taiwan CDC Drug License

The Company is optimistic about Union Chemical & Pharmaceutical's long-established brand advantages and stable sales channels in the field of generic drugs, as well as the fact that Union Chemical & Pharmaceutical holds numerous drug licenses related to the central nervous system, ophthalmology and antibiotics, which is conducive to the Company's complete distribution of drugs for the central nervous system and the expansion of antibiotics and ophthalmic products with development potential in the pharmaceutical markets of emerging countries. In order to expand its market, share and distribution channels for pharmaceutical products, the Company invested in 100% of the shares of Union Chemical Co., Ltd. in July 2014 and as of the printing date of the annual report, the Company and its subsidiaries have obtained more than 178 drug licenses.

In addition, the Company acquired the Zhunan facility in 2018, during which time it also obtained the exclusive Taiwan license for Numient, a long-acting therapeutic capsule for Parkinson's disease from Impax, a pharmaceutical development company. The Company also obtained a drug license from the Ministry of Health and Welfare in 2019 to officially market the product. In collaboration with Vitruvias Therapeutics Inc from the US, registered and launched the oral controlled-release form of potassium chloride for the treatment of hypokalemia in Taiwan. The drug has been added to the list of essential drugs by the Food and Drug Administration.

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

1. Short-term business development

A. Continue to expand existing products

(A) Original Distributor

The company currently distributes Lexapro, Ebixa and Brintellix from Denmark's Lundbeck, Numient used for Parkinson disease, as well as Lendormin, a sleep aid, from Boehringer Ingelheim, the largest pharmaceutical company in Germany, products with mild side effects, good product efficacy and sales growth. In the future, we will continue to expand the number of customers and the amount of customers.

The Company has been marketing its own brand of health products, IMMU BOOST effervescent drink series for many years and has a good reputation with its loyal consumer base. In April 2016, the Company launched the popular products of Japanese pharmaceutical company Eisai in Japan, Aloe Vera Serum and Cream, which have been popular in Japan for many years, and started selling them in pharmacy chains and cosmetic stores. Currently, our subsidiary Yuta Health's products include the health care products of SSP, the third largest pharmaceutical company in Japan's cosmetic market, products of Eisai in Taiwan, as well as the exclusive marketing business of BOIRON, a global leader in the production of topical drugs.

(B) Self-licensed products

After the merger of Union Chemical & Pharmaceutical, the Company began to re-analyze, research, position, plan and re-market Union Chemical & Pharmaceutical's promising specialty pharmaceuticals, including: It is a niche generic drug that is used for antipsychotic disorders such as Eudapine, Parkinson's disease such as Parkinin, and Gastric suspension to eliminate flatulence in the stomach and intestines. In addition, the Company is actively exploring the export market of Union Chemical & Pharmaceutical.

B. Development of new original distributorship

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

C. CDMO business continues to grow

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

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

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

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

2. Long-term Business Development Plan

A. Actively expand overseas markets

We have three production facilities in Mississauga, Canada, the Tainan Guantian facility, and Bora's Zhunan facility. All are qualified and experienced in exporting pharmaceuticals and competing for international CDMOs worldwide. Since the Company's investment in Union Chemical & Pharmaceutical in July 2014, we have been actively expanding the exports of Union's products to other Asian markets and established a US subsidiary in early November 2019. In addition to actively expanding our international business, we will also explore opportunities for collaboration in our overseas markets. In 2020, we jointly acquired the exclusive manufacturing and sales rights for Numient, a brand-name drug for Parkinson's disease, with Amneal, a US pharmaceutical company, for 12 markets in 10 countries in Asia, excluding Taiwan. The Company and its subsidiaries will take leverage on it international CDMO export experience and also seek collaboration and authorization in the international market to expand the international export business.

B. Continuous development of own products

The Company will continue to develop our own products, such as our own generic drugs and new dosage forms drug, using our own drug delivery technology.

In the future, we will also collaborate with international marketing partners and establish our own channels for domestic and international drug sales.

C. Focus on innovative drug development

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

(A) Niche generic drugs:

The development of niche generic drugs, especially those with market demand and technical thresholds. The Company's initial strategy is to provide authorized development of generic drugs, providing a comprehensive development chain from raw material evaluation, product development, registration to CDMO mass production, in order to consolidate the cornerstone of our R&D capabilities We have obtained a number of product approvals and are in the process of registering for domestic and international drug verification.

(B) New dosage forms:

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

(C) Innovative drug delivery platform:

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

① Controlled release dosage form technology

In addition to the various dosage form technologies, the Company also specializes in the more advanced controlled release dosage forms of drugs. The controlled dosage form design can adjust the drug release rate and control the circulation time of the drug in the body, thus reducing the frequency of repeated dosing, increasing the efficiency and convenience of the user, and reducing the side effects of the drug. As a result, the Company has accumulated a number of mature key technology experiences and established many key pharmaceutical technology platforms.

② Film-coated drug coating and release control system

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

③ Interstitial controlled release dosage system

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

④ Delayed controlled release dosage system

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

⑤ Oral quick-disintegrating tablet preparation system

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

⑥ Microcellular dosage form technology

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

⑦ Special multi-dose technology

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

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

II. Market and Production Overview

(I) Market analysis

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

Unit: NTD thousands %

Region	2021 Annual Turnover	Customer Ratio
Domestic Sales	645,022	13.16%
Export Sales	4,254,863	86.84%
Total	4,899,885	100.00%

2. Future market supply and demand and future growth

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

A. The increasingly ageing global society

The United Nations report predicts that the global population will reach 9.15 billion by 2050, with 16% of the population over the age of 65. The market for drugs for the treatment of geriatric and chronic diseases will increase.

B. The global pharmaceutical market continues to grow steadily

According to a latest report by TrendForce, the global pharmaceutical market is estimated to reach US$1.2 trillion in 2018, with an annual growth rate of 3.8%. It is expected to grow to approximately US$1.55 trillion by 2023, with a compound annual growth rate (CAGR) of 5.1% from 2018 to 2023. Driven by the entry of new products into the market and the continued increase in usage, the demand for pharmaceutical products is expected to grow steadily.

In response to changes in the market and demand and supply, the Company and its subsidiaries will adjust their business model to one in which profits are generated from a small number of best-selling pharmaceutical products, and to one in which profits are generated from a diversified product mix and geographic sales.

3. Competitive niche

A. Diversified access, with advantages and reputation

Our Company has rich experience in distributing original pharmaceutical products and has maintained stable distribution relationships. We distribute imported original drugs for the central nervous system and actively cultivate professional sales personnel to develop the market. Currently, our main distribution channels are clinics and pharmacies, and we have established a leading position in the psychiatric and neurological drug market. Union Chemical & Pharmaceutical, a subsidiary of the Company, has been working in the field of generic drugs for a long time and holds various drug licenses, and maintains good relationships with medical centers, regional hospitals, local hospitals and primary care institutions. The Company also has long-standing relationships with distributors and focus on medical centers such as Veterans General Hospital, National Taiwan University Hospital, Shin Kong Hospital, Tri-Service General Hospital, Tzu Chi Hospital, Chang Gung Hospital, Cathay Hospital, Cheng Kung University Hospital, and MacKay Memorial Hospital. In recent years, in response to the demand for health care products, we have successfully developed and launched our own brand, IMMU BOOST fizzy drink series products, and distributed a number of international well-known brand health care products to meet the needs of the complex market channel, combined with Taiwan's distribution network, to jointly consolidate the channel market.

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

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

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

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

A. Favorable factors

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

As our population ages, the demand for medical care for the elderly and the chronically ill has increased significantly, and with the increase in national income and the general improvement in living standards, people are now paying more attention to health insurance and medical quality. The demand for pharmaceuticals is likely to continue to increase in the future. In 2014, our total population reached 23.46 million, of which the elderly population (aged 65 and above) accounted for 12% of the total population, with about 2.8 million people. The annual compound growth rate of the elderly population reached 2.7% over the decade (2004-2014), indicating that our country is moving toward an aging society, and an aging population will lead to increased spending on health care, social insurance and welfare. In addition, the demand for drugs related to the central nervous system has been growing in recent years due to mental problems caused by the increasing pressure of life in Taiwan and the increasing frequency of dementia amongst the elderly in an aging society. Therefore, there is still room for the overall pharmaceutical industry to continue to grow over the long term.

(B) Compliant with the trend of PIC/S GMP pharmaceutical manufacturing facilities and professional division of labor

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

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

B. Adverse factors and countermeasures

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

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

Response Measures:

The government's promotion of health care policies such as "total coverage," "public differential burden," and "cessation of coverage for instruction drugs" has challenged the domestic pharmaceutical industry's ability to respond to changes in the industrial environment. Price reductions are required for foreign patent drugs, expired patent drugs and local generic drugs; pharmaceutical companies inevitably face profitability suppression from price reductions. The Company's Tainan Guantian Facility and its subsidiary Bora's Miaoli Zhunan Facility have passed the

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

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

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

Response Measures:

The Company and its subsidiary have a comprehensive sales channel and have been working on central nervous system drugs for a long time. Through its professional positioning and good relationship with the original manufacturer, the Company is currently distributing the Boehringer insomnia products of the original manufacturer and will actively seek to distribute other pharmaceutical products of the original overseas manufacturer in the future, in order to disperse the price competition pressure of the generic products. The Company's Tainan Guantian facility and our subsidiary Bora Miaoli Zhunan facility have strict requirements in terms of manufacturing process and quality; our factory staff have been trained by the original development pharmaceutical factory for many years and have a wealth of production experience. In addition, the facility has passed PIC/S GMP inspection and obtained international certification, so that it can immediately connect with the United States, Europe, Southeast Asia, Central and South America, the Middle East and other countries, etc. In addition to obtaining CDMO revenue to mitigate the impact of lower prices of generic drugs on the Company, the Company also serves as a distribution agent for Taiwan Eisai, the Impax from the US and other major international pharmaceutical companies. As mentioned above, the Company and its subsidiaries will actively seek to address the price competition of generic drugs by distributing overseas drugs from foreign manufacturers, increasing CDMO and other revenue sources, and exploring opportunities to develop overseas drug markets.

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

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

Response Measures:

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

(II) Major product applications and manufacturing processes

Product Items	Major Applications or Functions
Western Pharmaceuticals	Includes central nervous system medications, antibiotics, and gastrointestinal medications. Central nervous system drugs are mainly used for prevention and treatment of sedation, tranquilization and sleeping. Gastrointestinal drugs are mainly used for the prevention and treatment of gastrointestinal diseases. The main purpose of antibiotics is to inhibit the growth of bacteria or to kill them.
Health Care Products	Nutritional supplements, physical recovery, vitamin supplements and health care products, etc.
Income from CDMO	The Company's revenue from CDMO services and technical services for the development of pharmaceutical products.

(III) Supply of major raw materials

The sources of raw materials' supply for the Company and its subsidiaries are divided into domestic purchases and foreign imports. The Company maintains long-term and close collaborative relationship with domestic manufacturers, and raw materials imported from abroad are mainly imported from overseas through traders. Raw materials and suppliers are appropriately evaluated before collaboration. The Company maintains friendly relationships with alternative raw material suppliers and purchases raw materials in a decentralized manner. Therefore, the Company and its subsidiaries do not rely on a centralized source of raw materials from one supplier and have not experienced any shortage of materials.

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

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

Unit: NTD thousands

Item	2020				2021			
	Name	Amount	As a percentage of net imports (%)	Relationship with the issuer	Name	Amount	As a percentage of net imports (%)	Relationship with the issuer
1	GSK	768,013	63.41	None	GSK	350,383	28.52	None
2	—	—	—	—	NEMERA	184,475	15.02	None
3	—	443,268	36.59	—	Others	753,552	56.46	—
Total	Net amount of purchases	1,211,281	100.00	—	Net amount of purchases	1,228,410	100.00	—

Explanation for any increase or decrease:

A. NEMERA: The Company's Canada subsidiary purchase raw materials from NEMERA.

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

Unit: NTD thousands

Item	2020				2021			
	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer
1	Amneal	895,256	51.06	None	Amneal	732,681	14.95	None
2	GSK	214,752	11.93	None	GSK	3,371,050	68.80	None
3	DKSH	198,745	11.04	None	DKSH	239,229	4.84	None
4	Others	490,817	25.97	—	Others	558,925	11.41	—
Total	Net sales	1,799,570	100.00	—	Net sales	4,899,885	100.00	—

Explanation for any increase or decrease:

A. GSK: The Company acquired control of GSK's operating asset (facility) in Canada in December 2020, commencing a 5-year CDMO contract which increase the 2021 sales revenue.

(V) Production volume for the last two years

Unit of production value: NTD thousands

Main Product \ Output Quantity and Value \ Year		2020			2021		
		Production Capacity Note1	Production Volume	Production Value	Production Capacity Note1	Production Volume	Production Value
Derms	thousand tubes	38,000	1,362	95,468	55,700	22,821	1,164,138
Solid Dose	thousand tablets	961,735	742,268	734,791	809,204	695,125	724,682
	thousand pics	800,000	129	14,217	800,000	133,135	441,013
	thousand bottles	14,000	1	34	14,000	160	33,132
Liquid Dose	thousand bottles	37,000	1,175	43,004	37,000	15,100	668,549
Total		Note2	Note2	887,514	Note2	Note2	3,031,514

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

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

(VI) Sales volume for the last two years

Unit of production value: NTD thousands

Main Product \ Sales Volume/Value \ Year		2020				2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Derms	thousand tubes	223	5,308	1,234	64,005	170	4,043	22,300	1,176,960
Solid Dose	thousand tablets	495,624	364,388	319,667	939,313	411,190	347,135	312,300	839,242
	thousand pics	—	—	13	1,549	—	—	122,380	411,726
	thousand bottles	—	—	—	—	—	—	159	44,409
Liquid Dose	thousand bottles	322	18,422	—	—	219	18,787	16,643	720,860
others	Note	Note	227,752	Note	178,833	Note	260,316	Note	1,076,407
Total		Note	615,870	Note	1,183,700	Note	630,281	Note	4,269,604

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

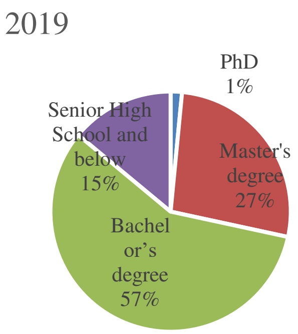
III. Number of workers, average length of service, average age and education distribution of employees in the industry for the last two years and as of the printing date of the annual report

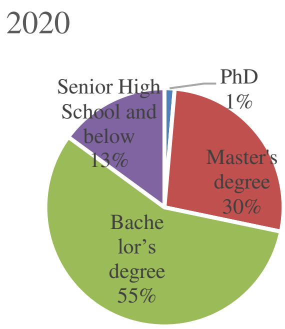
1. Number of employees, average years of service, average age

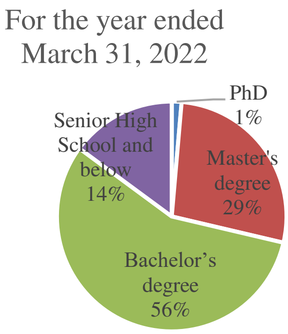
Unit: person; %

Year		2020	2021	For the year ended March 31, 2022
Number of employees	Direct labor	339	262	262
	Indirect	483	529	527
	Total	822	791	789
Average age (years)		41.38	42.21	42.13
Average length of		5.84	7.68	7.74

2. Education background distribution







IV. Environmental protection expenditure information

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

(II) Future countermeasures and possible expenses:

The company has one professional operator employee and a water pollution control permit (permit number: Tainan City Huan Shui Zi 05743-02).

(1) Application for a permit to install facilities that cause pollution or a pollution discharge permit:

Item	License and content
Stationary pollution source prevention and control permit	On September 5, 2019, Bora Pharmaceutical Co., Ltd. (subsidiary Bora), a 100% directly owned subsidiary of the Company, was issued an operating permit for organic solvent operation procedure (M01) for stationary pollutant sources by the Hsinchu Science Park Administration, Ministry of Science and Technology (permit number: Hsinchu Science Park Environmental Control Operation Certificate No. KS244-03). On August 21, 2018, the operation permit for the stationary pollution source boiler vapor generation process (M02) was issued by the Hsinchu Science Park Administration, Ministry of Science and Technology, (permit number: Hsinchu Science Park Environmental Control Operation Certificate No. KS248-03).
Pollution control permit	On February 26, 2020, the Company applied to the Environmental Protection Bureau of Tainan City Government for a permit for water pollution control measures (permit document number: Guanhuan Zi No. 1090019698). On September 15, 2014, Bora's application for wastewater management was approved by the Hsinchu Science Park Administration (approval document number: Zhu Huan Zi No. 1030027715)
Water Pollution Control Permit	On February 05, 2020, the Company applied to the Environmental Protection Bureau of Tainan City Government for a permit for water pollution control measures (permit document number: Huanshui Zi No. 1090011205). On February 26, 2020, the Tainan City Government approved the issuance of the Tainan Water Pollution Control Permit (permit number: Tainan City Huanshui Zi No. 05743-02), valid till October 17, 2023. Our subsidiary Bora obtained the water pollution control permit on August 20, 2019 (operating permit number: Hsinchu Science Park Huanshui Zi License No. KS036-08), valid till August 04, 2024.
Business waste removal plan	On November 03, 2020, the Company's application for a change to its business waste cleanup plan was approved by the Environmental Protection Bureau of Tainan City Government (control number: D9700625), permit zihao: Huanshi Zi No. 1090128567. On August 26, 2019, our subsidiary Bora's application to change its business waste cleanup plan was approved by the Hsinchu Science Park Administration, Ministry of Science and Technology (control number: K71A2160), document zihao: Zhu Huan Zi No. 1080025296.
Toxic chemical substance approval documentation	The Company was issued the Toxic Chemical Substance Approval Document on June 11, 2020, approval zihao: Tainan City toxicity approval no. 000020, valid till July 15, 2024. Permitted items for operation and toxic chemical substances listing numbers and serial numbers: 04501, 05401, 05502, 05518; 06401, 07301, 07501, 07901, 08201, 09301, 09501, 09701, 09801, 09802, 10401, 10501, 11401, 11501, 11701, 12101, 12901, 14201, 14601, 16001, 16401 and 17601. A total of 26 items. Our subsidiary Bora Pharmaceuticals was issued the “Toxic Chemical Substance Approval Document” on September 22, 2020, approval zihao: Fuhuanweizi no. 1090060432 valid till August 15, 2023. Permission to Operate and Toxic Chemical Substance Registration Number and Serial Number: 04301, 04501, 04602, 05201, 05401, 05502, 05518, 06806, 07201, 07301, 07501, 07901, 08201, 09301, 09701, 09801, 09802, 10401, 10501, 11501, 11701, 12101, 14201, 14601, 16401 and 17801. A total of 28 items.

(2) Payment of pollution prevention and control costs:

Unit: NTD thousands

Year / Category	2020	2021
Sewage usage fee	1,287	454
Business waste disposal fee	3,348	4,482
Air pollution fee	57	105

V. Labor Relations

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

1. Employee welfare measures and implementation

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

2. Staff education and training status

   The Company and its subsidiaries plan annual training programs and provide training budgets according to the training needs of employees and the future development of the Company. This enables our employees to improve their professional skills and understand the functions required by the industry in which the Company is located, help them develop their potential and achieve their best, thereby creating an environment in which they can coexist and prosper with the Company.

3. Retirement system and implementation status

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

4. Agreement between labor and management

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

5. Employee rights protection measures

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

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

VI. Information Security Management

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

(1) Information security management management framework

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

(2) Information security policy

a. Enterprise information security management strategy and framework

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

(a) Operation on system development and program revision

(b) Operation on access control of program and data

(c) Operation on data input and output

(d) Operation on data processing

(e) Operation on file and equipment security

(f) Operation on system restorage plan and testing procedure

(g) Operation on information security inspection

b. Enterprise information security risk managemenat and continuous improvement framework

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

(a) Setup the contract information for related personnel

(b) Report on information security incident

(c) Report on information security weakness

(d) Report on ill function software

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

c. Management plan

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

(a) Formulate the information security policy

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

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

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

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

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

d. Resource invested on information security management

The Company's implementation result for 2021 is as follows and have report the result to the board of director on November 11, 2021:

- Upgrade the Company's firewall

- Promotion and educational traning: through continuous employee training, employees' security knowledge and awareness are enhanced. Total educational training are provided for 2,445 hours for 14,797 employee for 2021.

- Update the system and upgrade the information system to enhace the information security

- The system and data base are backup daily. The offsite backup procedure are trained and implemented for emergency.
- The Company has is a member for TWCERT/CC and SP-ISAC. The Company join the seminar hosted by the two organization and understand the information shared.

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

For 2021 and as of the annual report date, the Company has not incurred loss for major information security incident.

VII. Important Contracts

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Financing Contract	Chang Hwa Bank	2021.08.31-2022.08.31	Short-term Credit Agreement	None
Financing Contract	Chang Hwa Bank	2019.12.23-2034.12.23	Long-term Secured bank loans	None
Financing Contract	O Bank	2021.09.02-2024.09.01	Mid-term Credit Agreement	None
Financing Contract	CTBC Bank	2020.06.30-2023.06.30	Unsecured bank loans	None
Financing Contract	CTBC Bank	2020.11.-2023.06.30	Syndicated bank loans	The Company shall comply with the financial ratio agreement during the borrowing period
Contract Manufacturing and Inspection Contracts	Eisai Co., Ltd.	2019.01.01~2023.12.31	CMO and testing of specific pharmaceutical products for human use, etc.	The Company has entered into a five-year long-term CMO contract and agreed on the target demand, lot size and minimum order quantity for each year with Eisai
Distribution agreement	Hoan Pharmaceuticals Ltd.	2019.01.01~2023.12.31	We distribute and sell Hoan related Danish Lundbeck products for the central nervous system	None

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Distribution agreement	Eisai Co., Ltd.	2020.04.01~2023.03.31	Our company distributes the Chocola BB Series, Juvelux, Saclon, Youbulifu, SAHNE, SAHNE Aloe Vera Lotion	If the Company's annual purchase amount does not meet the "purchase plan amount," Eisai may evaluate whether to terminate this agreement. If either party does not raise any objections up to 180 days before the expiration of this contract, this contract will be automatically extended for one year.
Distribution agreement	SSP Co., Ltd.	2020.07.15~2023.07.14	The agreement is by and between the Company, SSP, Chin Teng and Best Ocean. The Company obtains exclusive marketing for SSP in Taiwan. The Company distributes Esfight tablets, S.S. Bron tablets, S.S. Bron syrup, S.S. Buron syrup, S.S. Sporty solution, and Picosulu tablets.	This agreement shall be effective as three years. Unless either party terminates by written notice up to 180 days before the expiration of this contract, or this contract will be automatically extended for one year.
Distribution agreement	Grapevine Enterprise	2021.01.01~2022.12.31	Our company distributes LARK-C tablets and other pharmaceutical products	If either party does not raise any objections up to 90 days before the expiration of this contract, this contract will be automatically extended for one year.
Distribution agreement	Beringia Ingelheim Taiwan Co.	2020.01.01~2022.12.31	Our company distributes Boehringer Ingelheim's Lendormin 250mcg medicine	None

Nature of the Contract	Party to the Contract	Date of contract commencement	Main Content	Restrictive Provisions
Contract Manufacturing and Distribution agreement	Impax Laboratories Inc. (Amneal)	CMO contract 2021.01.01~2025.12.31 Distribution agreement 2021.01.01~2025.12.31	The Company is authorized to manufacture human drug products and to distribute RYTARY, a brand name drug for Parkinson's disease.	None
Contract Manufacturing and Supply agreement	GlaxoSmithKline Inc. (GSK)	CMO contract 2020.12.01~2025.12.01	The Company is authorized to manufacture prescription and OTC drugs and healthcare products.	None
Distribution agreement and Contract Manufacturing	Bright Future Pharmaceuticals Trading Ltd. ("BF")	Distribution agreement 10 years from the date of obtaining the Chinese drug certificate for Numient 2022.03.10 Contract Manufacturing: 10 years from the date of obtaining the Chinese drug certificate for Numient	Distribution agreement: The Company authorize the distribution right to BF for China (including Hong Kong and Macao) Contract Manufacturing: BF contract the Company for manufacturing	Distribution agreement: BF can terminate the contract in written notice up to 6 month before the expiration of this contract Contract Manufacturing: If either party does not raise any objections up to 60 days before the expiration of this contract, this contract will be automatically extended for one year.

F. Financial Overview

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

(I) Condensed Balance Sheet and Consolidated Income Statement

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

(1) Consolidated

Unit: NTD thousands

Item \ Year		Financial Data for the Most Recent Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		485,366	1,016,890	1,246,259	2,626,542	2,792,337
Property, plant and equipment		413,895	1,149,952	1,738,321	3,818,782	3,749,981
Intangible assets		1,557	2,437	18,469	4,930	171,045
Other assets		5,334	62,707	379,575	553,925	658,971
Total assets		906,152	2,231,986	3,382,624	7,004,179	7,372,334
Current liabilities	Before distribution	92,146	377,858	557,046	2,286,061	1,841,122
	After distribution	105,146	466,351	640,300	2,395,827	Note 2
Non-current liabilities		181,803	533,248	1,171,827	2,253,354	2,378,671
Total liabilities	Before distribution	273,949	911,106	1,728,873	4,539,415	4,219,793
	After distribution	286,949	999,599	1,812,127	4,649,181	Note 2
Equity attributed to the owners of the parent company		615,527	1,320,880	1,653,751	2,464,764	3,152,641
Capital stock		264,620	294,620	394,272	541,154	684,783
Capital surplus		335,725	575,557	676,232	951,647	1,025,985
Retained earnings	Before distribution	33,552	462,655	590,722	961,012	1,465,693
	After distribution	20,552	374,162	507,468	851,246	Note 2
Other equity		-	(4,900)	(5,071)	10,951	(23,920)
Treasury stock		(18,370)	(7,052)	(2,404)	-	-
Non-controlling equity		16,676	-	-	-	-
Total equity	Before distribution	632,203	1,320,880	1,653,751	2,464,764	3,152,541
	After distribution	619,203	1,232,387	1,570,497	2,354,998	Note 2

Note 1: The above financial information has been audited and verified by our accountant.
Note 2: The 2021 earning distribution case is to be approved by the shareholders' meeting.

(2) Individual

Unit: NTD thousands

Item \ Year		Financial Data for the Most Recent Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		334,729	1,183,001	1,088,126	1,280,323	865,556
Property, plant and equipment		412,049	398,657	1,046,844	1,038,833	1,112,663
Intangible assets		604	577	544	2,801	2,779
Other assets		112,511	157,326	456,804	1,383,173	2,242,630
Total assets		859,893	1,739,561	2,592,318	3,705,130	4,223,628
Current liabilities	Before distribution	62,539	164,146	300,209	645,415	309,015
	After distribution	75,539	252,639	383,463	Note 2	Note 2
Non-current liabilities		181,827	254,535	638,358	594,951	762,072
Total liabilities	Before distribution	244,366	418,681	938,567	1,240,366	1,071,087
	After distribution	257,366	507,174	1,021,821	1,350,132	Note 2
Equity attributed to the owners of the parent company		615,527	1,320,880	1,653,751	2,464,764	3,152,541
Capital stock		264,620	294,620	394,272	541,154	684,783
Capital surplus		335,725	575,557	676,232	951,647	1,025,985
Retained earnings	Before distribution	33,552	462,655	590,722	961,012	1,465,693
	After distribution	20,552	374,162	507,468	851,246	Note 2
Other equity		-	(4,900)	(5,071)	10,951	(23,920)
Treasury stock		(18,370)	(7,052)	(2,404)	-	-
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	615,527	1,320,880	1,653,751	2,464,764	3,152,541
	After distribution	602,527	1,232,387	1,570,497	2,354,998	Note 2

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

Note 2: The 2021 earning distribution case is to be approved by the shareholders' meeting.

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

(1) Consolidated

Unit: NTD thousands

Item \ Year	Financial Data for the Most Recent Five Years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	357,823	1,372,428	1,529,216	1,799,570	4,899,885
Gross profit	125,999	445,451	643,034	703,884	1,671,778
Operating profit and loss	18,591	187,390	344,846	226,077	1,045,991
Non-operating income and expenses	(800)	229,167	(19,496)	369,322	(22,0236)
Net profit before tax	17,791	486,557	325,350	595,399	1,023,968
Net profit from continuing operations in current period	15,345	444,651	305,031	578,426	749,736
Loss from discontinued operations	-	-	-	-	-
Current period net profit (loss)	15,345	444,651	305,031	578,426	749,736
Other consolidated income of the current period (after income tax)	-	(4,900)	(171)	16,022	(34,871)
Total comprehensive income for the period	15,345	439,751	304,860	594,448	714,865
Net profit attributable to owners of the parent company	14,019	442,843	305,031	578,426	749,736
Net profit attributable to non-controlling equity	1,326	1,808	-	-	-
Total comprehensive income attributed to the owners of the parent company	14,019	437,943	304,860	594,448	714,865
Total comprehensive income attributed to non-controlling equity	1,326	1,808	-	-	-
Earnings per share	0.56	16.18	6.08	8.63	11.04

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

(1) Individual

Unit: NTD thousands

Item \ Year	Financial Data for the Most Recent Five Years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	283,081	329,766	378,139	389,794	456,449
Gross profit	92,740	76,345	126,752	93,971	96,182
Operating profit and loss	1,486	(73,983)	(16,737)	(77,408)	(99,040)
Non-operating income and expenses	13,992	574,249	334,243	658,097	950,852
Net profit before tax	15,478	500,266	317,506	580,689	851,812
Net profit from continuing operations in current period	14,019	442,843	305,031	578,426	749,736
Loss from discontinued operations	-	-	-	-	-
Current period net profit (loss)	14,019	442,843	305,031	578,426	749,736
Other consolidated income of the current period (after income tax)	-	(4,900)	(171)	16,022	(34,871)
Total comprehensive income for the period	14,019	437,943	304,860	594,448	714,865
Earnings per share	0.56	16.18	6.08	10.76	11.04

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

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

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

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

Year	Name of the CPA Firm	Name of certified public accountants:	Audit Opinion
2017	Ernst & Young, Taiwan	Fuh, Wen Fun, Lin, Li Huang	Unqualified opinion
2018	Ernst & Young, Taiwan	Fuh, Wen Fun, Lin, Li Huang	Unqualified opinion
2019	Ernst & Young, Taiwan	Fuh, Wen Fun, Lin, Li Huang	Unqualified opinion
2020	Ernst & Young, Taiwan	Fuh, Wen Fun, Lin, Li Huang	Unqualified opinion

2021	Ernst & Young, Taiwan	Hung, Kuo Sen, Lin, Li Huang	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis - International Financial Reporting Standards IFRS

(1) Consolidated Financial Statements

Year / Analysis Item		Financial Analysis for the Most Recent Five Years (Note 1)					For the year ended March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure%	Debt to assets ratio	36.41	30.23	40.82	51.11	64.81	64.07
	Long-term capital to property, plant and equipment ratio	161.53	196.67	161.24	137.06	112.76	122.59
Solvency %	Current ratio	438.32	526.74	269.12	223.73	114.89	124.83
	Quick ratio	362.02	442.73	205.14	166.84	63.42	83.22
	Interest protection multiples	7.05	6.41	34.70	23.38	28.10	35.58
Operation Capability	Receivables turnover (times)	3.08	2.98	7.86	5.48	4.10	6.10
	Average collection period	119	123	46	67	89	60
	Inventory turnover (times)	4.06	3.92	7.47	3.78	1.60	2.85
	Payables turnover (times)	6.12	7.91	20.31	13.99	7.77	12.98
	Average days of sales	90	94	49	96	(Note5)228	128
	Turnover (times) of real estate properties, plants and equipment	0.68	0.86	1.76	0.95	0.58	1.31
	Total assets turnover (times)	0.35	0.43	0.87	0.54	0.35	0.74
Profitability	Return on assets (%)	3.52	2.19	29.07	11.28	11.48	18.60
	Return on equity (%)	5.22	2.78	45.53	20.51	28.09	50.69
	Pre-tax profit to paid-in capital ratio (%)	11.87	6.72	165.15	82.52	110.02	334.75
	Net profit margin (%)	8.67	4.29	32.40	19.94	33.03	25.3

	Earnings per share (NTD)	1.05	0.56	16.18	6.08	10.76	6.18
Cash Flow	Cash flow ratio (%)	Note 2	21.41	44.25	41.61	7.78	Note2
	cash flow adequacy ratio (%)	Note 2	0.83	19.59	25.08	17.2	15.37
	Cash reinvestment ratio (%)	Note 3	Note 3	7.76	5.11	1.99	Note2
Leverage	Operating leverage	1.65	2.11	1.96	1.55	1.93	1.09
	Financial leverage	1.18	1.21	1.08	1.04	1.11	1.03

Please state the reasons for the changes in each financial ratio for the last two years: (20% change in the previous and subsequent periods)

1. Debt to assets ratio, current ratio and quick ratio. The increase in short-term borrowings in 2020 is mainly due to operational requirements.
2. Interest coverage, net income ratio and earnings per share:
   This is mainly due to the higher net income in 2020 as a result of the gains on bargain purchases from mergers and acquisitions.
3. Receivables turnover rate and average number of collection days:
   This is mainly due to the acquisition of GlaxoSmithKline Inc' (GSK) operating assets in December 2020 and the acquisition of all accounts receivable from the plant, resulting in a significant increase in accounts receivable at the end of the period.
4. Inventory turnover rate, average sales days and turnover rate of accounts payable:
   This is mainly due to the acquisition of operating assets in Canada in December 2020 and the acquisition of all inventory from the facility, resulting in a significant increase in inventory at the end of the period.
5. Property, plant and equipment turnover, total asset turnover, return on assets, cash flow ratio, cash flow fair ratio and cash reinvestment ratio:
   This is mainly due to the acquisition of operating assets in Canada in December 2020, resulting in a significant increase in property, plant, equipment, and total assets at the end of the period.
6. Return on equity and net income before income tax to paid-in capital ratio:
   The increase in shareholders' equity was mainly due to the increase in cash capital in 2020 and the higher net income due to the gains on bargain purchases from mergers and acquisitions.
7. Operating leverage: The decrease in operating income was mainly due to a one-time charge arising from the 2020 merger and acquisition.

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

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

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

Note 4: The above formulae are presented in detail in the individual financial analysis - using Note 5 of IFRSs.

Note 5: The rate was mainly due to a one-time acquisition of GlaxoSmithKline Inc'(GSK) productive inventory from merger and acquisition.

(2) Individual Financial Statements

Analysis Item		Financial Analysis for the Most Recent Five Years (Note 1) 2017	2018	2019	2020	2021
Financial structure%	Debt to assets ratio	28.42	24.07	36.21	33.48	25.36
	Long-term capital to property, plant and equipment ratio	193.51	395.18	212.94	286.94	344.09
Solvency %	Current ratio	535.23	720.70	362.46	198.37	280.10
	Quick ratio	442.95	677.97	338.22	187.96	261.02
	Interest protection multiples (times)	5.55	56.72	96.55	64.13	78.47
Operating performance	Receivables turnover (times)	3.35	3.29	3.24	3.39	3.02
	Average collection period	109	111	113	108	121
	Inventory turnover (times)	5.21	8.06	5.41	5.55	7.61
	Payables turnover (times)	8.14	8.29	5.70	7.52	7.5
	Average days of sales	71	45	67	66	48
	Turnover (times) of real estate properties, plants and equipment	0.68	0.81	0.51	0.36	0.41
	Total assets turnover (times)	0.35	0.25	0.17	0.12	0.12
Profitability	Return on assets (%)	2.08	34.62	14.21	18.60	19.13
	Return on equity (%)	2.57	45.74	20.51	28.09	26.69
	Pre-tax profit to paid-in capital ratio (%)	5.85	169.80	80.53	107.31	124.39
	Net profit margin (%)	4.95	134.29	80.67	148.39	164.25
	Earnings per share (NTD)	0.56	12.44	6.08	10.76	11.04
Cash Flow	Cash flow ratio (%)	24.12	Note 2	3.41	6.17	Note 2
	cash flow adequacy ratio (%)	8.11	3.12	0.92	2.40	Note 2
	Cash reinvestment ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3
Leverage	Operating leverage	14.50	Note 4	Note 4	Note 4	Note 4
	Financial leverage	Note 4	Note 4	Note 4	Note 4	Note 4

Please state the reasons for the changes in each financial ratio for the last two years: (20% change in the previous and subsequent periods) 1. Debt to assets ratio: Increase mainly due to the higher net income for subsidiary in 2021 as a result of the increase in investment income under the equity method. 2. Current ratio and quick ratio: Increase mainly due to the higher net income for subsidiary in 2021 as a result of the increase in investment income under the equity method, and pay off short term borrowing which lower the liability ratio. 3. Interest protection multiples (times): Increase mainly due to the higher net income for subsidiary in 2021 as a result of the increase in investment income under the equity method. 4. Inventory turnover (times) and Average days of sales: Mainly due to the change in Group transaction structure. Raw materials are purchased by parent company which increase the turnover. 5. Earnings per share: Increase mainly due to the higher net income for subsidiary in 2021 as a result of the increase in investment income under the equity method.

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

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

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

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

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

1. Financial structure
   (1) Debt-to-assets ratio = total liabilities / total assets.
   (2) Long-term fund ratio for property, plant, and equipment = (total equity + non-current liabilities) / net for property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Interest protection multiples = earnings before interest expense and net income / interest expense.
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable arising from operation) turnover ratio = net sales / average receivables (including accounts receivable and notes receivable arising from operation) balances.
   (2) Average collection period = 365 / receivables turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Payable (including accounts payable and notes payable arising from operation) turnover ratio = cost of goods sold / average payables (including accounts payable and notes payable arising from operation) balances.
   (5) Average days of sales = 365 / inventory turnover.
   (6) Property, plant, and equipment turnover ratio = net sales / average net for property, plant, and equipment.
   (7) Total assets turnover ratio = net sales / average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
   (2) Return on equity = income after tax/net average equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued.
5. Cash Flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent years / most recent five years (capital expenditure + inventory + cash dividend).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross profit

for property, plant, and equipment + long-term investments + other non-current assets + working capital

6. Leverage:
   (1) Operating leverage = (net operating income - variable operating cost and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income - interest expenses).

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

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

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

The board of directors has submitted the Company's 2021 Financial Statements and Consolidated Financial Statements, and they have been audited by certified public accountants, Hung, Kuo Sen and Lin, Li Huang of Ernst & Young, Taiwan. Together with the Business Report and Profit Distribution Proposal, they have been reviewed by the Audit Committee and no non-compliance have been found. A report is hereby submitted in accordance with Article 219 of the Company Act.

Sincerely,

Bora Pharmaceuticals Co., Ltd. 2021 Annual General Shareholders' Meeting

Audit Committee convener: Lai Ming-Jung

March 9, 2022

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

安永聯合會計師事務所
70051 台南市永福路一段189號11樓
11F, No.189, Sec. 1, Yongfu Road
Tainan City, Taiwan, R.O.C
Tel: 886 6 292 5888
Fax: 886 6 200 6888
www.ey.com/taiwan

Independent Auditors' Report

To BORA PHARMACEUTICALS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") and its subsidiaries (together the "Group") as of 31 December 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2021 and 2020, and their consolidated financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

As of 31 December 2021, the Group's net inventories amounted to NT$913,629 thousand, and constituted 12% of total consolidated assets, which were material to the consolidated financial statements. Considering the market demand and possible sales, management evaluated the obsolescence of raw materials, work in progress, and semi-finished goods by inventory aging.

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

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

Revenue Recognition

For the year ended 31 December 2021, the Group recognized NT$4,899,885 thousand as revenues, mainly coming from toll manufacturing, rendering services, prescription drug distribution and consumer healthcare products. As timing of revenue recognition varies among contract terms with customers, which involved management's significant judgment, we have determined this as a key audit matter.

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

We also evaluated the disclosures of revenue recognition. Please refer to Notes IV and VI to the consolidated financial statements.

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

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

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

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

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2021 and 2020.

Hung, Guo Sen

Lin, Li Huang

Ernst & Young, Taiwan

9 March 2022

Notice to Readers

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

Accordingly, the accompanying 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 Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of 31 December, 2021 and 2020

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	31 Dec. 2021	31 Dec. 2020
Current assets			
Cash and cash equivalents	IV&VI.1	$910,749	$669,985
Financial assets measured at fair value through profit or loss, current	IV&VI.2	78	64
Notes receivable, net	IV&VI.4.21	24,325	23,800
Notes receivable-related party, net	IV&VI.4.21&VII	2,233	-
Accounts receivable, net	IV&VI.5.21	783,099	497,694
Accounts receivable-related party, net	IV&VI.5.21&VII	15,117	18,136
Other receivables(including from related parties)	VI.27&VII	33,233	186,767
Inventories, net	IV&VI.6	913,629	1,085,999
Prepayments	VI.7	78,080	90,651
Other current assets	VI.8	31,794	53,446
Total current assets		2,792,337	2,626,542
Non-current assets			
Financial assets measured at amortized cost, non-current	IV&VI.3&VIII	33,469	34,153
Property, plant and equipment	IV&VI.9&VIII	3,749,981	3,818,782
Right-of-use assets	IV&VI.22	316,544	339,610
Investment properties, net	IV&VI.10&VIII	25,006	25,839
Intangible assets	IV&VI.11	171,045	4,930
Deferred tax assets	IV&VI.26	243,775	37,092
Prepayment for equipments	VI.9	21,247	107,394
Refundable deposits		18,930	9,837
Total non-current assets		4,579,997	4,377,637
Total assets		$7,372,334	$7,004,179

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of 31 December 2021 and 2020

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	31 Dec. 2021	31 Dec. 2020
Current liabilities			
Short-term loans	VI.12	$645,475	$1,217,646
Financial liabilities measured at fair value through profit or loss, current	IV&VI.13	-	768
Contract liabilities, current	IV&VI.20	20,471	4,107
Notes payable		345	999
Notes payable-related party	VII	7,596	-
Accounts payable		215,204	203,353
Accounts payable-related party	VII	12,665	14,705
Other payables (including related party)	VI.14&VII	463,053	398,154
Income tax payable	IV&VI.26	50,578	18,350
Provisions,current	IV&VI.16.17	118,853	244,333
Lease liabilities, current	IV&VI.22	17,544	18,678
Current portion of long-term loans	VI.15	222,093	161,647
Refund liabilities	VI.20	65,372	-
Other current liabilities		1,873	3,321
Total current liabilities		1,841,122	2,286,061
Non-current liabilities			
Long-term loans	IV&VI.15	1,028,092	1,157,972
Provisions, non-current	IV&VI.16.17	433,333	566,264
Deferred tax liabilities	IV&VI.26	609,769	202,013
Lease liabilities, non-current	IV&VI.22	305,965	325,368
Other noncurrent liabilities-others		1,512	1,737
Total non-current liabilities		2,378,671	2,253,354
Total liabilities		4,219,793	4,539,415
Equity attributable to the parent company	VI.18		
Capital			
Common stock		684,123	541,154
Advance receipts for ordinary share		660	-
Capital surplus		1,025,985	951,647
Retained earnings			
Legal reserve		141,462	83,619
Special reserve		4,900	5,071
Unappropriated earnings		1,319,331	872,322
Subtotal		1,465,693	961,012
Other equity		(23,920)	10,951
Treasury stock	IV	-	-
Total equity		3,152,541	2,464,764
Total liabilities and equity		$7,372,334	$7,004,179

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2021 and 2020

Unit: Thousands of New Taiwan Dollars

	Notes	For the year ended 31 December 2021	For the year ended 31 December 2020
Operating revenue	IV&VI.20&VII	$4,899,885	$1,799,570
Operating costs	IV&VI.6.16.22.23&VII	(3,228,107)	(1,095,686)
Gross profit		1,671,778	703,884
Operating expenses	IV&VI.16.21.22.23&VII		
Sales and marketing expenses		(178,361)	(141,242)
General and administrative expenses		(406,159)	(299,913)
Research and development expenses		(41,267)	(36,652)
Total operating expenses		(625,787)	(477,807)
Operating income		1,045,991	226,077
Non-operating income and expenses			
Other revenue	VI.24	47,902	15,395
Other gains and losses	VI.24	(16,309)	(11,961)
Financial costs	IV&VI.22.24	(53,616)	(21,973)
Bargain purchase gain	IV&VI.28	-	387,861
Total non-operating income and expenses		(22,023)	369,322
Net income before income tax		1,023,968	595,399
Income tax expense	IV&VI.25.26	(274,232)	(16,973)
Net income		749,736	578,426
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains (losses) on remeasurements of defined benefit plans	VI.16.25	6,170	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	VI.25.26	(1,635)	-
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of foreign operations	IV&VI.25	(49,257)	20,027
Income tax related to items to be reclassified subsequently to profit or loss	IV&VI.25.26	9,851	(4,005)
Total other comprehensive income, net of tax		(34,871)	16,022
Total comprehensive income		$714,865	$594,448
Net income attributable to:			
Stockholders of the parent		$749,736	$578,426
Non-controlling interests		$-	$-
Comprehensive income attributable to:			
Stockholders of the parent		$714,865	$594,448
Non-controlling interests		$-	$-
Earnings per share (NTD)	IV&VI.27		
Earnings per share-basic		$11.04	$8.63
Earnings per share-diluted		$11.01	$8.57

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2021 and 2020

Unit: Thousands of New Taiwan Dollars

Items	Equity attributable to the parent company										Total
	share capital			Retained Earnings			Other equity				
	Common Stock	Advance receipts for ordinary share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	Remeasurements of the defined benefit plan	Treasury stock	
Balance as of 1 January 2020	$394,272	$-	$676,232	$53,116	$224,250	$313,356	$(171)	$(4,900)	$-	$(2,404)	$1,653,751
Appropriation and distribution of 2019 retained earning											
Legal Reserve	-	-	-	30,503	-	(30,503)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(83,254)	-	-	-	-	(83,254)
Stock dividends	124,882	-	-	-	-	(124,882)	-	-	-	-	-
Reversal of Special Reserve	-	-	-	-	(219,179)	219,179	-	-	-	-	-
Net income for the year ended 31 December 2020	-	-	-	-	-	578,426	-	-	-	-	578,426
Other comprehensive income, for the year ended 31 December 2020		-	-	-	-	-	16,022	-	-	-	16,022
Total comprehensive income	-	-	-	-	-	578,426	16,022	-	-	-	594,448
Issuance of common stock for cash	22,000	-	246,705	-	-	-	-	-	-	-	268,705
Share-based payment transactions	-	-	28,710	-	-	-	-	-	-	2,404	31,114
Balance as of 31 December 2020	$541,154	$-	$951,647	$83,619	$5,071	$872,322	$15,851	$(4,900)	$-	$-	$2,464,764
Balance as of 1 January 2021	$541,154	$-	$951,647	$83,619	$5,071	$872,322	$15,851	$(4,900)	$-	$-	$2,464,764
Appropriation and distribution of 2020 retained earnings											
Legal Reserve		-	-	57,843	-	(57,843)	-	-	-	-	-
Cash dividends		-	-	-	-	(109,766)	-	-	-	-	(109,766)
Stock dividends	135,289	-	-	-	-	(135,289)	-	-	-	-	-
Reversal of Special Reserve		-	-	-	(171)	171	-	-	-	-	-
Net income for the year ended 31 December 2021	-	-	-	-	-	749,736	-	-	-	-	749,736
Other comprehensive income, for the year ended 31 December 2021	-	-	-	-	-	-	(39,406)	-	4,535	-	(34,871)
Total comprehensive income	-	-	-	-	-	749,736	(39,406)	-	4,535	-	714,865
Share-based payment transactions-exercise of stock option	-	660	3,656	-	-	-	-	-	-	-	4,316
Share-based payment transactions-stock based compensation	-	-	12,465	-	-	-	-	-	-	-	12,465
Share-based payment transactions-conversion of stock option	7,680	-	54,912	-	-	-	-	-	-	-	62,592
Share-based payment transactions-stock option issued to foreign subsidiaries	-	-	3,305	-	-	-	-	-	-	-	3,305
									-		
Balance as of 31 December 2021	$684,123	$660	$1,025,985	$141,462	$4,900	$1,319,331	$(23,555)	$(4,900)	$4,535	$-	$3,152,541

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2021 and 2020

Unit: Thousands of New Taiwan Dollars

Items	For the year ended 31 December 2021	For the year ended 31 December 2020
Cash flows from operating activities:		
Net income before income tax	$1,023,968	$595,399
Adjustments for:		
Income and expense adjustments:		
Depreciation	181,111	124,626
Amortization	29,054	16,401
Net loss (gain) on financial assets or liabilities measured at fair value through profit or loss	(782)	903
Interest expense	53,616	21,973
Interest income	(223)	(961)
Share-based payment expenses	15,770	28,710
Loss on disposal of property, plant and equipment	2,238	2
Loss (gain) on disposal of other assets	(14)	-
Bargain gain	-	(387,861)
Total income and expense adjustments:	280,770	(196,207)
Changes in operating assets and liabilities:		
Notes receivable, net	(525)	13,122
Notes receivable-related party, net	(2,233)	3,564
Trade receivables, net	(285,405)	(212,821)
Trade receivables-related party, net	3,019	(5,165)
Inventories, net	172,370	(190,928)
Prepayments	12,571	(57,906)
Other receivables (including from related parties)	(11,039)	(8,775)
Other current assets	21,652	(13,110)
Contract liabilities, current	16,364	(1,552)
Notes payable	(654)	(3,423)
Notes payable-related party	7,596	(3,315)
Accounts payable	11,851	154,994
Accounts payable-related party	(2,040)	7,896
Other payables (including related party)	169,364	133,615
Provisions	(226,978)	(15,276)
Refund liabilities	65,372	-
Other current liabilities	(1,448)	768
Cash generated from operations	1,254,575	200,880
Interest received	223	961
Income tax paid	(18,163)	(24,051)
Net cash provided by operating activities	1,236,635	177,790

Items	For the year ended 31 December 2021	For the year ended 31 December 2020
Cash flows from investing activities:		
Proceeds from disposal of financial assets at amortized cost	-	7,247
Proceeds from disposal of financial assets at fair value through profit or loss	-	60,106
Acquisition of subsidiary (net of cash acquired)	(3,834)	(1,382,901)
Acquisition of property, plant and equipment	(163,478)	(44,973)
Disposal of property, plant and equipment	83	137
Increase in refundable deposits	(9,093)	(6,127)
Other receivables	64,430	(64,430)
Acquistion of intangible assets	(200,102)	(2,862)
Prepayment for equipments	86,147	(104,257)
Net cash used in investing activities	(225,847)	(1,538,060)
Cash flows from financing activities:		
Increase in short-term loans	-	992,646
Decrease in short-term loans	(572,171)	-
Proceeds from long-term loans	100,000	540,619
Repayment of long-term loans	(154,549)	(115,149)
Repayment of the principal od lease liabilities	(17,480)	(9,433)
Increase in other current liabilities	(225)	-
Cash dividends	(109,766)	(83,254)
Treasury stock sold to employees	-	2,404
Employee stock options exercised	66,908	-
Interest paid	(54,115)	(18,990)
Proceeds from issuance of common stock	-	268,705
Net cash (used in) provided by financing activities	(741,398)	1,577,548
Effect of exchange rate changes on cash and cash equivalents	(28,626)	28
Net Increase in cash and cash equivalents	240,764	217,306
Cash and cash equivalents at beginning of period	669,985	452,679
Cash and cash equivalents at end of period	$910,749	$669,985

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

I. History and organization

(1) BORA PHARMACEUTICALS CO., LTD. ("the Company") was incorporated in Republic of China ("R.O.C.") on 14 June 2007, for which the Company's initial name 'Bora International Co., LTD.' was used until it was renamed in June 2013. The Company's initial registered office and principal place of business was at Sing'ai Rd., Neihu Dist., Taipei City, Republic of China (R.O.C.), and then relocated to 6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu District, Taipei City, Republic of China (R.O.C.) on 2 February 2021. The main activities of the Company focus on manufacturing and selling generic, brand, and over-the-counter (OTC) drugs, contract development and manufacturing (CDMO), developing and selling consumer healthcare products.

(2) The Company's common shares were publicly listed on the GTSM ESB on 1 October 2014, and then began trading at Taipei Exchange (TPEx) on 19 April 2017.

II. 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 31 December 2021 and 2020 were authorized for issue by the Board of Directors on 9 March 2022.

III. 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 1 January 2021. The adoption of these new standards and amendments had no material impact on the Group.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but 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	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 *Financial Instruments*

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The standards and interpretations have no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(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) 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.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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 Group determined that the new or amended standards and interpretations have no material impact on the Group.

IV. Summary of significant accounting policies

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2021 and 2020 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRSs").

2. Basis of preparation

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

3. Basis of consolidation

<u>Preparation principle of consolidated financial statements</u>

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

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

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

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

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

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent 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.

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

If the Group loses control of a subsidiary, it:

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

The consolidated entities are as follows:

			Percentage of Ownership (%)	
Investor	Subsidiary	Major business	31 December 2021	31 December 2020
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical Manufacturing and wholesale	100%	100%
The Company	Bora Health Inc. (Note 1)	Pharmaceutical wholesale and healthcare product wholesale	100%	100%
The Company	Bora Pharmaceutical Laboratories Inc.	Pharmaceutical Manufacturing and CDMO	100%	100%
The Company	Bora Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%
The Company	Bora Pharmaceutical Services Inc.	Pharmaceutical Manufacturing and CDMO	50%	50% (Note 2)
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Pharmaceutical Manufacturing and CDMO	50%	50% (Note 2)
The Company	Bora Management Consulting Co., Ltd.	Management & Consulting	100% (Note 3)	-
The Company	Bora Pharmaceutical and Consumer Health Inc.	Cosmetics Wholesale ; Management & Consulting	100% (Note 4)	-

Note 1: Yuta Health Co., Ltd. was renamed to Bora Health Inc. and completed the registration in June 2021.

Note 2: The Group registered and established Bora Pharmaceutical Services Inc. with a capital of CAD 20,000 thousand in Canada. The Group has control over Bora Pharmaceutical Services Inc.

Note 3: The Company registered and established a wholly-owned subsidiary, Bora Management Consulting Co., Ltd. with a capital of NT$ 1,000 thousand in April 2021.

Note 4: The Company registered and established a wholly-owned subsidiary, Bora Pharmaceutical and Consumer Health Inc., with a capital of NT$100 thousand in December 2021. Subsequent to the year end, Bora Pharmaceutical and Consumer Health Inc. was rename as Bora Biologics Co., Ltd. in March 2022.

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. Translation of financial statements in foreign currency

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

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

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

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

6. Classification of current and non-current assets and liabilities

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

7. Cash and cash equivalents

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

8. Financial instruments

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

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

(1) Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable (including related party), accounts receivable (including related party), other receivables (including related party), financial assets measured at amortized cost, etc., on the consolidated balance sheets 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 assets measured at fair value through other comprehensive income

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

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

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

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

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

<u>Financial assets measured at fair value through profit or loss</u>

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

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

(2) Impairment of financial assets

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

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

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

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

(3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

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 measured at fair value through profit or loss

Financial liabilities measured 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

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 liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

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

Financial liabilities measured at amortized cost

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

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

11. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted average basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are calculated on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipmen*t. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～50 years
Machinery and equipment	1～16 years
Testing equipment	3～10 years
Transportation equipment	5～ 6 years
Office equipment	2～10 years
Leasehold improvements	5～10 years
Other equipment	2～11 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

13. Investment properties

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

14. Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:
(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as 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 asset at cost. The cost of the right-of-use asset comprises:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "*Impairment of Assets*" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the consolidated balance sheets 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.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

15. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as 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 Group can demonstrate:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii) Its intention to complete and its ability to use or sell the asset
iii) How the asset will generate future economic benefits
iv) The availability of resources to complete the asset
v) 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 applied to the Group's intangible assets is as follows:

Category	Software	Exclusive technology	Drug Licenses	Right of Agency
Useful lives	5 years	5 years	10 years	5 years
Amortization methods	Straight line method	Straight line method	Straight line method	Straight line method

16. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

17. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for onerous contracts

Provisions for onerous contracts are estimated based on past experiences and other known factors.

Provisions for sales returns and discounts

Provisions for sales returns and discounts are estimated based on past experiences and other known factors in accordance with IFRS 15, and deducted from sales revenue.

Provisions for employee benefits

Provisions for employee benefits are recognized for employees' cumulative and unused benefits obligations at the reporting days.

18. Treasury stock

The buyback of the Company's own common stock for treasury stock is recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

19. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and CDMO services. The accounting policies are explained as follow:

Sale of goods

Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is prescription drugs and consumer healthcare products. Revenue is recognized based on the consideration stated in the contracts.

For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contracts. However, for some contracts, part of the consideration was received from customers upon signing the contracts, and the Group has the obligation to provide the products subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arose.

CDMO

The Group provides pharmaceutical drugs manufacturing services, in which the production is based on the terms of the agreements. Sales are recognized at the amount of contractual price when control of the goods is transferred to the customer and the goods are delivered to the customers.

20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

21. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee in R.O.C. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

The foreign subsidiaries make contributions to the plan based on the requirements of local regulations for those employees who are eligible to local defined contribution plan.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to other equity in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(1) the date of the plan amendment or curtailment, and

(2) the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

22. Shared-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as 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.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

23. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. 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.
ii. 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:

i. 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.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

24. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the 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.

V. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Revenue recognition
For some toll manufacturing or dealer contracts, the Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e., the Company is a principal), to undertake inventory risks, and to directly make a pricing freely. The judgement of principal and agent would affect the Group's recognized revenue.

(b) Operating lease commitment－group as the lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

(b) Revenue recognition－sales returns and discounts

The Group estimates sales returns and discounts based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note VI for more details.

(c) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(d) Accounts receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

(e) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note VI.

(f) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the discount rate, trend rate, claim cost, etc.

(g) Assessment to goodwill arising from business combinations

The assessments to the fair value of the assets and liabilities of GlaxoSmithKline Inc. (“GKS”) at the date of the Group’s acquisition over GSK’s operating assets and the amount of goodwill are based on an external specialist report, involving multiple assumptions in financial models, parameter inputs, and relevant accounting estimates. Please refer to Note VI for more details that might materially affect the amount of goodwill recognized.

VI. Contents of significant accounts

1. Cash and cash equivalents

	31 December 2021	31 December 2020
Cash on hand & demand deposits	$910,749	$669,985

2. Financial assets measured at fair value through profit or loss, current

	31 December 2021	31 December 2020
Mandatorily measured at fair value through profit or loss：		
Derivatives not designated as hedging instruments－Forward foreign exchange agreements	$78	$64
Current	$78	$64

Financial assets measured at fair value through profit or loss, current were not pledged.

3. Financial assets measured at amortized cost, non-current

	31 December 2021	31 December 2020
Time deposits－Pledged	$33,469	$34,153
Non-current	$33,469	$34,153

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk.

4. Notes receivable and other notes receivables-related party

	31 December 2021	31 December 2020
Notes receivable from operation, gross	$24,325	$23,800
Less: loss allowance	-	-
Subtotal	24,325	23,800
Notes receivable from related party, gross	2,233	-
Less: loss allowance	-	-
Subtotal	2,233	-
Total	$26,558	$23,800

Notes receivables were not overdue and not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.21 for more details on loss allowance and Note XII for details on credit risk.

5. Accounts receivables and accounts receivables-related party

	31 December 2021	31 December 2020
Accounts receivables, gross	$785,393	$498,921
Less: loss allowance	(2,294)	(1,227)
Subtotal	783,099	497,694
Accounts receivable from related party, gross	15,117	18,136
Less: loss allowance	-	-
Subtotal	15,117	18,136
Total	$798,216	$515,830

Accounts receivables were not pledged.

The terms of accounts receivables are generally on 30~180-days. The total carrying amount as of 31 December 2021 and 31 December 2020 are NT$800,510 thousand and NT$517,057 thousand, respectively. Please refer to Note VI.21 for more details on loss allowance of accounts receivables for the years ended 31 December 2021 and 2020. Please refer to Note XII for more details on credit risk management.

6. Inventories

(1) Details on net inventories are as follows:

	31 December 2021	31 December 2020
Raw materials	$430,640	$652,218
Supplies & parts	114,105	2,617
Work in progress	15,240	227,350
Semi-finished goods	120,617	900
Finished goods	130,106	133,692
Merchandise	102,921	69,222
Total	$913,629	$1,085,999

(2) Details on cost of goods recognized as expense are as follows:

	For the year ended 31 December	
	2021	2020
Cost of goods sold	$3,176,188	$1,092,094
Inventories shortage (overage)	(3,339)	14
Write-down of inventories loss (gains from price recovery)	55,258	3,578
Total	$3,228,107	$1,095,686

(3) The cost of inventories recognized in operating costs amounted to NT$3,228,107 thousand and NT$1,095,686 thousand for the years ended 31 December 2021 and 2020, respectively, including the write-down of inventories to the net realizable value in the amount of NT$55,258 thousand and NT$3,578 thousand for the years ended 31 December 2021 and 2020, respectively.

(4) No Inventories were pledged.

7. Prepayments

	31 December 2021	31 December 2020
Advances to vendors	$15,014	$25,823
Prepayment for distribution rights	-	13,500
Prepaid rent	-	375
Prepaid insurance	7,719	5,171
Prepaid business tax	21,453	13,998
Others	33,894	31,784
Total	$78,080	$90,651

8. Other current assets

	31 December 2021	31 December 2020
Payment on behalf of others (Note)	$27,817	$37,174
Temporary payments	726	6,077
Others	3,251	10,195
Total	$31,794	$53,446

Note: Payment on behalf of others represent the payments the Group's made for the purchases of materials on behalf of the Group's OEM clients.

9. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:										
1 January 2021	$2,020,639	$1,329,410	$716,869	$75,350	$570	$4,177	$8,103	$45,351	$-	$4,200,469
Addition	-	80,529	54,136	372	-	5,228	-	8,854	14,359	163,478
Disposals	-	(1,120)	(15,657)	(1,780)	-	(119)	(8,103)	(7,634)	-	(34,413)
Reclassification	-	3,626	(37,341)	-	-	-	-	35,951	(2,236)	-
Exchange differences	(36,935)	(19,855)	(13,340)	(1,914)	-	-	-	-	(398)	(72,442)
31 December 2021	$1,983,704	$1,392,590	$704,667	$72,028	$570	$9,286	$-	$82,522	$11,725	$4,257,092
1 January 2020	$889,813	$719,278	$336,526	$15,638	$570	$4,143	$8,103	$39,378	$-	$2,013,449
Acquisitions through business combinations	1,108,014	597,977	348,932	57,634	-	-	-	-	-	2,112,557
Addition	4,315	2,756	27,489	1,120	-	51	-	9,242	-	44,973
Disposal	-	(545)	(2,007)	-	-	(17)	-	(3,269)	-	(5,838)
Exchange differences	18,497	9,944	5,929	958	-	-	-	-	-	35,328
31 December 2020	$2,020,639	$1,329,410	$716,869	$75,350	$570	$4,177	$8,103	$45,351	$-	$4,200,469
Depreciation and impairment:										
1 January 2021	$-	$113,015	$222,983	$10,555	$476	$3,264	$6,723	$24,671	$-	$381,687
Depreciation	-	51,689	91,667	11,092	2	957	448	4,380	-	160,235
Disposals	-	(1,030)	(15,031)	(1,139)	-	(99)	(7,171)	(7,622)	-	(32,092)
Reclassification	-	1,390	(37,341)	-	-	-	-	35,951	-	-
Exchange differences	-	(617)	(1,756)	(10,307)	-	-	-	9,961	-	(2,719)
31 December 2021	$-	$164,447	$260,522	$10,201	$478	$4,122	$-	$67,341	$-	$507,111
1 January 2020	$-	$80,024	$155,403	$8,355	$452	$2,920	$6,165	$21,809	$-	$275,128
Depreciation	-	33,486	69,468	2,187	24	358	558	6,081	-	112,162
Disposals	-	(519)	(1,947)	-	-	(14)	-	(3,219)	-	(5,699)
Exchange differences	-	24	59	13	-	-	-	-	-	96
31 December 2020	$-	$113,015	$222,983	$10,555	$476	$3,264	$6,723	$24,671	$-	$381,687
Net carrying amount as at:										
31 December 2021	$1,983,704	$1,228,143	$444,145	$61,827	$92	$5,164	$-	$15,181	$11,725	$3.749.981
31 December 2020	$2,020,639	$1,216,395	$493,886	$64,795	$94	$913	$1,380	$20,680	$-	$3,818,782

(1) Components of building that have different useful lives are main building structure, relevant constructions (such as air conditioning units and electrical machinery), which are depreciated over 20 to 50 years and 8 to 10 years, respectively.
(2) Interests were not capitalized in 2021 and 2020.
(3) Please refer to Note VIII for more details on pledges of property, plants, and equipment.
(4) Please refer to Note VI.10 for more details on the purchase of office buildings for the purpose of operations, for which parts of them for leasing has been recognized as investment property in proportion, and the rests are for private use.

10. Investment properties

The Group's owns investment properties. The Group has entered into several commercial property leases on its owned investment properties with lease terms approximately between 2 to 10 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Buildings
Cost:	
1 January 2021	$26,673
Additions	-
31 December 2021	$26,673
1 January 2020	$26,673
Additions	-
31 December 2020	$26,673
Depreciation and impairment:	
1 January 2021	$834
Depreciation	833
31 December 2021	$1,667
1 January 2020	$-
Depreciation	834
31 December 2020	$834
Net carrying amount as of:	
31 December 2021	$25,006
31 December 2020	$25,839

	2021	2020
Net income from investment properties	$3,606	$6,614

Please refer to Note VIII for more details on investment properties under pledge.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is NT$73,714 thousand and NT$73,714 thousand, as of 31 December 2021 and 31 December 2020, respectively. The fair value has been determined based on valuations performed by an independent appraiser. The valuation methods applied are the income approach and comparison approach, and the related inputs are as follows:

Income approach:

	31 December 2021	31 December 2020
Net income margin	$108,262	$105,212
Capitalization rate	2.07%	2.13%

Comparison approach:

	31 December 2021	31 December 2020
Regional factors	100%	100%
Individual factors	91%-93.5%	92%-96%

11. Intangible assets

	Exclusive technology	Software	Other intangible assets	Total
Cost:				
1 January 2021	$100	$22,068	$15,739	$37,907
Addition	-	179,102	21,000	200,102
Exchange differences	-	(5,660)	-	(5,660)
31 December 2021	$100	$195,510	$36,739	$232,349
1 January 2020	$100	$19,206	$15,739	$35,045
Addition	-	2,862	-	2,862
31 December 2020	$100	$22,068	$15,739	$37,907
Amortization and impairment:				
1 January 2021	$100	$17,702	$15,175	$32,977
Amortization	-	24,854	4,200	29,054
Exchange differences	-	(727)	-	(727)
31 December 2021	$100	$41,829	$19,375	$61,304
1 January 2020	$100	$16,476	$-	$16,576
Amortization	-	1,226	15,175	16,401
31 December 2020	$100	$17,702	$15,175	$32,977

	Exclusive technology	Software	Other intangible assets	Total
Net book value:				
31 December 2021	$-	$153,681	$17,364	$171,045
31 December 2020	$-	$4,366	$564	$4,930

Intangible assets amortization

	1 January ~ 31 December 2021	1 January ~ 31 December 2020
Included in operating costs:		
Amortization	$19,494	$15,175
Included in operating expenses:		
Amortization	$9,560	$1,226

12. Short-term loans

	Interest rates (%)	31 December 2021	31 December 2020
Unsecured bank loans	1.20%~1.425%	$213,075	$419,500
Secured bank loans	1.15%~2.39%	432,400	798,146
Total		$645,475	$1,217,646

The Group’s secured bank loans include the syndicated loan led by CTBC Bank Co., Ltd. The Company and Bora Pharmaceutical Laboratories Inc., the Company’s wholly-owned subsidiary, each pledged 100,000 thousand shares of Bora Pharmaceutical Services Inc. as enhanced security, with property, plant, equipment pledged as security for the rest of short-term loans. Please refer to Note VIII for more details.

13. Financial liabilities measured at fair value through profit or loss

	31 December 2021	31 December 2020
Held for trading purpose:		
Derivatives not designated as hedging instruments－		
Forward foreign exchange agreements	$-	$768

14. Other payables (including related party)

	31 December 2021	31 December 2020
Investments payable	$15,645	$119,100
Salaries payable	47,709	65,692
Employees' and directors' remuneration payable	33,226	17,972
Equipment payable	14,107	6,864
Bonus payable	132,351	36,926
Repair and maintenance payable	20,572	15,985
Professional service fees payable	19,521	35,068
Property taxes payable	2,759	13,560
Facility management fees payable	45,958	15,566
Interests payable	2,666	3,165
Utilities payable	12,051	-
Freight payable	9,427	-
Other payables	107,061	68,256
Total	$463,053	$398,154

15. Long-term loans

Details of long-term loans as at 31 December 2021 and 31 December 2020 are as follows:

Lenders	31 December 2021	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loans	$534,000	1.15%	23 December 2019 to 23 December 2034. 156 monthly installments (principal and interests), starting from 23 December 2021.
O-Bank unsecured bank loans	100,000	0.9837%	29 November 2021 to 01 November 2024. 7 quarterly installments (principal and interests), starting from 01 May 2023.
CTBC secured bank loans	175,000	1.3407%	30 June 2020 to 30 June 2023. Quarterly installments (principal) of NT$17,500 thousand, from 30 September 2020 to the maturity date, 30 June 2023. Repaid the remaining outstanding principal at maturity date with floating interest rate.
CTBC syndicated bank loans	455,157	2.394%	27 November 2020 to 27 November 2025. 19 quarterly installments (principal and interests), starting from 26 May 2021.
Subtotal	1,264,157		
Less: unamortized issuance cost	(13,972)		
Subtotal	1,250,185		
Less: current portion	(222,093)		
Total	$1,028,092		

Lenders	31 December 2020	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loans	$534,000	1.11%	23 December 2019 to 23 December 2034. 156 monthly installments (principal and interests), starting from 23 December 2021.
CTBC secured bank loans	245,000	1.3365%	30 June 2020 to 30 June 2023. Quarterly installments (principal) of NT$17,500 thousand from 30 September 2020 to the maturity date, 30 June 2023. Repaid the remaining outstanding principal at maturity date with floating interest rate.
CTBC syndicated bank loans	558,750	2.39%	27 November 2020 to 27 November 2025. 19 quarterly installments (principal and interests), starting from 26 May 2021.
Subtotal	1,337,750		
Less: unamortized issuance cost	(18,131)		
Subtotal	1,319,619		
Less: current portion	(161,647)		
Total	$1,157,972		

(1) The Company and Bora Pharmaceutical Laboratories Inc., the Company's wholly-owned subsidiary, each pledged 100,000 thousand shares of Bora Pharmaceutical Services Inc. as enhanced security to the syndicated loan led by CTBC Bank. Please refer to Note VIII for more details on pledges for syndicated loan.

(2) The aforementioned secured loan by Bora Pharmaceutical Laboratories Inc. (the "Borrower") with CTBC Bank that expired in March 2021, has been extended to 30 June 2023, with same quarterly installments of NT$17,500 thousand as initial contract. During the term of the contract, the Company (the "Guarantor") should be compiled with following financial covenants. The financial covenants shall be tested based on audited or reviewed financial statements on a semi-annually basis:

① The Guarantor's current ratio shall not be less than 120%.

② The Guarantor's debt ratio (total liabilities over tangible net assets) shall not be higher than 180 % by the end of 2021 and 150% since 2022.

③ The Guarantor's interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

④ The Guarantor's tangible net assets shall be maintained NT$ 1,600,000 thousand above.

⑤ The aforementioned financial ratios shall be reviewed by 15 April and 31 August every year, with the first-time review date of 31 August 2021.

⑥ On the circumstances that the borrower breaks the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Terminate the loan or reduce the amount.

b. Shortening the credit period of the loan.

c. Declare the loan then outstanding to be due and payable in whole, and thereupon the principal of the loan so declared to be due and payable, together with accrued interest thereon and all fees and other obligations.

These restrictions have been lifted in May 2021.

(3) In the fourth quarter of 2020, the Company (the "Guarantor") and the Company's subsidiary, Bora Pharmaceutical Service Inc. (the "Borrower"), entered into a syndicated loan agreement with CTBC Bank (the Agent) and other 13 banks, amounting to NT$540,500 thousand (CAD25,000 thousand). The aim of the loan agreement is to provide the Borrower with the capital to purchase operating assets. The period of the loan agreement starts from the utilizing day of the loan that is within 6 months from the sign-up date, to 5 years later until the maturity date. As of 31 December 2021, the credit facility of syndicated loan amounted to NT$540,500 thousand (CAD25,000 thousand), with the outstanding loan amounting to NT$455,157 thousand (CAD21,053 thousand). During the term of the contract, the Company (the "Guarantor") should be compiled with following financial covenants. The financial convenants shall be tested based on audited or reviewed financial statements on a semi-annually basis:

①The Borrower's leverage ratio (total borrowings over EBITDA) shall not be higher than 5.

②The Borrower's interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

③The Guarantor's current ratio shall not be less than 120%.

④The Guarantor's debt ratio (total liabilities over tangible net assets) shall not be higher than 180 % by the end of 2021, 150% since 2022, and 120% since 2024.

⑤The Guarantor's interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

⑥The Guarantor's tangible net assets shall be maintained NT$1,600,000 thousand above.

⑦In the event that the borrower violates the restriction defined in the contract, CTBC Bank or at the request of the majority lenders has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Terminate the Borrower to utilize the loan in whole or in part.

b. Cease the unused loans in whole are in part.

c. Declare the loans then outstanding to be due and payable in whole or in part, and thereupon the principal of the loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations under the loan agreement the Borrower accrued.

d. Request to repay the principal.

e. Exercise on behalf of itself and the lenders all rights and remedies available to it and the lenders under the loan agreement and applicable law.

f. Exercise on behalf of itself and other lenders based on majority rule.

⑧The first review days for aforementioned Borrower's and Guarantor's financial ratios are on 31 December 2021 and 30 June 2021, respectively.

There is no violation of the financial covenant at 31 December 2021.

16. Post-employment benefits

Defined contribution plan

The Group adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 are NT$52,614 thousand and NT$21,256 thousand, respectively.

Defined benefits plan

Bora Pharmaceutical Services Inc., a subsidiary of the Company, provides post-retirement medical benefits for employees who have completed ten years of service and are 55 years old. This post-retirement medical benefit scheme is a defined benefits plan which is funded on a pay-as-you-go basis by contributions from the Company and includes prescription drugs, extended health, vision, dental and life insurance benefit.

As of 31, December, 2021, the estimated defined benefits cost for year 2022 are NT$8,747.

Pension costs recognized in profit or loss are as follows:

	2021	2020
Current service cost (Note)	$13,633	$1,061
Net interest on the net defined benefit liabilities	398	29
Total	$14,031	$1,090

Note: The current service cost recognized by the post-retirement medical benefit was classified as labor and health insurances of personnel expenses.

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 December 2021	31 December 2020	1 January 2020
Defined benefit obligation	$8,453	$1,090	$-
Plan assets at fair value	-	-	-
Provisions-non-current	$8,453	$1,090	$-

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit obligation/ (assets)
As of 1 January 2020	$-	$-	$-
Current service cost	1,061	-	1,061
Interest expense	29	-	29
As of 31 December 2020	$1,090	$-	$1,090
Current service cost	13,633	-	13,633
Interest expenses	398	-	398
Subtotal	15,121	-	15,121
Remeasurements of the net defined benefit liability (asset):			
Changes in financial assumptions	(640)	-	(640)
Experience adjustments	(5,530)	-	(5,530)
Subtotal	(6,170)	-	(6,170)
Benefit paid by the employer	-	-	-
Employer Contribution	-	-	-
Exchange differences	(498)	-	(498)
As of 31 December 2021	$8,453	$-	$8,453

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 December 2021	31 December 2020
Discount rate	3.10%	2.70%
Initial trend rate	5.20%	5.20%
Ultimate trend rate	4.00%	4.00%

Sensitivity analysis when main acturial assumption change was as follow:

	January 1, 2021~ December 31, 2021		January 1, 2020~ December 31, 2020	
	Defined benefit obligations		Defined benefit obligations	
	Increase by	Decrease by	Increase by	Decrease by
Discount rate decrease/increase by 1%	$1,717	$(1,373)	(Note)	(Note)
Trend rate decrease/increase by 1%	1,479	(679)	(Note)	(Note)

Note: The acquisition of GSK facility was completed on December 1, 2020, there was no significant impact on the value of defined benefit obligation when discount rate or trend rate adjusted by 1%. Therefore, the relevant impact has not been disclosed separately.

The sensitivity analysis above is based on one assumption which changed while the other assumptions remain unchanged. In practice, more than one assumption may change all at once. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and types of assumptions used in preparing the sensitivity analysis compared to the previous period.

17. Provision

	Onerous contracts	Sales returns and discounts	Employee benefits	Total
1 January 2021	$633,943	$7,937	$168,717	$810,597
Provision during the period	-	1,112	14,807	15,919
Utilized	(222,560)	(9,049)	(18,046)	(249,655)
Reversal during the period	-	-	-	-
Remeasurement Effect recognized in other comprehensive income	-	-	(6,170)	(6,170)
Exchange differences	(13,403)	-	(5,102)	(18,505)
31 December 2021	$397,980	$-	$154,206	$552,186
1 January 2020	$-	$10,059	$9,408	$19,467
Acquisitions through business combinations	641,747	-	151,670	793,417
Provision during the period	-	5,783	5,447	11,230
Utilized	(18,173)	(7,905)	(428)	(26,506)
Exchange differences	10,369	-	2,620	12,989
31 December 2020	$633,943	$7,937	$168,717	$810,597
Current－31 December 2021	$100,923	$-	$17,930	$118,853
Non-current－31 December 2021	297,057	-	136,276	433,333
Current－31 December 2020	$222,526	$7,937	$13,870	$243,333
Non-current－31 December 2020	411,417	-	154,847	566,264

Onerous contracts

Provisions are recognized for onerous contracts, based on experience and other known factors.

Sales returns and discounts

Provisions for sales returns and discounts are estimated based on past experiences and other known factors in accordance with IFRS 15, and deducted from operating revenue.

Employee benefits

Provisions for employee benefits are recognized for employees' cumulative and unused benefits obligations at the reporting date.

18. Equity

(1) Common stock

① As of 31 December 2021 and 2020, the Company's authorized capital was NT$1,200,000 thousand and NT$600,000 thousand, respectively, consisting of 120,000 thousand and 60,000 thousand shares of ordinary stock, respectively, with par value at NT$10 per share. The outstanding shares amounted to NT$684,123 thousand and NT$541,154 thousand, consisting of 68,412 thousand shares and 54,115 thousand shares, respectively. Each share has one voting right and is entitled to receive dividends.

② Issuance of 2,200 thousand common shares at NT$10 per share was authorized by the Board of Directors on 8 January 2020. The above-mentioned issuance of common stock for cash includes public offering, employee subscription and original shareholder subscription. The shares were issued at a premium of NT$120 per share. The issuance of common stock was approved by the competent authority and the amendment registration was completed on 4 March 2020. Part of shares were reserved for employee subscription. The fair value of such shares was recognized as capital surplus- additional paid-in capital on the grant date.

③ Capitalization of retained earnings in the amount of NT$124,882 thousand with par value at NT$10 per share was approved and 12,488 thousand common shares were authorized for issue by the Board of shareholders on 28 May 2020. The capital injection was approved by the Financial Supervisory Commission on 13 October 2020 and the amendment registration was completed.

④ Capitalization of stock dividends in the amount of NT$135,289 thousand with par value at NT$10 per share was approved and 13,529 thousand common shares were authorized for issue by the Board of shareholders on 9 July 2021. Each share has one voting right and a right to receive dividends. The capital injection was approved by the Financial Supervisory Commission on 30 September 2021 and the amendment registration was completed.

⑤ The company's employee stock option holders have converted 768 thousand shares at the subscription price of NT $81.5 per share and 66 thousand shares at NT$65.4 per share, of which 66 thousand shares have not completed the registration process, and were recorded as share capital - advance receipts for ordinary share.

(2) Capital surplus

	31 December 2021	31 December 2020
Additional paid-in capital	$890,826	$798,313
Conversion premium from convertible bonds	88,282	88,282
Employee stock option	11,562	29,737
Treasury stock	35,315	35,315
Total	$1,025,985	$951,647

According to the R.O.C Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

a. Changes in treasury stock are as follows:

For the year ended 31 December 2021: None

For the year ended 31 December 2020: (Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	69	-	69	-

b. As of 31 December 2021 and 2020, the amount of treasury stocks bought back was both nil.

(4) Retained earnings and dividend policies

According to the R.O.C Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, is prepared by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting for approval. Generally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act in R.O.C, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital as dividend in stock or in cash in proportion to their share ownership permitted.

When the Company distributes distributable earnings, it shall set aside additional special reserve equivalent to the net debit balance of the component of "shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent decrease in the deductions amount to shareholders' equity, the amount may be reversed from the special reserve.The reversed amount could be included in the distributable earnings.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

When a public company adopts for the first-time the IFRS, for any unrealized revaluation increment or cumulative translation adjustment (profit) accounted for under shareholders' equity, if it is transferred to retained earnings because the Company chooses to apply an exemption under IFRS 1, the Company shall allocate the same amount respectively in special reserve. When there is subsequently any use, disposal, or reclassification of the relevant assets, the company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 9 March 2022 and 9 July 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$74,974	$57,843	$-	$-
Special reserve	19,019	(171)	-	-
Common stock－cash dividend	239,828	109,766(Note)	3.5	2
Common stock－stock dividend	68,522	135,289	1	2.465(Note)

Note: Cash dividend and dividend per share of stock dividend for earning distribution of year 2020 was adjusted due to certain eligible employees exercised their stock option issued in 2018 in 2021.

Please refer to Note VI.23 for details on employees' compensation and remuneration to directors and supervisors.

19. Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) Share-based payment plan for employees of the parent entity

On 13 July 2018, and 4 November 2020, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 1,000 and 1,000 units, respectively. 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. Only the employees of the Company and the Company's domestic and overseas subsidiaries, for which the company holds over 50% of shares with voting right on them, are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The fair value of the stock options is estimated at the grant date using a Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual terms of each option granted are three and five years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (Unit)	Exercise price of share options (NT$) (Note)
4 June 2019	1,000	65.4
29 December 2020	275	156.8
13 August 2021	598	220.7

Note: Except for various securities issued by the parent company with conversion rights or options to exchange for common stock or issuing new shares for employees' bonus, when there is a change in the common stock of the parent company (including private placement, issuance of common stock for cash, stock dividends, capital surplus reserve to capital increase, combination, company split, transfer of shares of other companies, stock split and issuance of common stock for cash to participate in the issuance of overseas depositary receipts, etc.), the exercise price shall be adjusted in accordance with the parent company's plan.

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2021	2020	2019
Dividend yield (%)	-	-	-
Expected volatility (%)	48.05%	44.36%	45.62%
Risk-free interest rate (%)	0.292% ~ 0.310%	0.176% ~ 0.201%	0.525%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5	2.5
Weighted average share price ($)	$277	$197	$142
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2021		2020	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	1,195	108.1	940	107.2
Granted	598	220.7	275	197
Forfeited	(24)	180.8	(20)	81.5
Exercised	(834)	80.2	-	-
Expired	-	-	-	-
Outstanding at end of period	935	188.6	1,195	108.1
Exercisable at end of period	86	-	-	-

The information on the outstanding stock options as of 31 December 2021 and 2020, is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of 31 December 2021 share options outstanding at the end of the period	$65.4~$220.7	0~3.66
As of 31 December 2020 share options outstanding at the end of the period	$81.5~$197	0.92~4.04

(2) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred in the years ended 31 December 2021 and 2020.

(3) The expense recognized for employee services received during the years ended 31 December 2021 and 2020, is shown in the following table:

	2021	2020
Total expense arising from equity-settled share-based payment transactions	$15,770	$20,833

20. Operating revenue

Analysis of revenue from contracts with customers for the years ended 31 December 2021 and 2020 are as follows:

(1) Disaggregation of revenue

	2021	2020
Revenue from contracts with customers		
Sales of goods	$460,743	$447,432
CDMO	4,376,586	1,311,945
Others	62,556	40,193
Total	$4,899,885	$1,799,570

For the years ending 31 December 2021 and 2020, the timing of recognizing revenue from contracts with clients is recognized at a point in time.

(2) Contract liabilities－current

	31 December 2021	31 December 2020
Sales of goods	$20,471	$4,107

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
The opening balance recognized as revenue	$(1,861)	$(4,375)
Adjustment due to the change of the estimation of transaction price	8,196	-

(3) Transaction price allocated to unsatisfied performance obligations
None

(4) Assets recognized from costs to fulfil a contract
None

(5) The changes in the refund liabilities are as follows

	Sales discount
Balance as of 1 January 2021	$-
Addition/(reversal)	65,372
Balance as of 31 December 2021	$65,372

Refund liabilities represents the estimated sales discounts and allowance.

21. Expected credit losses/ (gains)

	2021	2020
Operating expenses – Expected credit losses/(gains)		
Receivables	$1,067	$(799)

Please refer to Note XII for more details on credit risk.

Provisions for receivables, including note receivables and accounts receivables are estimated at an amount equal to lifetime expected credit losses. The relevant explanation in the evaluation to the amount of provisions for the year ended 31 December 2021 and 2020 is as follows:

The information on measuring provisions for accounts receivables using a provision matrix by considering counterparties' credit ratings, regions, industries, and other factors, is as follows:

As of 31 December 2021

Group 1		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$474,760	$39,914	$1,654	$-	$5,509	$1,246	$523,083
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	474,760	39,914	1,654	-	5,509	1,246	523,083

Group 2		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$300,688	$998	$3	$-	$11	$2,285	$303,985
Loss rate	0%	1.92%	37.19%	37.37%	56.27%	83.82%-100%	
Lifetime expected credit losses	-	1	2	-	6	2,285	2,294
Net	300,688	997	1	-	5	-	301,691
Receivables, net							$824,774

As of 31 December 2020

Group 1

		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$152,489	$-	$137	$-	$136	$-	$152,762
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	152,489	-	137	-	136	-	152,762

Group 2

		overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$373,805	$9,111	$3,750	$26	$161	$1,242	$388,095
Loss rate	0%	1.51%	1.53%	2.44%	29.36%	42%-100%	
Lifetime expected credit losses	-	182	1	1	16	1,027	1,227
Net	373,805	8,929	3,749	25	145	215	386,868
Receivables, net							$539,630

The movement of loss allowance for receivables for the years ended 31 December 2021 and 2020 is as follows:

	Accounts receivables
Balance as of 1 January 2021	$1,227
Provision/(reversal)	1,067
Write off	-
Balance as of 31 December 2021	$2,294
Balance as of 31 January 2020	$2,067
Provision /(reversal)	(799)
Write off	(41)
Balance as of 31 December 2020	$1,227

22. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, office equipment, transportation equipment,and other equipment. The lease terms range from 3 to 20 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	31 December 2021	31 December 2020
Land	$276,151	$285,673
Buildings	38,003	50,190
Transportation equipment	2,390	3,747
Total	$316,544	$339,610

For the year ended 31 December 2021 and 2020, the additions to right-of-use assets were nil and NT$52,284 thousand, repectively.

(b) Lease liabilities

	As at	
	31 December 2021	31 December 2020
Lease liabilities	$323,509	$344,046
Current	$17,544	$18,678
Non-current	$305,965	$325,368

Please refer to Note VI.24 for the interest on lease liabilities recognized during the years ended 31 December 2021 and 2020 and refer to Note XII.5 Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Land	$9,522	$9,522
Buildings	9,245	2,003
Transportation equipment	1,276	105
Total	$20,043	$11,630

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
Expenses relating to short-term leases	$12,867	$5,550
Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets)	533	579

D. Cash outflow relating to leasing activities

During the years ended 31 December 2021 and 2020, the Group's total cash outflows for leases amounted to NT$35,637 thousand and NT$20,608 thousand, respectively.

(2) Group as a lessor

Please refer to Note VI.10 for disclosures of the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2021	2020
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$45,310	$9,844

Please refer to Note VI.10 for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years at 31 December 2021 and 2020 are as follow:

	As of	
	31 December 2021	31 December 2020
Not later than one year	$8,940	$8,571
Later than one year but not later than two years	8,879	8,571
Later than two years but not later than three years	8,571	8,571
Later than three years but not later than four years	8,571	8,571
Later than four years but not later than five years	8,571	8,571
Later than five years	15,829	24,400
Total	$59,361	$67,255

23. Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2021 and 2020:

Function / Character	For the years ended 31 December					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Wages and salaries	$909,333	$348,882	$1,258,215	$259,584	$222,227	$481,811
Labor and health insurance	50,490	34,631	85,121	26,679	10,140	36,819
Pension costs	41,756	10,858	52,614	15,207	6,049	21,256
Other employee benefits expense	63,017	18,345	81,362	15,196	4,205	19,401
Depreciation	162,359	18,752	181,111	114,311	10,315	124,626
Amortization	19,494	9,560	29,054	15,175	1,226	16,401

According to the Articles of Incorporation of the Company, no less than 2% of profit of the current year shall be distributable as employees’ compensation and no higher than 5% of profit of the current year shall be distributable as remuneration to directors and supervisors. However, the profit generated in current year shall be offset with Company's accumulated losses before the allocation of compensation to directors and supervisors and employee. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto reported such distribution in the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

The Company estimated the amounts of the employees’ compensation and remuneration to directors and supervisors for the year ended 31 December 2021 to be NT$22,382 thousand and NT$10,815 thousand, respectively. The aforementioned amouts were recognized as employee benefits expense. The Company estimated the amounts of the employees’ compensation and remuneration to directors and supervisors for the year ended 31 December 2020 to be NT$11,969 thousand and NT$5,800 thousand, respectively.

A resolution was passed at a Board of Directors meeting held on 9 March 2022 to distribute NT$17,678 thousand and NT$8,839 thousand in cash as employees’ compensation and remuneration to directors and supervisors for year 2021, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2021 amounted to NT$4,704 thousand and NT$1,976 thousand, respectively, would be reversed and recognized in profit or loss in the subsequent year in 2022.

A resolution was passed at a Board of Directors meeting held on 30 March 2021 to distribute NT$14,461 thousand and NT$8,676 thousand in cash as employees’ compensation and remuneration to directors and supervisors of 2020, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020 amounted to NT$2,492 thousand and NT$2,876 thousand, respectively,would be recognized in profit or loss of the subsequent year in 2021.

24. Non-operating income and expenses

(1) Other revuenue

	For the years ended 31 December	
	2021	2020
Interest income	$223	$961
Others	47,679	14,434
Total	$47,902	$15,395

(2) Other gains and losses

	For the years ended 31 December	
	2021	2020
(Losses) on disposal of property, plant and equipment	$(2,238)	$(2)
Foreign exchange (losses)	(14,407)	(10,900)
Gains on disposal of investments	-	106
Gains (losses) on financial assets at fair value through profit or loss (Note)	781	(1,009)
Others	(445)	(156)
Total	$(16,309)	$(11,961)

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

(3) Financial costs

	For the years ended 31 December	
	2021	2020
Interest expenses from bank borrowings	$47,407	$16,927
Interest expenses from lease liabilities	6,209	5,046
Total financial costs	$53,616	$21,973

25. Components of other comprehensive income

Year ended 31 December 2021

	Arising during the period	Reclassification adjustments	Other comprehensive income, before tax	Tax Benefit (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$6,170	$-	$6,170	$(1,635)	$4,535
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	(49,257)	-	(49,257)	9,851	(39,406)
Total comprehensive income	$(43,087)	$-	$(43,087)	$8,216	$(34,871)

Year ended 31 December 2020

	Arising during the period	Reclassification adjustments	Other comprehensive income, before tax	Tax Benefit (Expense)	Net of tax
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	$20,027	$-	$20,027	$(4,005)	$16,022

26. Income tax

The major components of income tax expense (income) for the years ended 31 December 2021 and 2020 are as follows:

(1) Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense (income):		
Current income tax expense	$53,424	$22,920
Adjustments in respect of prior periods	27	(1,974)
The tax deduction due to losses or temporary difference not recognized in previous years but recognized in the current year	3,901	-
Deferred tax expense (income):		
The origination and reversal of temporary differences	280,206	127,216
Net operating tax loss	115,604	(131,189)
Reversal of allowance of deferred tax asset	(178,930)	-
Total income tax expense	$274,232	$16,973

(2) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax expense (income):		
Translation differences of foreign operations	$(9,851)	$4,005
Remeasurements of the defined benefit plan	1,635	-
Income tax relating to other comprehensive income	$(8,216)	$4,005

(3) Reconciliation between income before income tax and income tax expense recognized in profit and loss is as follows:

	For the years ended 31 December	
	2021	2020
Net income before income tax	$1,023,968	$595,399
Income tax expense at the statutory rate	$518,741	$311,187
Net operating Losses	(3,711)	5,682
Revenues exempt from income tax	(118,402)	(94,308)
Expenses disallowed for tax purposes	1,298	10
Change in deferred income assets/liabilities	(135,225)	(104,166)
Tax on undistributed retained earnings	13,073	3,340
Prior year income tax underestimation (overestimation)	27	(1,974)
Others	(1,569)	(102,798)
Total income tax expense recognized in profit or loss	$274,232	$16,973

(4) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2021

	1 January 2021	Recognized in profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Exchange differences	31 December 2021
Temporary differences						
Unrealized loss on inventories	$1,900	$1,345	$-	$-	$-	$3,245
Unrealized sales returns and discounts	1,587	44	-	-	-	1,631
Foreign investment income under equity method	-	(207,819)	-	-	-	(207,819)
Business combination – negative goodwill	(60,931)	-	-	-	-	(60,931)
Impairment loss of property, plant and equipment	30,754	182,877	-	-	-	213,631
Exchange differences on translation of foreign operations	(3,962)	-	9,851	-	-	5,889
Fair value adjustments arising in business combinations	(147,089)	(62,692)	-	-	6,861	(202,920)
Depreciation of property, plant and equipment	(105,634)	(35,736)	-	-	4,118	(137,252)
Others	2,867	1,503	(1,635)	-	497	3,232
Unused tax losses	115,587	(100,304)	-	-	17	15,300
Deferred tax income/ (expense)		$(220,782)	$8,216	$-	$11,493	
Net deferred tax assets/(liabilities)	$(164,921)					$(365,994)
Balance sheet:						
Deferred tax assets	$37,092					$243,775
Deferred tax liabilities	$202,013					$609,769

For the year ended 31 December 2020

	1 January 2020	Recognized in profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Exchange differences	31 December 2020
Temporary differences						
Unrealized loss on inventories	$1,662	$238	$-	$-	$-	$1,900
Unrealized sales returns and discounts	2,012	(425)	-	-	-	1,587
Foreign investment income under equity method	1,420	(1,420)	-	-	-	-
Business combination – negative goodwill	(60,931)	-	-	-	-	(60,931)
Impairment loss of property, plant and equipment	31,906	(1,152)	-	-	-	30,754
Exchange differences on translation of foreign operations	43	-	(4,005)	-	-	(3,962)
Fair value adjustments arising in business combinations	-	(4,842)	-	(139,841)	(2,406)	(147,089)
Depreciation of property, plant and equipment	-	(103,898)	-	-	(1,736)	(105,634)
Others	1,084	1,775	-	-	8	2,867
Unused tax losses	-	113,696	-	-	1,891	115,587
Deferred tax income/ (expense)		$3,972	$(4,005)	$(139,841)	$(2,243)	
Net deferred tax assets/(liabilities)	$(22,804)					$(164,921)
Balance sheet:						
Deferred tax assets	$38,129					$37,092
Deferred tax liabilities	$60,933					$202,013

(4) Unrecognized deferred tax assets

As of 31 December 2021 and 2020, deferred tax assets have not been recognized amounted to NT$231,877 thousand and NT$262,469 thousand, respectively.

(5) The assessment of income tax returns

As of 31 December 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Union Chemical & Pharmaceutical Co., Ltd.	Assessed and approved up to 2019
Bora Health Inc.	Assessed and approved up to 2019
Bora Pharmaceutical Laboratories Inc.	Assessed and approved up to 2019

27. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
(1) Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$749,736	$578,426
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	67,893	67,005
Basic earnings per share (NT$)	$11.04	$8.63

	2021	2020
(2) Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$749,736	$578,426
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	67,893	67,005
Effect of dilution:		
Employee compensation－stock (in thousands)	122	-
Employee stock options (in thousands)	100	510
Weighted average number of ordinary shares outstanding after dilution (in thousands)	68,115	67,515
Diluted earnings per share (NT$)	$11.01	$8.57

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date, 31 Decemeber 2021 and the approved date, 9 March 2022, of the consolidated financial statements.

28. Business combinations

<u>Acquisition of the Business Conducted at GlaxoSmithKline Inc. Ontario Site</u>

The Group acquired GlaxoSmithKline Inc.'s business assets in Ontario Canada on 1 December 2020, and entered into a five-year Manufacturing and Supply Agreement (the “MSA”) with its affiliate to continue manufacturing the existing GSK product line. The purpose for the acquisition of the business of GlaxoSmithKline Inc. is to increase the Group’s North American base and accelerate the layout of its international toll manufacturing business.

The Group has paid the purchase price of NT$ 1,382,901 thousand at 31 December 2020. In addition, the Group prepaid an agreed amount for inventories acquired at closing. The overpayment of NT$99,621 between the actual inventory costs settled on the transaction date and the prepayments was recognized in other receivables, while the unpaid portion of purchase price in the amount of NT$119,100 thousand for spare parts was recognized in other payables. By 31 December, 2021, the overpayment of NT$99,621 thousand was received and cleared from other receivables. NT$103,455 thousand of the unpaid portion of purchase price was settled with NT$15,645 thousand remaining in other payables at 31 December 2021.

VII. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Hoan Pharmaceuticals, Ltd.	Substantive related party

Significant transactions with the related parties

1. Sales

	Years Ended December 31	
	2021	2020
Hoan Pharmaceuticals, Ltd.	$36,545	$41,043

The sales prices to related party were not significantly different from those of sales to third parties. The collection period with is month-end 120 days, which is very close the term offer to third parties.

2. Purchases

	Years Ended December 31	
	2021	2020
Hoan Pharmaceuticals, Ltd.	$61,422	$49,186

The purchase prices to the related parties was determined by costs plus expenses that are necessary. The purchase price and payment terms to related party were not significantly different from those offered to third party suppliers and are 120 days.

3. Notes Receivables - related party

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$2,233	$-

4. Accounts receivable-related party

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$15,117	$18,136
Less: loss allowance	-	-
Net	$15,117	$18,136

5. Other receivables-related party

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$35	$49

6. Notes payables-related party

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$7,596	$-

7. Accounts payable -related party

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$12,665	$14,705

8. Other payables-related parties

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$1,341	$1,686

9. Sales and marketing expenses

	Years Ended December 31	
	2021	2020
Hoan Pharmaceuticals, Ltd.	$4,720	$4,497

10. Key management personnel compensation

	Years Ended December 31	
	2021	2020
Short-term employee benefits	$27,597	$33,452
Post-employment benefits	108	108
Total	$27,705	$33,560

VIII. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	Carrying amount 31 December 2021	Carrying amount 31 December 2020	Secured liabilities
Financial assets measured at amortized cost, non current	$33,469	$34,153	Deposits for Customs Administration, Science Park Administration and credit card limit. Interest reserved account for syndicated bank loans
Property, plant and equipment - land	1,983,704	2,020,639	Short-term loans and Long-term loans
Property, plant and equipment - buildings	1,128,776	1,172,640	Short-term loans and Long-term loans
Investment property	25,006	25,839	Long-term loans
Total	$3,170,955	$3,253,271	

Except for the pledged assets above, the Group also pledged shares of Bora Pharmaceutical Services Inc.

IX. Significant contingencies and unrecognized contractual commitments

(1) As of 31 December 2021, the major outstanding construction contracts that the Group entered are as follows:

Project name	Amount	Paid amount	Unpaid amount
Interior design and decoration project for Ruiguang Building	$33,873	$24,556	$9,317
Appearance improvement project for Ruiguang Building	21,000	14,135	6,865

(2) In the fourth quarter of 2020, the Company (the “Guarantor”) and the Company’s subsidiary, Bora Pharmaceutical Services Inc. (the “Borrower”), executed a syndicated loan agreement with CTBC Bank (the “Agent”) and other 13 banks. During the borrowing period and before the repayment of all outstanding loan, the Borrower and the Guarantor shall be compliance with the following financial covenanats on any of the Test Date:

① The Borrower’s leverage ratio (total borrowings over EBITDA) shall not be higher than

5.◦

② The Borrower's interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

③ The Guarantor's current ratio shall not be less than 120%.

④ The Guarantor's debt ratio (total liabilities over tangible net assets) shall not be higher than 180 % by the end of 2021, 150% since 2022, and 120% since 2024.

⑤ The Guarantor's interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

⑥ The Guarantor's tangible net assets shall be maintained at NT$1,600,000 thousand above.

⑦ In the event the borrower violates the restriction defined in the contract, CTBC Bank or at the request of the majority lenders has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Terminate the Borrower's right to draw from the contract credit line in whole or in part.

b. Cease the unused loans in whole or in part.

c. Declare the loans then outstanding to be due and payable in whole or in part, and thereupon the principal of the loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations under the loan agreement of the Borrower accrued.

d. Request to repay the principal by promissory note.

e. Exercise on behalf of itself and the lenders all rights and remedies available to it and the lenders under the loan agreement and applicable law.

f. Exercise on behalf of itself and other lenders based on majority rule

(3) Contingent items of civil action:

Pu Ying Interior Decoration Design Co., Ltd. filed a civil complaint in Taipei District Court of Taiwan on 13 October 2021 against the Company alleging that the Company shall pay certain outstanding fees according to the construction contract entered between the Company and Pu Ying Interior Decoration Design Co., Ltd. This case is still in the mediation stage, so the outcome of the case is inherently uncertain. In the option of the management, there was not at least a reasonable possibility the Company may have a significant impact on the operation of the Company.

X. Losses due to major disasters

None.

XI. Significant subsequent events

(1) In order to compliance with the requirement for future listing application of its subsidiary, Bora Health, Inc., the Company shall reduce the ownership from 100% to 70% or less by releasing the shares or waive the right to subscribe all or part of new shares issuing while maintaining the Company's control over the subsidiary.

(2) In order to transfer the shares to employees, the Board of Directors resolved to buyback the treasury shares on 21 January 2022, and the scheduled buyback period was from 22 January 2022 to 21 March 2022 with estimated buyback shares of 400 thousand shares, and repurchase price will be ranged from NT$121 to NT$274 per share.

XII. Financial instruments

1. Categories of financial instruments

Financial assets	As of	
	31 December 2021	31 December 2020
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$78	$64
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	910,477	669,714
Financial assets measured at amortized cost	33,469	34,153
Notes receivables	26,558	23,800
Accounts receivable	798,216	515,830
Other receivables	33,233	186,767
Subtotal	1,801,953	1,430,264
Total	1,802,031	1,430,328

Financial liabilities	As of	
	31 December 2021	31 December 2020
Financial liabilities measured at amortized cost:		
Short-term loans	$645,475	$1,217,646
Accounts and other payables	698,863	617,211
Long-term loans (including current portion)	1,250,185	1,319,619
Lease liabilities	323,509	344,046
Total	$2,918,032	$3,498,522

2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the year ended 31 December 2021 and 2020 will be increased/decreased by NT$3,228 thousand and NT$2,553 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, an increase of 10 basis points of interest rate in a reporting period could cause the profit for the year ended 31 December 2021 and 2020 decrease by NT$952 thousand and NT$1,833 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the years ended 31 December 2021 and 2020 will be the same amount as above but at the opposite direction.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2021 and 31 December 2020, accounts receivable from top ten customers represent 95% and 94% of the total accounts receivable of the Group, respectively. The credit concentration risk of other receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2021					
Borrowings	$888,663	$534,096	$203,943	$353,948	$1,980,650
Accounts and other payables	698,863	-	-	-	698,863
Lease liabilities (Note)	23,262	45,093	36,654	294,730	399,739

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2020					
Borrowings	$1,420,636	$576,024	$351,630	$384,064	$2,732,354
Accounts and other payables	617,211	-	-	-	617,211
Lease liabilities (Note)	24,901	47,250	44,876	309,507	426,534

Notes：Information about the maturities of lease liabilities is provided in the table below:

	Maturities					
	Less than 5 year	5 to 10 years	11 to 15 years	16 to 20 years	>21 years	Total
31 December 2021	$105,009	$61,402	$61,402	$61,402	$110,524	$399,739
31 December 2020	117,027	63,899	61,402	61,402	122,804	426,534

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
1 January 2021	$1,217,646	$1,319,619	$344,046	$2,881,311
Cash flows	(572,171)	(54,549)	(17,480)	(644,200)
Non-cash changes	-	(14,885)	(3,057)	(17,942)
31 December 2021	$645,475	$1,250,185	$323,509	$2,219,169

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
1 January 2020	$225,000	$894,149	$298,764	$1,417,913
Cash flows	992,646	425,470	(9,433)	1,408,683
Non-cash changes	-	-	54,715	54,715
31 December 2020	$1,217,646	$1,319,619	$344,046	$2,881,311

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable, other payables, and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses 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.)

D. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.9 for fair value measurement hierarchy for financial instruments of the Group.

8. Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2021 and 31 December 2020 is as follows:

<u>Forward currency contracts</u>

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts

Items (by contract)	Notional Amount	Contract Period
31 December 2021		
Forward currency contract	Sell USD 900 thousand	14 December 2021 to 18 January 2022
31 December 2020		
Forward currency contract	Sell USD 1,000 thousand	27 October 2020 to 15 January 2021
Forward currency contract	Sell USD 900 thousand	10 November 2020 to 28 January 2021
Forward currency contract	Sell USD 900 thousand	14 December 2020 to 18 Feburary 2021
Forward currency contract	Sell USD 1,000 thousand	14 December 2020 to 25 Feburary 2021

Embedded derivatives

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

9. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

(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 a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$78	$-	$78
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	-	-	-

31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$64	$-	$64
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	768	-	768

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

For the year ended 2021 and 2020: None.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

31 December 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Cost approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$123 thousand

31 December 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Cost approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$91 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(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

31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$73,714	$73,714

31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$73,714	$73,714

10. Significant assets and liabilities denominated in foreign currencies

Unit: thousands

	31 December 2021		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$13,232	27.68	$366,262
Financial liabilities			
Monetary items:			
USD	$1,570	27.68	$43,458
EUR	632	31.32	19,794

	31 December 2020		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$9,374	28.48	$266,972
Financial liabilities			
Monetary items:			
USD	$405	28.48	$11,534

The Group mainly uses USD as transaction currency. The Group only disclosures monetary financial assets and financial liabilities of USD. For the years ended 31 December 2021 and 2020, the foreign exchange losses on monetary financial assets and financial liabilities amounted to NT$(14,407) thousand and NT$(10,900) thousand, respectively.

11. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Other disclosure

1. Information at significant transactions
   (a) Financing provided to others for the year ended 31 December 2021: Please refer to Attachment 2.
   (b) Endorsement/Guarantee provided to others for the year ended 31 December 2021: Please refer to Attachment 3.
   (c) Securities held as of 31 December 2021: Please refer to Attachment 4.
   (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: Attachment 5.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock f for the year ended 31 December 2021: Attachment 6.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of 31 December 2021: Please refer to Attachment 7.

(i) Financial instruments and derivative transactions: Please refer to 6.2.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

2. Information on investees: Please refer to Attachment 8.

3. Investment in Mainland China: None.

4. Information on major shareholders: Please refer to Attachment 9.

XIV. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:
Sales segment: Selling pharmaceuticals and healthcare products.
Manufacturing segment: CDMO (Contract Development & Manufacturing Organization) of pharmaceuticals.
Other segment: Distributing and developing pharmaceuticals.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm’s length basis in a manner similar to transactions with third parties.

1. Segment information about profit and assets (loss and liabilities).

Year ended 31 December 2021

	Sales segment	Manufacturing segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$460,743	$4,376,586	$62,556	$-	$4,899,885
Inter-segment (Note)	40,063	11,605	84,171	(135,839)	-
Total revenue	$500,806	$4,388,191	$146,727	$(135,839)	$4,899,885
Segment profit	$(557,843)	$1,509,201	$72,223	$387	$1,023,968

Year ended 31 December 2020

	Sales segment	Manufacturing segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$447,432	$1,311,945	$40,193	$-	$1,799,570
Inter-segment (Note)	52,888	120	-	(53,008)	-
Total revenue	$500,320	$1,312,065	$40,193	$(53,008)	$1,799,570
Segment profit	$329,396	$1,122,479	$(60,764)	$(795,712)	$595,399

Note: Inter-segment revenue are eliminated under consolidation and recorded under the "adjustment and elimination" column.

2. Product information:

Product	For the years ended 31 December 2021	2020
Pharmaceuticals	$296,770	$293,287
Healthcare products	235,617	213,758
CDMO	4,418,252	1,345,533
Others	85,085	-
Adjustment and elimination	(135,839)	(53,008)
Total	$4,899,885	$1,799,570

3. Geographic information:

Revenue from external clients:

Country	For the years ended 31 December 2021	For the years ended 31 December 2020
Europe	$3,393,270	214,752
U.S.A	861,593	968,948
Taiwan	645,022	615,870
Total	$4,899,885	$1,799,570

Non-current assets:

Country	31 December 2021	31 December 2020
Canada	$2,262,008	$2,266,014
Taiwan	2,040,745	2,040,378
Total	$4,302,753	$4,306,392

4. Important client information:

	For the years ended 31 December 2021	For the years ended 31 December 2020
Client A	$3,371,050	$214,752
Client B	732,681	918,915
Total	$4,103,731	$1,133,667

Attachment 1

The business relationship, significant transactions and amounts between parent company and subsidiaries

For the year ended 31 December 2021

No. (Note 1)	Company Name	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	The Company	Union Chemical & Pharmaceutical Co., Ltd.	1	Other income	4,802	Monthly payment	0.10%
0	The Company	Union Chemical & Pharmaceutical Co., Ltd.	1	Other receivables	871	Not applicable	0.01%
0	The Company	Union Chemical & Pharmaceutical Co., Ltd.	1	Sales	9,077	60 days from the date of sale	0.19%
0	The Company	Union Chemical & Pharmaceutical Co., Ltd.	1	Accounts receivables	9,490	60 days from the date of sale	0.13%
0	The Company	Bora Health Inc.	1	Other income	2,400	Monthly payment	0.05%
0	The Company	Bora Health Inc.	1	Other receivables	210	Monthly payment	0.00%
0	The Company	Bora Health Inc.	1	Sales	11,521	60 days from the date of sale	0.24%
0	The Company	Bora Health Inc.	1	Accounts receivables	12,097	60 days from the date of sale	0.16%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Other receivables	389,503	Not applicable	5.28%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Accounts receivables	12,998	60 days from the date of sale	0.18%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Sales	12,895	60 days from the date of sale	0.26%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Interest income	1,646	Not applicable	0.03%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Other income	7,200	Monthly payment	0.15%
0	The Company	Bora Pharmaceutical Services Inc.	1	Other receivables	3,085	Not applicable	0.04%
0	The Company	Bora Pharmaceutical Services Inc.	1	Interest income	7,731	Not applicable	0.02%
0	The Company	Bora Pharmaceutical Services Inc.	1	Sales	49,770	60 days from the date of sale	1.02%
1	Union Chemical & Pharmaceutical Co., Ltd.	The Company	2	Sales	39,332	60 days from the date of sale	0.81%
1	Union Chemical & Pharmaceutical Co., Ltd.	The Company	2	Accounts receivables	14,574	60 days from the date of sale	0.20%
2	Union Chemical & Pharmaceutical Co., Ltd.	Bora Health Inc.	2	Accounts receivables	20,199	Not applicable	0.27%
2	Bora Pharmaceutical Laboratories Inc.	The Company	2	Accounts receivables	12,000	Monthly payment	0.16%
2	Bora Pharmaceutical Laboratories Inc.	The Company	2	Other income	1,560	Monthly payment	0.03%
3	Bora Pharmaceuticals USA Inc	Bora Pharmaceutical Services Inc.	3	Other income	53,185	30 days from the date of sale	1.09%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

(1) The holding company to subsidiary.

(2) Subsidiary to holding company.

(3) Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated total asset/operating revenues: For transactions of balance sheet items are based on each item's balance at period-end. For profit or loss items, period-end cumulative balances are used as basis.

Note 4: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 2

Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount	Interest rate	Nature of financing (Note 4)	Transaction Amounts (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Other receivables-related parties	Yes	$377,850 (CAD $16,500 thousand)	$-	$-	-	2	$-	Need for operating	$-	None	$-	$-	$-
1	Union Chemical & Pharmaceutical Co., Ltd	Bora Health Inc.	Other receivables-related parties	Yes	$20,000	$20,000	$20,000	1.3%	2	$-	Need for operating	$-	None	$-	$26,485	$33,107

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Limit of financing amount for individual counter-party:

(1) Business contacts : limit of financing amount for individual counter-party shall not exceed 10% of the lender's net assets value as of the period and the transaction amounts of prior year. Transaction amounts is defined as amount the higher of sales to or purchases from.

(2) Need for financing: limit of financing amount for individual counterparty shall not exceed 40% of the lender's net assets value as of the period.

Note 3: Limit of total financing amount:

(1) The Company shall not exceed 50% of the Company's net asset value.

(2) The subsidiaries shall not exceed 50% of the Company's net asset value.

Note 4: The financing provided to others are coded as follows:

(1) Business contacts is coded "1".

(2) Short-term financing is coded "2".

Note 5: If financing provided to others is coded "1" , the amount of transactions should be filled in, which is the amount of transactions between the lender and the counter party in the past 12 months..

Note 6: If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and objects, such as repayment of loans, acquisition of equipment, working capital, etc.

Attachment 3

Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/ Guarantor	Guaranteed party		Limits on Endorsement/ Guarantee to Each Guaranteed Party (Note3)	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Note 4)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company name	Releationship (Note 2)										
0	Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	2	$15,762,705	$195,000	$195,000	$153,751	$-	6.19%	$15,762,705	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	2	$15,762,705	$587,500	$567,500	$185,500	$-	18.00%	$15,762,705	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	3	$15,762,705	$5,289,900	$4,215,900	$3,481,958	$725,560	133.73%	$15,762,705	Y	N	N
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	3	$13,042,780	$1,717,500	$1,621,500	$887,558	$725,560	124.32%	$13,042,780	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The nature of relationship between endorsor/guarantor and guaranteed party is as follows:

(1) A company with which it does business.

(2) A subsidiary in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company in which the Company and Subsidiaries directly and indirectly holds more than 50% of the voting shares.

(4) A parent company in which the company holds directly or the subsidiaries hold indirectly, 50% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceutical Laboratories Inc. is 10 times of its net worth.

Note 4: Limit of total guarantee/ endorsement amount of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Limit of total guarantee/ endorsement amount of Bora Pharmaceutical Laboratories Inc. is 10 times of its net worth .

Attachment 4

Securities held as of 31 December 2021. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	as of 31 December 2021				Note
				Shares/Units(thousand)	Carrying amount	Percentage of ownership	Fair value	
The Company	Non-listed stock－Taifong Venture Capital Co.	None	Financial assets measured at fair value through other comprehensive income-noncurrent	490,000	$- (Note 2)	19.69%	$-	No pledged

Note 1：Securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities specified in IFRS9 “Financial Instrument.”

Note 2：The carrying amount is NT$0 since accumulated unrealized valuation loss of financial assets measured at fair value through other comprehensive income is NT$4,900.

Attachment 5

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2021

Company Name	Counter-party	Relationship	Ending Balance of Receivables from Related Party (Note 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts	Note
					Amount	Action Taken			
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Other receivables $369,273	Note 1	Note 1	Note 1	$-	Note 1	

Note 1: Not applicable as the claim arose from loan. Please refer to Attachment 2 for more details.

Note 2: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 6

Information on investees: (Excluding investment in Mainland China)

Investor	Investee company	Location	Main businesses	Initial Investment Amount		Balance as of 31 December 2021			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical Manufacturing and wholesale	$185,875	$185,875	3,000,000	100%	$63,785	$1,595	$1,981 (Note 1)	(Note 2)
The Company	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$83,099	$83,099	8,000,000	100%	$82,124	$975	$975	(Note 2)
The Company	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical Manufacturing and CDMO	$756,810	$756,810	125,000,000	100%	$1,297,193	$588,096	$588,096	(Note 2)
The Company	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	$59,969	$59,969	500,000	100%	$22,624	$13,744	$13,744	(Note 2)
The Company	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical Manufacturing and CDMO	$219,279	$219,279	100,000,000	50%	$725,560	$665,009	$332,506	(Note 2)
The Company	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management & Consulting	$1,000	$-	100,000	100%	$1,954	$954	$954	(Note 2)
The Company	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Cosmetics wholesale ; Management & Consulting	$100	$-	10,000	100%	$100	$-	$-	(Note 2)
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical Manufacturing and CDMO	$213,100	$213,100	100,000,000	50%	$725,560	$665,009	$332,503	(Note 2)

Note 1: The investment income recognized had eliminated realized(unrealized) gain or loss on the transactions between the Company and its investees.

Note 2: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 7

Information on major shareholders

Name of major shareholders \ Shares	Shares	Percentage of Ownership
Baolei Co., Ltd.	13,086,311	19.11%
Reibaoshin Co., Ltd.	8,562,920	12.50%
Sheng Pao-Shi	3,714,910	5.42%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

V. Individual financial statements for the most recent year audited by a certified public accountant

安永聯合會計師事務所
70051 台南市永福路一段189號11樓
11F, No.189, Sec. 1, Yongfu Road
Tainan City, Taiwan, R.O.C
Tel: 886 6 292 5888
Fax: 886 6 200 6888
www.ey.com/taiwan

Independent Auditors' Report

To BORA PHARMACEUTICALS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") as of 31 December 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020 and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2021 and 2020, and parent company only financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 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.

Valuation for inventories

As of 31 December 2021, the Company's net inventories amounted to NT$47,937 thousand, and constituted 1% of total assets, which were material to the parent company only financial statements. Considering the market demand and possible sales, management evaluated the obsolescence of raw materials, work in progress, and semi-finished goods by inventory aging.

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

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

Revenue Recognition

For the year ended 31 December 2021, the Company recognized NT$456,449 thousand as revenues, mainly coming from CDMO, rendering services, prescription drug distribution and consumer healthcare products. As timing of revenue recognition varies among contract terms with customers, which involved management's significant judgment, we have determined this as a key audit matter.

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

We also evaluated the disclosures of revenue recognition. Please refer to Notes IV and VI to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including audit committee 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hong, Guo Sen

Lin, Li Huang

Ernst & Young, Taiwan

9 March 2022

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of 31 December, 2021 and 2020

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	31 Dec. 2021	31 Dec. 2020
Current assets			
Cash and cash equivalents	IV&VI.1	$183,295	$98,813
Notes receivable, net	IV&VI.2.16	24,316	23,143
Notes receivable-related party, net	IV&VI.2.16&VII	2,233	-
Accounts receivable, net	IV&VI.3.16	66,527	68,891
Accounts receivable-related parties, net	IV&VI.3.16&VII	99,472	18,136
Other receivables		2,289	2,064
Other receivables-related parties	VI.6&VII	393,704	954,494
Current tax assets	IV&VI.21	6,906	7,796
Inventories, net	IV&VI.4	47,937	46,798
Prepayments		11,025	20,415
Other current assets	VI.5	27,852	39,773
Total current assets		865,556	1,280,323
Non-current assets			
Investments accounted for using equity method	IV&VI.6	2,193,340	1,306,720
Property, plant and equipment	IV&VI.7&VIII	1,112,663	1,038,833
Right-of-use assets	IV&VI.17	-	1,661
Investment properties, net	IV&VI.8	25,006	25,839
Intangible assets	IV	2,779	2,801
Deferred tax assets	IV&VI.21	20,037	1,424
Prepayment for equipments		3,472	45,156
Refundable deposits		775	2,373
Total non-current assets		3,358,072	2,424,807
Total assets		$4,223,628	$3,705,130

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of 31 December, 2021 and 2020

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	31 Dec. 2021	31 Dec. 2020
Current liabilities			
Short-term loans	IV&VI.9	$95,000	$520,000
Contract liabilities, current	VI.15&VII	389	385
Notes payable		-	256
Notes payable-related party	IV&VII	7,596	-
Accounts payable		14,820	7,105
Accounts payable-related parties	IV&VII	39,385	26,850
Other payables	IV&VI.10	91,383	79,726
Other payables-related parties	IV&VII	7,999	4,000
Income tax payable	IV&VI.21	13,073	-
Lease liabilities, current	IV&VI.17	-	1,253
Current portion of long-term loans	IV&VI.11	38,304	3,423
Other current liabilities		1,066	2,417
Total current liabilities		309,015	645,415
Non-current liabilities			
Long-term loans	IV&VI.11	595,696	530,577
Deferred tax liabilities	IV&VI.21	164,840	62,191
Lease liabilities, noncurrent	IV&VI.17	-	422
Other noncurrent liabilities-others		1,536	1,761
Total non-current liabilities		762,072	594,951
Total liabilities		1,071,087	1,240,366
Equity attributable to the parent company			
Capital	VI.13		
Common stock		684,123	541,154
Advance receipts for ordinary shares		660	-
Capital surplus	VI.13	1,025,985	951,647
Retained earnings	VI.13		
Legal reserve		141,462	83,619
Special reserve		4,900	5,071
Unappropriated earnings		1,319,331	872,322
Subtotal		1,465,693	961,012
Other equity	VI.13	(23,920)	10,951
Total equity		3,152,541	2,464,764
Total liabilities and equity		$4,223,628	$3,705,130

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

From January 1 to December 31, 2021 and 2020

Unit: Thousands of New Taiwan Dollars

	Notes	2021	2020
Operating revenue	IV&VI.15&VII	$456,449	$389,794
Operating costs	IV&VI.4.14.18&VII	(360,267)	(295,823)
Gross profit		96,182	93,971
Unrealized gross profit on sales to subsidiaries		(1,877)	-
Realized gross profit on sales to subsidiaries		476	476
Gross profit,net		94,781	94,447
Operating expenses			
Sales and marketing expenses	IV&VI.14.16.17.18&VII	(27,436)	(29,096)
General and administrative expenses		(144,540)	(124,167)
Research and development expenses		(21,845)	(18,592)
Total operating expenses		(193,821)	(171,855)
Operating loss		(99,040)	(77,408)
Non-operating income and expenses			
Other revenue	VI.19&VII	32,930	53,021
Other gains and losses	VI.19&VII	(9,339)	6,412
Financial costs	VI.19&VII	(10,995)	(9,199)
Share of profit of associates and joint ventures accounted for using the equity method	VI.6	938,256	607,863
Total non-operating income and expenses		950,852	658,097
Net income before income tax		851,812	580,689
Income tax expense	VI.21	(102,076)	(2,263)
Net income		749,736	578,426
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss			
Remeasurements gain of defined benefit plans for subsidiary, net of tax	VI.20	4,535	-
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of foreign operations	VI.20	(24,837)	6,517
Share of profit (loss) of associates and joint ventures accounted for using equity method	VI.20	(19,536)	10,808
Income tax related to items to be reclassified subsequently to profit or loss	VI.20	4,967	(1,303)
Total other comprehensive income, net of tax		(34,871)	16,022
Total comprehensive income		$714,865	$594,448
Earnings per share (NTD)	IV&VI.22		
Earnings per share-basic		$11.04	$8.63
Earnings per share-diluted		$11.01	$8.57

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2021 and 2020

Unit: Thousands of New Taiwan Dollars

Items	Share Capital		Capital Surplus	Retained Earnings			Other equity			Treasury stock	Total
	Common Stock	Advance receipts for ordinary shares		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized (loss) on financial assets at fair value through other comprehensive income	Premeasurements gain of defined benefit plans for subsidiary		
Balance as of 1 January 2020	$394,272	$-	$676,232	$53,116	$224,250	$313,356	$(171)	$(4,900)	$-	$(2,404)	$1,653,751
Appropriation and distribution of 2019 retained earning											
Legal Reserve	-	-	-	30,503	-	(30,503)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(83,254)	-	-	-	-	(83,254)
Stock dividends	124,882	-	-	-	-	(124,882)	-	-	-	-	-
Reversal of Special Reserve	-	-	-	-	(219,179)	219,179	-	-	-	-	-
Net income for the year ended 31 December 2020	-	-	-	-	-	578,426	-	-	-	-	578,426
Other comprehensive income for the year ended 31 December 2020	-	-	-	-	-	-	16,022	-	-	-	16,022
Total comprehensive income	-	-	-	-	-	578,426	16,022	-	-	-	594,448
Issuance of common stock for cash	22,000	-	246,705	-	-	-	-	-	-	-	268,705
Share-based payment transactions	-	-	28,710	-	-	-	-	-	-	2,404	31,114
Balance as of 31 December 2020	$541,154	$-	$951,647	$83,619	$5,071	$872,322	$15,851	$(4,900)	$-	$-	$2,464,764
Balance as of 1 January 2021	$541,154	$-	$951,647	$83,619	$5,071	$872,322	$15,851	$(4,900)	$-	$-	$2,464,764
Appropriation and distribution of 2020 retained earnings											
Legal Reserve	-	-	-	57,843	-	(57,843)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(109,766)	-	-	-	-	(109,766)
Stock dividends	135,289	-	-	-	-	(135,289)	-	-	-	-	-
Reversal of Special Reserve	-	-	-	-	(171)	171	-	-	-	-	-
Net income for the year ended 31 December 2021	-	-	-	-	-	749,736	-	-	-	-	749,736
Other comprehensive income for the year ended 31 December 2021	-	-	-	-	-	-	(39,406)	-	4,535	-	(34,871)
Total comprehensive income	-	-	-	-	-	749,736	(39,406)	-	4,535	-	714,865
Share-based payment transactions– exercise of stock options	-	660	3,656	-	-	-	-	-	-	-	4,316
Share-based payment transactions– stock based compensations	-	-	12,465	-	-	-	-	-	-	-	12,465
Share-based payment transactions– conversion of stock options	7,680	-	54,912	-	-	-	-	-	-	-	62,592
Share-based payment transactions– stock options issued to foreign subsidiaries	-	-	3,305	-	-	-	-	-	-	-	3,305
Balance as of 31 December 2021	$684,123	$660	$1,025,985	$141,462	$4,900	$1,319,331	$(23,555)	$(4,900)	$4,535	$-	$3,152,541

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2021 and 2020

Unit: Thousands of New Taiwan Dollars

Items	2021	2020	Items	2021	2020
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before income tax	$851,812	$580,689	Proceeds from disposal of financial assets at fair value through profit or loss	-	60,097
Adjustments for:			Acquisition of investments accounted for using equity method	(1,100)	(263,969)
Income and expense adjustments:			Acquisition of property, plant and equipment	(96,478)	(9,663)
Depreciation	21,408	19,661	Disposal of property, plant and equipment	82	2
Amortization	1,464	555	Decrease in refundable deposits	1,598	973
Net (gain) on financial assets or liabilities measured at fair value through profit or loss	-	(83)	Increase in other receivables-related parties	(9,029)	(374,250)
Interest expense	10,995	9,199	Decrease in other receivables-related parties	576,349	68,447
Interest revenue	(9,413)	(5,600)	Acquisition of intangible assets	(1,442)	(2,812)
Share-based payment expenses	12,465	28,710	Increase in prepayment for equipments	-	(44,327)
Share of profit of associates and joint ventures accounted for using the equity method	(938,256)	(607,863)	Decrease in prepayment for equipments	41,684	-
Loss on disposal of property, plant and equipment	1,991	91	Dividends received	14,802	2,870
Loss (gain) on disposal of other assets	(14)	-	Net cash provided by (used in) investing activities	526,466	(562,632)
Unrealized (gain) from inter-affiliate accounts	1,877	-			
Realized (gain) from inter-affiliate accounts	(476)	(476)	Cash flows from financing activities:		
Total income and expense adjustments:	(897,959)	(555,806)	Increase in short-term loans	-	345,000
			Decrease in short-term loans	(425,000)	-
Changes in operating assets and liabilities:			Proceed from long-term loans	100,000	-
Notes receivable, net	(1,173)	(3,867)	Repayment of long-term loans	-	(45,149)
Notes receivable-related party, net	(2,233)	3,564	Principal payment of lease liabilities	-	(1,236)
Trade receivables, net	2,364	15,209	Decrease in other current liabilities	(225)	-
Trade receivables-related parties, net	(81,336)	(5,165)	Cash dividends	(109,766)	(83,254)
Other receivables	(225)	1,901	Proceeds from issuance of common stock	-	268,705
Other receivables-related parties	(6,530)	(4,033)	Employees stock options exercised	66,908	-
Inventories	(1,139)	12,976	Treasury stock sold to employees	-	2,404
Prepayments	9,390	(7,441)	Interest paid	(11,241)	(8,870)
Other current assets	11,921	1,439	Net cash (used in) provided by financing activities	(379,324)	477,600
Contract liabilities	4	(300)			
Notes payable	(256)	(801)			
Notes payable-related party	7,596	(4,115)			
Accounts payable	7,715	388	Net increase (decrease) in cash and cash equivalents	84,482	(45,216)
Accounts payable-related parties	12,535	(5,679)	Cash and cash equivalents at beginning of period	98,813	144,029
Other payables	11,903	9,063	Cash and cash equivalents at end of period	$183,295	$98,813
Other payables-related parties	3,999	1,357			
Other current liabilities	(1,351)	1,684			
Cash generated from operations	(72,963)	41,063			
Interest received	9,413	5,600			
Income tax paid	890	(6,847)			
Net cash (used in) provided by operating activities	(62,660)	39,816			

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended 31 December 2021 and 2020

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

I. History and organization

(1) BORA PHARMACEUTICALS CO., LTD. (“the Company”) was incorporated in Republic of China (“R.O.C.”) on 14 June 2007, for which the Company’s initial name ‘Bora International Co., LTD.’ was used until it was renamed in June 2013. The Company’s initial registered office and principal place of business was at Sing'ai Rd., Neihu Dist., Taipei City, Republic of China (R.O.C.), and then relocated to 6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu District, Taipei City, Republic of China (R.O.C.) on 2 February 2021. The main activities of the Company focus on manufacturing and selling generic, brand, and over-the-counter (OTC) drugs, contract development and manufacturing (CDMO), developing and selling consumer healthcare products.

(2) The Company’s common shares were publicly listed on the GTSM ESB on 1 October 2014, and then began trading at Taipei Exchange (TPEx) on 19 April 2017.

II. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements of the Company (“the Company”) for the years ended 31 December 2021 and 2020 were authorized for issue by the Board of Directors on 9 March 2022.

III. 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 Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2021. The Company determined that the new standards and amendments had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The 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 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(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) 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.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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 Company determined that the new or amended standards and interpretations have no material impact on the Company.

IV. Summary of significant accounting policies

1. Statement of compliance

The parent company only financial statements of the Company for the years ended 31 December 2021 and 2020 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

2. Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the 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 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 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. Translation of financial statements in foreign currency

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

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and

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

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

5. Classification of current and non-current assets and liabilities

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current

6. Cash and cash equivalents

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

7. Financial instruments

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

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

(1) Financial instruments: Recognition and Measurement

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

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering

both factors below:
A. the Company's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable (including related party), accounts receivable (including related parties), and other receivables (including related parties) etc., on balance sheets 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 assets measured at fair value through other comprehensive income

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

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

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

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

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

Financial assets measured at fair value through profit or loss

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

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

(2) Impairment of financial assets

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

The Company measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

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

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

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired

B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred

C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

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 measured at amortized cost

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

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheets 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 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.

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 cost on a weighted average basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are calculated on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

10. Investments accounted for using the equity method

The Company presented the investment of subsidiaries as " investments accounted for using the equity method" in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the 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 adjustments mainly consider the treatment of the investments in subsidiaries in accordance with IFRS 10 *Consolidated Financial Statements* and the difference of adopting International Financial Reporting Standards by different entities. The adjustments may debit or credit accounts such as: "investments accounted for using the equity method", "share of profit of associates and joint ventures accounted for using the equity method" ,or "share of other comprehensive income of associates and joint ventures accounted for using the equity method."

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statements of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

11. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～50 years
Machinery and equipment	2～16 years
Testing equipment	3～10 years
Transportation equipment	5～ 6 years
Office equipment	3～10 years
Leasehold improvements	5～10 years
Other equipment	2～16 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

12. Investment properties

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing Investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30 years

Investment properties are derecognized when either they have been disposed of or when the Investment properties is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Company transfers properties to or from investment properties according to the actual use of the properties.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of Investment properties and there is evidence of the change in use.

13. Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liabilities for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liabilities 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 liabilities 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 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 liabilities on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liabilities by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liabilities;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the lessee; and

(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheets 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 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.

<u>Company as a lessor</u>

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 sheets 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.

14. 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 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.

<u>Research and development costs</u>

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii) Its intention to complete and its ability to use or sell the asset
iii) How the asset will generate future economic benefits
iv) The availability of resources to complete the asset
v) 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 applied to the Company's intangible assets is as follows:

Category	Software	Exclusive technology
Useful lives	1 to 5 years	5 years
Amortization methods	Straight line method	Straight line method

15. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

16. 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.

17. Treasury stock

The buyback of the Company's own common stock for treasury stock is recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

18. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and CDMO services. The accounting policies are explained as follow:

Sale of goods
Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is prescription drugs and consumer healthcare products. Revenue is recognized based on the consideration stated in the contracts.

For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contracts. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the products 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 arose.

CDMO
The Company provides pharmaceutical drugs manufacturing services, in which the production is based on the terms of the agreements. Sales are recognized at the amount of

contractual price when control of the goods is transferred to the customers and the goods are delivered to the customers.

19. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

20. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee in R.O.C. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's parent company only financial statements.

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.

21. Shared-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized 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.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

22. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. 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
ii. 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:

i. 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
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

23. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions 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 Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.
Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

V. Significant accounting judgements, estimates and assumptions

The preparation of the Company'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 Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue recognition
For some toll manufacturing or dealer contracts, the Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e., the Company is a principal), to undertake inventory risks, and to directly make a pricing freely. The judgement of principal and agent would affect the Company's recognized revenue.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(b) Accounts receivable–estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(d) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note VI.

VI. Contents of significant accounts

1. Cash and cash equivalents

	31 December 2021	31 December 2020
Cash on hand	$216	$216
Demand deposits	183,079	98,597
Total	$183,295	$98,813

2. Notes receivable, net and notes receivable – related party, net

	31 December 2021	31 December 2020
Notes receivable, gross	$24,316	$23,143
Less: loss allowance	-	-
Subtotal	24,316	23,143
Notes receivable from related party, gross	2,233	-
Less: loss allowance	-	-
Subtotal	2,233	-
Total	$26,549	$23,143

Notes receivable were not overdue and not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.16 for more details on loss allowance and Note XII for details on credit risk.

3. Accounts receivable, net and accounts receivable-related parties, net

	31 December 2021	31 December 2020
Accounts receivable, gross	$66,547	$68,918
Less: loss allowance	(20)	(27)
Subtotal	66,527	68,891
Accounts receivable from related parties, gross	99,472	18,136
Less: loss allowance	-	-
Subtotal	99,472	18,136
Total	$165,999	$87,027

(1) Accounts receivable were not pledged.

(2) The terms of accounts receivable are generally on 30~120-days. The total carrying amount as of 31 December 2021 and 31 December 2020 were NT$166,019 thousand and NT$87,054 thousand, respectively. Please refer to Note VI.16 for more details on loss allowance of accounts receivable for the years ended 31 December 2021 and 2020. Please refer to Note XII for more details on credit risk management.

4. Inventories, net

(1) Details on net inventories are as follows:

	31 December 2021	31 December 2020
Raw materials	$2,007	$8,846
Supplies & parts	1,470	1,037
Work in progress	8,170	8,771
Semi-finished goods	1,448	901
Finished goods	8,373	8,464
Merchandise	26,469	18,779
Total	$47,937	$46,798

(2) Details on cost of goods recognized as operating costs are as follows:

	For the year ended 31 December	
	2021	2020
Cost of goods sold	$357,163	$296,490
(Loss) from physical count	(171)	(120)
Write-down of inventories/(reversal) of write-down of inventories	3,275	(547)
Total	$360,267	$295,823

(3) The cost of inventories recognized in expenses amounted to NT$360,267 thousand and NT$295,823 thousand for the years ended 31 December 2021 and 2020, respectively, including write-down of obsolete inventories of NT$3,275 thousand and gains from the reversal of write-down of obsolete inventories of NT$(547) for the years ended 31 December 2021 and 2020, respectively.

(4) No inventories were pledged.

5. Other current assets

	31 December 2021	31 December 2020
Temporary receipts	$49	$98
Payment on behalf of others(Note)	27,803	39,675
Total	$27,852	$39,773

Note: Payment on behalf of others represents the payment the Company made for the purchases of materials on behalf of the Company's CDMO clients.

6. Investments accounted for using the equity method

Investees	31 December 2021 Carrying amount	31 December 2021 Percentage of ownership (%)	31 December 2020 Carrying amount	31 December 2020 Percentage of ownership (%)
Investments in associates:				
Union Chemical & Pharmaceutical Co., Ltd.	$63,785	100%	$68,945	100%
Bora Health Inc.	82,124	100%	89,481	100%
Bora Pharmaceutical Laboratories Inc.	1,297,193	100%	725,540	100%
Bora Pharmaceuticals USA Inc.	22,624	100%	9,101	100%
Bora Pharmaceutical Services Inc.	725,560	50%	413,653	50%
Bora Management Consulting Co., Ltd.	1,954	100%	-	-
Bora Pharmaceutical and Consumer Health Inc.	100	100%	-	-
Total	$2,193,340		$1,306,720	

(1) The Company resolved by special shareholders' meeting to acquire 100% ownership of Bora Pharmaceutical Laboratories Inc. with a cash settlement on 5 February 2018. Since 6 February 2018, the Company obtained the control over Bora Pharmaceutical Laboratories Inc. and the right as a creditor of Bora Pharmaceutical Laboratories Inc. in the amount of NT$1,361,386 (including principal and interest) which was recorded as other receivables - related parties at a net balance of NT$739,760 thousand after the Company's collection of NT$621,626 thousand at the acquisition date. The bargain purchase gain was amounted to NT$304,653 thousand. The purpose of the acquisition is to accelerate the layout of international CDMO business.

Other receivables - related parties amounted to NT$369,273 thousand and NT$572,597 thousand at 31 December 2021 and 2020, respectively.

(2) The Company registered and established Bora Pharmaceuticals USA Inc. in November 2019 with a capital of USD 500 thousand, consisting of 500 thousand shares with a par value of USD$1 per share.

(3) The Company and Bora Pharmaceutical Laboratories Inc. registered and established Bora Pharmaceutical Services Inc. ("BPSI") The capital was CAD 20,000 thousand, consisting of 200,000 thousand shares with a par value of CAD$0.1 per share. The Company and Bora Pharmaceutical Laboratories Inc. hold 50% shares each. The Company has the control over BPSI.

(4) The Board resolved to acquire GlaxoSmithKline Inc.'s business assets in Ontario Canada with cash in 2020 to expand the overseas CDMO business. The business asset acquisition transaction was completed at 1 December 2020 with a bargain purchase gain of NT$387,761 thousand for the year ended December 31, 2020. Please refer to Note VI. 28 to the consolidated financial statement for related information of the business combination.

The Board resolved in November 2020 to provide BPSI a short term loan of CAD$16,500 thousand which was recorded as other receivables-related parties at 31 December 2020. The loan was fully paid in 2021 at the amount of NT$370,139 thousand (including principle of NT$368,775 thousand and interest of NT$1,364 thousand)

(5) Yuta Health Co., Ltd. was renamed to Bora Health Inc. and completed the registration in June 2021.

(6) The Company registered and established a wholly-owned subsidiary, Bora Management Consulting Co., Ltd. with a capital of NT$ 1,000 thousand in Taiwan in April 2021.

(7) The Company registered and established a wholly-owned subsidiary, Bora Pharmaceutical and Consumer Health Inc., with a capital of NT$100 thousand in Taiwan in December 2021. Subsequent to the year end, Bora Pharmaceutical and Consumer Health Inc. was renamed as Bora Biologics Co., Ltd. in March 2022.

(8) Share of profit of associates and joint ventures accounted for using the equity methods amounted to NT$938,256 thousand and NT$607,863 thousand for the years ended 31 December 2021 and 2020.

(9) The investment in subsidiaries is presented as “investments accounted for using equity method”, and makes necessary adjustments.

7. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost:									
1 January 2021	$889,813	$115,241	$94,036	$16,758	$570	$3,149	$7,336	$30,883	$1,157,786
Additions	-	80,530	3,680	371	-	5,228	-	6,669	96,478
Disposals	-	(524)	(2,113)	(1,780)	-	(119)	(7,336)	(51)	(11,923)
31 December 2021	$889,813	$195,247	$95,603	$15,349	$570	$8,258	$-	$37,501	$1,242,341
1 January 2020	$889,813	$114,294	$92,728	$15,638	$570	$3,165	$7,336	$25,053	$1,148,597
Additions	-	1,017	1,401	1,120	-	-	-	6,125	9,663
Disposals	-	(70)	(93)	-	-	(16)	-	(295)	(474)
31 December 2020	$889,813	$115,241	$94,036	$16,758	$570	$3,149	$7,336	$30,883	$1,157,786
Depreciation and impairment:									
1 January 2021	$-	$38,373	$46,620	$9,744	$477	$2,547	$6,239	$14,953	$118,953
Depreciation	-	8,778	6,606	1,356	2	781	413	2,639	20,575
Disposals	-	(434)	(1,488)	(1,139)	-	(99)	(6,652)	(38)	(9,850)
31 December 2021	$-	$46,717	$51,738	$9,961	$479	$3,229	$-	$17,554	$129,678
1 January 2020	$-	$31,922	$39,943	$8,355	$453	$2,452	$5,819	$12,809	$101,753
Depreciation	-	6,495	6,756	1,389	24	109	420	2,388	17,581
Disposals	-	(44)	(79)	-	-	(14)	-	(244)	(381)
31 December 2020	$-	$38,373	$46,620	$9,744	$477	$2,547	$6,239	$14,953	$118,953
Net carrying amount:									
31 December 2021	$889,813	$148,530	$43,865	$5,388	$91	$5,029	$-	$19,947	$1,112,663
31 December 2020	$889,813	$76,868	$47,416	$7,014	$93	$602	$1,097	$15,930	$1,038,833

(1) Major components of building are main building structure and the relevant constructions (including but not limited to air conditioning units and electrical and mechanical engineering construction), with useful lives of 20 to 50 years and 8 to 10 years, respectively.
(2) Interest capitalization: None in 2021 and 2020.
(3) Please refer to Note VIII for more details on pledges of property, plants, and equipment
(4) Please refer to Note VI. 8 for more details the for the leased properties which have been recognized as Investment properties.

8. Investment properties, net

The Company owns investment properties and has entered into several commercial property leases on its owned investment properties with lease terms approximately between 2 to 10 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Buildings
Cost:	
1 January 2021	$26,673
Additions	-
31 December 2021	$26,673
1 January 2020	$26,673
Additions	-
31 December 2020	$26,673
Depreciation and impairment:	
1 January 2021	$834
Depreciation	833
31 December 2021	$1,667
1 January 2020	$-
Depreciation	834
31 December 2020	$834
Net carrying amount at:	
31 December 2021	$25,006
31 December 2020	$25,839

	2021	2020
Net income from investment properties	$3,606	$6,614

Please refer to Note VIII for more details on investment properties under pledge.

Investment properties held by the Company are not measured at fair value but for which the fair value was disclosed. The fair value measurements of the investment properties are categorized as Level 3 hierarchy. The fair value of Investment properties were NT$73,714 thousand at 31 December 2021 and 31 December 2020, respectively. The fair value has been determined based on valuations performed by an independent appraiser. The valuation methods applied are the income approach and comparison approach, and the related inputs are as follows:

Income approach:	31 December 2021	31 December 2020
Net income margin	$108,262	$105,212
Capitalization rate	2.07%	2.13%

Comparison approach:	31 December 2021	31 December 2020
Regional factors	100%	100%
Individual factors	91%-93.5%	92%-96%

9. Short-term loans

	Interest rates (%)	31 December 2021	31 December 2020
Unsecured bank loans	1.20%~1.25%	$95,000	$320,000
Secured bank loans	1.15%	-	200,000
Total		$95,000	$520,000

The Company's unused short-term lines amounted to NT$840,000 thousand and NT$315,000 thousand at 31 December 2021 and 31 December 2020, respectively.

10. Other payables

	31 December 2021	31 December 2020
Professional service fees payable	$5,758	$3,524
Employees' remuneration payable	22,382	11,969
Bonus payable	18,914	26,780
Salaries payable	8,742	8,171
Directors' remuneration payable	10,816	5,800
Other payables	24,471	23,482
Total	$91,383	$79,726

11. Long-term loans

Details of long-term loans at 31 December 2021 and 31 December 2020 are as follows:

Lenders	31 December 2021	Interest Rate (%)	Maturity and terms of repayment
Chang Hwa secured bank loan	$534,000	1.15%	23 December 2019 to 23 December 2034. 156 monthly instalments (principal and interests), starting from 23 December 2021
O-Bank unsecured bank loan	100,000	0.9837%	29 November 2021 to 01 November 2024. 7 quarterly instalments (principal and interests), starting from 01 May 2023.
Subtotal	634,000		
Less: current portion	(38,304)		
Total	$595,696		

Lenders	31 December 2020	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan	$534,000	1.11%	23 December 2019 to 23 December 2034. 156 monthly instalments (principal and interests), starting from 23 December 2021
Subtotal	534,000		
Less: current portion	(3,423)		
Total	$530,577		

The secured loan with Chang Hwa Bank is a first priority mortgage to which a first priority lien on land, buildings and investment properties was granted. Please refer to Note VIII for more details of the secured loan.

12. Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 was NT$5,981 thousand and NT$5,550 thousand, respectively.

13. Equity

(1) Common stock

① As of 31 December 2021 and 2020, the Company's authorized capital was NT$1,200,000 thousand and NT$600,000 thousand, respectively, consisting of 120,000 thousand and 60,000 thousand shares of ordinary stock, respectively, with par value at NT$10 per share. The outstanding shares amounted to NT$684,123 thousand and NT$541,154 thousand and, consisting of 68,412 thousand shares and 54,115 thousand shares, respectively. Each share has one voting right and is entitled to receive dividends.

② Issuance of 2,200 thousand common shares at NT$10 per share was authorized by the Board of Directors on 8 January 2020. The above-mentioned issuance of common stock for cash includes public offering, employee subscription and original shareholder subscription. The shares were issued at a premium of NT$120 per share. The issuance of common stock was approved by the competent authority and the amendment registration was completed on 4 March 2020. Part of shares were reserved for employee subscription. The fair value of such shares was recognized as capital surplus - additional paid-in capital on the grant date.

③ Capitalization of retained earnings in the amount of NT$124,882 thousand with par value at NT$10 per share was approved and 12,488 thousand common shares were authorized for issue by the Board of Shareholders' on 28 May 2020. The capital injection was approved by the Financial Supervisory Commission on 13 October 2020 and the amendment registration was completed.

④ Capitalization of stock dividends in the amount of NT$135,289 thousand with par value at NT$10 per share was approved and 13,529 thousand common shares were authorized for issue by the Board of shareholders on 9 July 2021. Each share has one voting right and a right to receive dividends. The capital injection was approved by the Financial Supervisory Commission on 30 September 2021 and the amendment registration was completed.

⑤ The company's employee stock option holders have converted 768 thousand shares at the subscription price of NT $81.5 per share and 66 thousand shares at NT$65.4 per share, of which 66 thousand shares had not completed the registration process, and were recorded as share capital – advance receipt for ordinary shares.

(2) Capital surplus

	31 December 2021	31 December 2020
Additional paid-in capital	$890,826	$798,313
Conversion premium from convertible bonds	88,282	88,282
Employee stock options	11,562	29,737
Treasury stock	35,315	35,315
Total	$1,025,985	$951,647

According to the R.O.C. Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

a. Changes in treasury stock are as follows:

For the year ended 31 December 2021: None.
For the year ended 31 December 2020:

(Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	69	-	69	-

b. As of 31 December 2021 and 2020, the amount of treasury stocks bought back was both nil.

(4) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, was prepared by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting for approval. Generally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act in R.O.C, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital as dividend in stock or in cash in proportion to their share ownership permitted.

When the Company distributes distributable earnings, it shall set aside additional special reserve equivalent to the net debit balance of the component of shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent decrease in the deductions amount to shareholders' equity, the amount may be reversed from the special reserve. The reversed amount could be included in the distributable earnings.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

When a public company adopts for the first time the IFRS, for any unrealized revaluation increment or cumulative translation adjustment (profit) accounted for under shareholders' equity, if it is transferred to retained earnings because the Company chooses to apply an exemption under IFRS 1, the Company shall allocate the same amount respectively in special reserve. However, if on the transition date the amount of the increase in retained earnings arising from the first-time adoption of the IFRS is insufficient to make the allocation mentioned above, the Company may make the allocation based merely on the amount of the increase in retained earnings arising from the transition to the IFRS, and when there is subsequently any use, disposal, or reclassification of the relevant assets, the company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 9 March 2022 and 9 July 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$74,974	$57,843	$-	$-
Special reserve	19,019	(171)	-	-
Cash dividend	239,828	109,766 (Note)	3.5	2
Stock dividend	68,522	135,289	1	2.465 (Note)

Note: Cash dividend and dividend per share of stock dividend for earning distribution of year 2020 was adjusted due to certain eligible employees exercised their stock option granted in 2018 in 2021.

Please refer to Note VI.18 for details on employees' compensation and remuneration to directors and supervisors.

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.

(1) Share-based payment plan for employees of the parent entity

On 13 July 2018, and 4 November 2020, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 1,000 and 1,000 units, respectively. 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. Only the employees of the Company and the Company's domestic and overseas subsidiaries, for which the company holds over 50% of shares with voting right on them, are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The 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 contractual terms of each option granted are three and five years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (Unit)	Exercise price of share options (NT$) (Note)
4 June 2019	1,000	65.4
29 December 2020	275	156.8
13 August 2021	598	220.7

Note: Except for various securities issued by the parent company with conversion rights or options to exchange for common stock or issuing new shares for employees' bonus, when there is a change in the common stock of the parent company (including private placement, issuance of common stock for cash, stock dividends, capital surplus reserve to capital increase, combination, company split, transfer of shares of other companies, stock split and issuance of common stock for cash to participate in the issuance of overseas depositary receipts, etc.), the exercise price shall be adjusted in accordance with the parent company's plan.

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2021	2020	2019
Dividend yield (%)	-	-	-
Expected volatility (%)	48.05%	44.36%	45.62%
Risk-free interest rate (%)	0.292% ~ 0.310%	0.176% ~ 0.201%	0.525%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5	2.5
Weighted average share price ($)	277	197	142
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2021		2020	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	1,195	108.1	940	107.2
Granted	598	220.7	275	197
Forfeited	(24)	180.8	(20)	81.5
Exercised	(834)	80.2	-	-
Expired	-	-	-	-
Outstanding at end of period	935	188.6	1,195	108.1
Exercisable at end of period	86		-	-

The information on the outstanding share options as of 31 December 2021 and 2020, is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
31 December 2021	\$65.4~\$220.7	0~3.66
31 December 2020	\$81.5~\$197	0.92~4.04

(2) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred in the years ended 31 December 2021 and 2020.

(3) The expense recognized for employee services received during the years ended 31 December 2021 and 2020, is shown in the following table:

	2021	2020
Total expense arising from equity-settled share-based payment transactions	\$12,465	\$14,974

15. Operating revenue

	2021	2020
Sales of goods	\$218,500	\$234,807
CDMO	158,355	157,298
Others	83,657	24
Subtotal	460,512	392,129
Less: sales returns and allowance	(4,063)	(2,335)
Total	\$456,449	\$389,794

For the years ending 31 December 2021 and 2020, the timing of recognizing revenue from contracts with clients is recognized at a point in time.

Contract liabilities－current

	Opening balance	Ending balance	Difference
Sales of goods	\$385	\$389	\$4

The significant changes in the Company’s balances of contract liabilities for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
The opening balance recognized as revenue	\$350	\$651

16. Expected credit losses/ (gains)

	2021	2020
Operating expenses – Expected credit (gains)		
Accounts receivable	$(7)	$(566)

Please refer to Note XII for more details on credit risk.

Provisions for receivables, including notes receivable, notes receivable-related party, accounts receivable and accounts receivable-related parties are estimated at an amount equal to lifetime expected credit losses. Notes receivable, notes receivable-related party, and accounts receivable-related parties at 31 December 2021 and 31 December 2020 amounted to NT$126,021 thousand and NT$41,279 thousand, respectively and were are not yet due. Therefore, the provisions as of 31 December, 2021 and 31 December 2020 was nil.

The information on measuring provisions for accounts receivable using a provision matrix by considering counterparties' credit ratings, regions, industries, and other factors, is as follows:

31 December, 2021

	Not yet	Overdue					
	due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$66,508	$12	$3	$-	$11	$13	$66,547
Loss rate	0.00%	1.92%	37.19%	37.37%	56.27%	84%-100%	
Lifetime expected credit losses	-	-	1	-	6	13	20
Total	$66,508	$12	$2	$-	$5	$-	$66,527

31 December, 2020

	Not yet	Overdue					
	due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$68,750	$-	$69	$26	$54	$19	$68,918
Loss rate	0.00%	1.51%	1.53%	2.44%	29.36%	42%-100%	
Lifetime expected credit losses	-	-	1	1	16	9	27
Total	$66,508	$12	$2	$-	$5	$-	$66,527

The movement of loss allowance for accounts receivable for the years ended 31 December 2021 and 31 December 2020 is as follows:

	Accounts receivable
1 January 2021	$27
Provision/(reversal)	(7)
Write off	-
31 December 2021	$20

	Accounts receivable
1 January 2020	$634
Provision/(reversal)	(566)
Write off	(41)
31 December 2020	$27

17. Leases

(1) Company as a lessee (Disclosures related to the application of IFRS 16)

The Company leases various properties, including real estate such as land and buildings, office equipment, and other equipment. The lease terms range from 3 to 5 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

The carrying amount of right-of-use assets

	31 December 2021	31 December 2020
Buildings	$-	$1,661

For the year ended 31 December 2021 and 31 December 2020, the Company didn't acquire right-of-use assets.

(b) Lease liabilities

	31 December 2021	31 December 2020
Lease liabilities	$-	$1,675
Current	$-	$1,253
Non-current	$-	$422

Please refer to NoteVI.19 for the interest on lease liabilities recognized during the years ended 31 December 2021 and 2020 and refer to Note XII.5 Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Buildings	$-	$1,246
Office equipment	-	-
Total	$-	$1,246

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
Expenses relating to short-term leases	$806	$3,909
Eexpenses relating to leases of low-value assets (exclude the expenses relating to short-term leases of low-value assets)	145	153

D. Cash outflow relating to leasing activities

During the years ended 31 December 2021 and 2020, the Company's total cash outflows for leases amounted to NT$951 thousand and NT$5,331 thousand, respectively.

(2) Company as a lessor

Please refer to Note VI.8 for disclosures of the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2021	2020
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$8,386	$9,844

Please refer to Note VI.8 for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years at 31 December 2021 and 2020 are as follow:

	31 December 2021	31 December 2020
Not later than one year	$8,571	$8,571
Later than one year but not later than two years	8,571	8,571
Later than two years but not later than three years	8,571	8,571
Later than three years but not later than four years	8,571	8,571

Later than four years but not later than five years	8,571	8,571
Later than five years	16,486	24,400
Total	$59,341	$67,255

18. Summary statements of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2021 and 2020:

Function / Character	For the years ended 31 December					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$51,672	$121,063	$172,735	$52,696	$118,672	$171,368
Labor and health insurance	5,688	6,037	11,725	5,589	4,832	10,421
Pension cost	2,717	3,264	5,981	2,757	2,793	5,550
Directors' remuneration	-	9,375	9,375	-	7,605	7,065
Other employee benefits expense	2,917	1,783	4,700	3,129	1,627	4,756
Depreciation	13,728	7,680	21,408	15,032	4,629	19,661
Amortization	-	1,464	1,464	-	555	555

Note：The number of the Company's employees were 167 and 163, including 5 directors who are not concurrently employees, as of December 31, 2021 and 2020, respectively

(1) The Company's average employee benefits expenses for the years ended December 31, 2021 and 2020 were NT$1,205 thousand and NT$1,216 thousand, respectively.

(2) The Company's average salary expenses for the years ended December 31, 2021 and 2020 were NT$1,066 thousand and NT$1,085 thousand, respectively.

(3) The Company's average salary expense adjustment for the year ended December 31, 2021 decreased by 1.75%.

(4) The Company has established the Audit Committee in place of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2021 and 2020 were both nil.

(5) The Company's remuneration policies are as follows:

A. The Company's policy for remuneration of directors and independent directors was formulated according to the Company's Articles of Incorporation and the Remuneration Committee's Articles of Incorporation; the policy for remuneration of managers was formulated according to the Rules for Managers' Remuneration. The Remuneration Committee determines remuneration based on the evaluations on the industry's future risks, remuneration level of the peer companies, the Company's operating performance, individual contribution, etc. The remuneration will be executed when the proposal is approved by the Board of Directors.

B. The Company took part in the international remuneration survey to establish a remuneration policy with both external competitiveness and internal fairness. The talents can compete with the world in terms of career progression, ranking, fixed salary, variable salary, allowances and benefits, etc. The Company promotes and adjusts the salary based on individual performance, career planning and potential for development. The Company hopes to maintain and promote the Company's overall operating performance and competitiveness via both long-term and short-term incentives and feedback programs.

According to the Articles of Incorporation of the Company, no less than 2% of profit of the current year shall be distributable as employees' compensation and no higher than 5% of profit of the current year shall be distributable as remuneration to directors and supervisors. However, the profit generated in current year shall be offset with the Company's accumulated losses before the allocation of compensation to directors and supervisors and employee. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto reported such distribution in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2021 to be NT$22,382 thousand and NT$10,815 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2020 to be NT$11,969 thousand and NT$5,800 thousand, respectively.

A resolution was passed at a Board of Directors meeting held on 9 March 2022 to distribute NT$17,678 thousand and NT$8,839 thousand in cash as employees' compensation and remuneration to directors and supervisors for year 2021, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2021 amounted to NT$4,704 thousand and NT$1,976 thousand, respectively, would be reversed and recognized in profit or loss in the subsequent year in 2022.

A resolution was passed at a Board of Directors meeting held on 30 March 2021 to distribute NT$14,461 thousand and NT$8,676 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2020, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020 amounted to NT$2,492 thousand and NT$2,876 thousand, respectively, was recognized in profit or loss of the subsequent year in 2021.

19. Non-operating income and expenses

(1) Other revenue

	For the years ended 31 December	
	2021	2020
Interest income	$9,413	$5,600
Others	23,517	47,421
Total	$32,930	$53,021

(2) Other gains and losses

	For the years ended 31 December	
	2021	2020
(Losses) on disposal of property, plant and equipment	$(1,991)	$(91)
Foreign exchange (losses) gains	(7,047)	6,493
Gains on financial assets at fair value through profit or loss	-	83
Others	(301)	(73)
Total	$(9,339)	$6,412

(3) Financial costs

	For the years ended 31 December	
	2021	2020
Interest expenses from bank loans	$10,995	$9,167
Interest expenses from lease liabilities	$-	32
Total financial costs	$10,995	$9,199

20. Components of other comprehensive income

Year ended 31 December 2021

	Arising during the period	Reclassification adjustments	Other comprehensive income, before tax	Tax Benefit (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined plans for subsidiaries, affiliates and joint ventures	$4,535	$-	$4,535	$-	$4,535
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	(24,837)	-	(24,837)	4,967	(19,870)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(19,536)	-	(19,536)	-	(19,536)
Total	$(39,838)	$-	$(39,838)	$4,967	$(34,871)

Year ended 31 December 2020

	Arising during the period	Reclassification adjustments	Other comprehensive income, before tax	Tax Benefit (Expense)	Net of tax
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	$6,517	$-	$6,517	$(1,303)	$5,214
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	10,808	-	10,808	-	10,808
Total	$17,325	$-	$17,325	$(1,303)	$16,022

21. Income tax

The major components of income tax expense (income) for the years ended 31 December 2021 and 2020 are as follows:

(1) Income tax expense (income) recognized in profit or loss

	For the years ended 31 December 2021	2020
Current income tax expense (income):		
Current income tax expense	$13,073	$3,311
Adjustments in respect of prior periods	-	(2,671)
Deferred tax expense:		
Deferred tax expense relating to origination of temporary differences	89,003	1,623
Total income tax expense	$102,076	$2,263

(2) Income tax relating to components of other comprehensive income

	For the years ended 31 December 2021	2020
Deferred tax expense (income):		
Share of other comprehensive income of associates and joint ventures accounted for using the equity	$(4,967)	$1,303

(3) Reconciliation between income before income tax and income tax expense recognized in profit and loss and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December 2021	2020
Net income before income tax	$851,812	$580,689
Income tax expense at the statutory rate	170,363	$116,138
Net operating Losses	-	5,682
Revenues exempt from income tax	(118,402)	(84,218)
Expenses disallowed for tax purposes	53	-
Tax on undistributed retained earnings	13,073	3,311
Tax effect of deferred tax assets/liabilities	39,772	(35,979)
Change in deferred income tax	-	(2,671)
Others	(2,783)	-
Total income tax expense recognized in profit or loss	$102,076	$2,263

(4) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2021

	1 January 2021	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2021
Temporary differences				
Unrealized loss on inventories	$972	$(265)	$-	$707
Exchange differences on translation of foreign operations	(1,260)	-	4,967	3,707
Unpaid vacation	116	-	-	116
Unrealized gains (losses) from financial instruments	-	15,299	-	15,299
Unrealized gains (losses) from affiliate transactions	336	(128)	-	208
Foreign investment income under equity method	-	(103,909)	-	(103,909)
Business combination – negative goodwill	(60,931)	-	-	(60,931)
Deferred tax income/ (expense)		$(89,003)	$4,967	
Net deferred tax assets/(liabilities)	$(60,767)			$(144,803)
Balance sheet				
Deferred tax assets	$1,424			$20,037
Deferred tax liabilities	$62,191			$164,840

For the year ended 31 December 2020

	1 January 2020	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2020
Temporary differences				
Unrealized loss on inventories	$1,082	$(110)	$-	$972
Exchange differences on translation of foreign operations	43	-	(1,303)	(1,260)
Unpaid vacation	116	-	-	116
Unrealized gains (losses) from financial instruments	(2)	2	-	-
Unrealized gains (losses) from affiliate transactions	431	(95)	-	336
Foreign investment income under equity method	1,420	(1,420)	-	-
Business combination – negative goodwill	(60,931)	-	-	(60,931)
Deferred tax income/ (expense)		$(1,623)	$(1,303)	
Net deferred tax assets/(liabilities)	$(57,841)			$(60,767)
Balance sheet				
Deferred tax assets	$3,092			$1,424
Deferred tax liabilities	$60,933			$62,191

(5) The assessment of income tax returns

As of 31 December 2021, 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 2019

22. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December 2021	2020
(1) Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$749,736	$578,426

	For the years ended 31 December 2021	2020
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	67,893	67,005
Basic earnings per share (NT$)	$11.04	$8.63

	For the year ended 31 December 2021	2020
(2) Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$749,736	$578,426
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	67,893	67,005
Effect of dilution:		
Employee compensation－stock (in thousands)	122	-
Employee stock options (in thousands)	100	510
Weighted average number of ordinary shares outstanding after dilution (in thousands)	68,115	67,515
Diluted earnings per share (NT$)	$11.01	$8.57

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date, 31 December, 2021 and the approved date, 9 March, 2022 of the financial statements.

VII. 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
Union Chemical & Pharmaceutical Co., Ltd.	Subsidiaries
Bora Health Inc.	Subsidiaries
Bora Pharmaceutical Laboratories Inc.	Subsidiaries
Bora Pharmaceuticals USA Inc.	Subsidiaries
Bora Pharmaceutical Services Inc.	Subsidiaries
Bora Management Consulting Co., Ltd.	Subsidiaries (Note)
Bora Pharmaceutical and Consumer Health Inc.	Subsidiaries (Note1)
Hoan Pharmaceuticals, Ltd.	Substantive related party

Note： registered and established in early April 2021.
Note1： registered and established in early December 2021.

Significant transactions with the related parties

1. Sales

	Years Ended 31 December	
	2021	2020
Hoan Pharmaceuticals, Ltd.	$36,545	$41,044
Bora Health Inc.	11,521	-
Union Chemical & Pharmaceutical Co., Ltd.	9,077	134
Bora Pharmaceutical Laboratories Inc.	12,895	-
Bora Pharmaceutical Services Inc.	49,770	-
Total	$119,808	$41,178

The sales prices to related party were not significantly different from those of sales to third parties. The collection period with is month-end 120 days, which is very close the term offer to third parties.

2. Purchases

	Years Ended 31 December	
	2021	2020
Hoan Pharmaceuticals, Ltd.	$61,422	$49,185
Union Chemical & Pharmaceutical Co., Ltd.	39,332	52,029
Bora Pharmaceutical Laboratories Inc.	11,605	120
Total	$112,359	$101,334

The purchase prices to the related parties was determined by costs plus expenses that are necessary. The purchase price and payment terms to related party were not significantly different from those offered to third party suppliers and are 120 days.

3. Notes Receivable - related party

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$2,233	$-

4. Accounts receivable-related parties

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$15,117	$18,136
Bora Pharmaceutical Laboratories Inc.	12,998	-
Union Chemical & Pharmaceutical Co., Ltd.	9,490	-
Bora Health Inc.	12,097	-
Bora Pharmaceutical Services Inc.	49,770	-
Net	$99,472	$18,136

5. Other receivables-related parties

	31 December 2021	31 December 2020
Bora Pharmaceutical Laboratories Inc.(Note)	$389,503	$583,256
Bora Pharmaceutical Services Inc.	3,085	370,139
Union Chemical & Pharmaceutical Co., Ltd.	871	840
Bora Health Inc.	210	210
Hoan Pharmaceuticals, Ltd.	35	49
Total	$393,704	$954,494

Note： The Company acquired Bora Pharmaceutical Laboratories Inc.'s right as a creditor when the Company acquired the shares of Bora Pharmaceutical Laboratories Inc. The outstanding balance due from Bora Pharmaceutical Laboratories Inc. amounted to NT$369,273 thousand and NT$572,597 thousand at 31 December 2021 and 2020, respectively which consisting of interest revenue of NT$1,646 thousand and NT$4,111 thousand recognized for the years ended 31 December 2021 and 2020, respectively.

6. Notes payable-related party

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$7,596	$-

7. Accounts payable -related parties

	31 December 2021	31 December 2020
Bora Pharmaceutical Laboratories Inc.	$12,146	$-
Union Chemical & Pharmaceutical Co., Ltd.	14,574	12,144
Hoan Pharmaceuticals, Ltd.	12,665	14,706
Total	$39,385	$26,850

8. Other payables-related parties

	31 December 2021	31 December 2020
Bora Pharmaceutical Laboratories Inc.	$6,243	$976
Hoan Pharmaceuticals, Ltd.	1,341	1,686
Union Chemical & Pharmaceutical Co., Ltd.	415	1,330
Bora Health Inc.	-	8
Total	$7,999	$4,000

9. Sales and marketing expenses

	31 December 2021	31 December 2020
Hoan Pharmaceuticals, Ltd.	$4,720	$4,497

10.Others

a. The Company executed Service Agreements with the subsidiaries for the shared service the Company provide, other revenue recognized for the years ended 31 December 2021 and 2020 amounted to NT$14,400 thousand and NT$36,600 thousand, respectively.

b. Please refer to Attachment 1~2 for the loans to others for the year ended 31 December, 2021.

11. Key management personnel compensation

	Years Ended December 31	
	2021	2020
Short-term employee benefits	$27,597	$33,452
Post-employment benefits	108	108
Total	$27,705	$33,560

VIII. Assets pledged as security

The following table lists assets of the Company pledged as security:

Items	Carrying amount 31 December 2021	Carrying amount 31 December 2020	Secured liabilities
Property, plant and equipment - land	$889,813	$889,813	Short-term loans and Long-term loans
Property, plant and equipment - buildings	54,914	62,168	Short-term loans and Long-term loans
Investment properties	25,006	25,839	Long-term loans
Total	$969,733	$977,820	

IX. Significant contingencies and unrecognized contractual commitments

(1) As of 31 December 2021, the major outstanding construction contracts that the Company entered are as follows:

Project name	Amount	Paid amount	Unpaid amount
Interior design and decoration project for Ruiguang Building	$33,873	$24,556	$9,317
Appearance improvement project for Ruiguang Building	21,000	14,135	6,865

X. Losses due to major disasters

None.

XI. Significant subsequent events

(1) In order to compliance with the requirement for future listing application of its subsidiary, Bora Health, Inc., the Company shall reduce the ownership from 100% to 70% or less by releasing the shares or waive the right to subscribe all or part of new shares issuing while maintaining the Company's control over the subsidiary.

(2) In order to transfer the shares to employees, the Board of Directors resolved to buy back the treasury shares on 21 January 2022, and the scheduled buyback period was from 22 January 2022 to 21 March 2022 with estimated buyback shares of 400 thousand shares, and repurchase price will be ranged from NT$121 to NT$274 per share.

XII. Financial instruments

1. Categories of financial instruments

Financial assets

	31 December 2021	31 December 2020
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	$183,079	$98,597
Notes receivable (including related parties)	26,549	23,143
Accounts receivable (including related parties)	165,999	87,027
Other receivables (including related parties)	395,993	956,558
Total	$771,620	$1,165,325

Financial liabilities

	31 December 2021	31 December 2020
Financial liabilities measured at amortized cost		
Short-term loans	$95,000	$520,000
Accounts and other payables	161,183	117,937
Long-term loans (including current portion)	634,000	534,000
Lease liabilities (including current portion)	-	1,675
Total	$890,183	$1,173,612

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a increase of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2021 and 2020 to decrease by NT$546 thousand and NT$957 thousand, respectively.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2021 and 31 December 2020, accounts receivable from top ten customers represent 84% and 79% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank loans and convertible bond. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve at the end of the reporting period.

Non-derivative financial liabilities

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2021					
Borrowings	$140,227	$190,649	$95,702	$338,000	$764,578
Accounts and other payables	161,183	-	-	-	161,183

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2020					
Borrowings	$523,909	$92,885	$91,078	$384,064	$1,091,936
Accounts and other payables	117,937	-	-	-	117,937
Convertible corporate bonds	1,268	423	-	-	1,691

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
1 January 2021	$520,000	$534,000	$1,675	$1,055,675
Cash flows	(425,000)	100,000	-	(325,000)
Non-Cash transactions	-	-	(1,675)	(1,675)
31 December 2021	$95,000	$634,000	$-	$729,000

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
1 January 2020	$175,000	$579,149	$2,911	$757,060
Cash flows	345,000	(45,149)	(1,236)	298,615
31 December 2020	$520,000	$534,000	$1,675	$1,055,675

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, notes receivable (including related party), accounts receivable (including related parties), other receivables (including related parties), notes payable (including related party), accounts payable (including related parties), other payables (including related parties), and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses 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 Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(2) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.8 for fair value measurement hierarchy for financial instruments of the Company.

8. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 - Unobservable inputs for the asset or liability

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

At 31 December 2021 and 31 December 2020: None.

During the year ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

For the years ended 31 December, 2021 and 31 December, 2020: None.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

31 December 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Cost approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT$123 thousand

31 December 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Cost approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT$91 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$73,714	$73,714

31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$73,714	$73,714

9. Significant assets and liabilities denominated in foreign currencies: None.

10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Other disclosure

1. Information at significant transactions
   (a) Financing provided to others for the year ended 31 December 2021: Please refer to Attachment 1.
   (b) Endorsement/Guarantee provided to others for the year ended 31 December 2021: Please refer to Attachment 2.
   (c) Securities held as of 31 December 2021 (exclude investment subsidiaries, affiliated companies and joint venture control parts) : Please refer to Attachment 3.
   (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.
   (e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock f for the year ended 31 December 2021: None.
   (f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.
   (g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2021: None.
   (h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of 31 December 2021: Please refer to Attachment 4.
   (i) Financial instruments and derivative transactions: None.

2. Information on investees: Please refer to Attachment 5.

3. Investment in Mainland China: None.

4. Information on major shareholders: Please refer to Attachment 6.

Attachment 1

Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount	Interest rate	Nature of financing (Note 4)	Transaction Amounts (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Other receivables-related parties	Yes	$377,850 (CAD $16,500 thousand)	$-	$-	-	2	$-	Need for operating	$-	None	$-	$-	$-
1	Union Chemical & Pharmaceutical Co., Ltd.	Bora Health Co., Ltd.	Other receivables-related parties	Yes	$20,000	$20,000	$20,000	1.3%	2	$-	Need for operating	$-	None	$-	$26,485	$33,107

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Limit of financing amount for individual counter-party:

(1) Business contacts : limit of financing amount for individual counter-party shall not exceed 10% of the lender's net assets value as of the period and the transaction amounts of prior year. Transaction amounts is defined as amount the higher of sales to or purchases from.

(2) Need for financing: limit of financing amount for individual counterparty shall not exceed 40% of the lender's net assets value as of the period.

Note 3: Limit of total financing amount:

(1) The Company shall not exceed 50% of the Company's net asset value.

(2) The subsidiaries shall not exceed 50% of the Company's net asset value.

Note 4: The financing provided to others are coded as follows:

(1) Business contacts is coded "1".

(2) Short-term financing is coded "2".

Note 5: If financing provided to others is coded "1" , the amount of transactions should be filled in, which is the amount of transactions between the lender and the counter party in the past 12 months..

Note 6: If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and objects, such as repayment of loans, acquisition of equipment, working capital, etc.

Attachment 2

Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/ Guarantor	Guaranteed party		Limits on Endorsement/ Guarantee to Each Guaranteed Party (Note3)	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Note 4)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company name	Relationship (Note 2)										
0	Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	2	$15,762,705	$195,000	$195,000	$153,751	$-	6.19%	$15,762,705	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	2	$15,762,705	$587,500	$567,500	$185,500	$-	18.00%	$15,762,705	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	2	$15,762,705	$5,289,900	$4,215,900	$3,481,958	$725,560	133.73%	$15,762,705	Y	N	N
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	3	$13,042,780	$1,717,500	$1,621,500	$887,558	$725,560	124.32%	$13,042,780	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The nature of relationship between endorsor/guarantor and guaranteed party is as follows:

(1) A company with which it does business.

(2) A subsidiary in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company in which the Company and Subsidiaries directly and indirectly holds more than 50% of the voting shares.

(4) A parent company in which the company holds directly or the subsidiaries hold indirectly, 50% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceutical Laboratories Inc. is 10 times of its net worth.

Note 4: Limit of total guarantee/ endorsement amount of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.

Limit of total guarantee/ endorsement amount of Bora Pharmaceutical Laboratories Inc. is 10 times of its net worth .

Attachment 3

Securities held as of 31 December 2021. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	as of 31 December 2021				Note
				Shares/Units (thousand)	Carrying amount	Percentage of ownership	Fair value	
The Company	Non-listed stock－Taifong Venture Capital Co.	None	Financial assets measured at fair value through other comprehensive income-noncurrent	490,000	$- (Note 2)	19.69%	$-	No pledged

Note 1: Securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities specified in IFRS9 *Financial Instrument*.

Note 2: The carrying amount is NT$0 since accumulated unrealized valuation loss of financial assets measured at fair value through other comprehensive income is NT$4,900.

Attachment 4

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2021

Company Name	Counter-party	Relationship	Ending Balance of Receivables from Related Party (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts	Note
					Amount	Action Taken			
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Other receivables $369,273	Note 1	Note 1	Note 1	$-	Note 1	

Note 1: Not applicable as the claim arose from acquisition. Please refer to attachment 2 for more detail.

Attachment 5

Information on investees: (Excluding investment in Mainland China)

Investor	Investee company	Location	Main businesses	Initial Investment Amount		Balance as of 31 December 2021			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical Manufacturing and wholesale	$185,875	$185,875	3,000,000	100%	$63,785	$1,595	$1,981 (Note 1)	
The Company	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$83,099	$83,099	8,000,000	100%	$82,124	$975	$975	
The Company	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical Manufacturing and CDMO	$756,810	$756,810	125,000,000	100%	$1,297,193	$588,096	$588,096	
The Company	Bora Pharmaceuticals USA Inc	State of Delaware, USA	Pharmaceutical wholesale	$59,969	$59,969	500,000	100%	$22,624	$13,744	$13,744	
The Company	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical Manufacturing and CDMO	$219,279	$219,279	100,000,000	50%	$725,560	$665,009	$332,506	
The Company	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management & Consulting	$1,000	$-	100,000	100%	$1,954	$954	$954	
The Company	Bora Pharmaceutical and Consumer Health Inc	Taipei City, Taiwan	Cosmetics wholesale; Management & Consulting	$100	$-	10,000	100%	$100	$-	$-	
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical Manufacturing and CDMO	$213,100	$213,100	100,000,000	50%	$725,560	$665,009	$332,505	

Note 1: The investment income recognized had eliminated realized(unrealized) gain or loss on the transactions between the Company and its investees.

Attachment 6

Information on major shareholders

Name of major shareholders \ Shares	Shares	Percentage of Ownership
Baolei Co., Ltd.	13,086,311	19.11%
Reibaoshin Co., Ltd.	8,562,920	12.50%
Sheng Pao-Shi	3,714,910	5.42%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

BORA PHARMACEUTICALS CO., LTD

1. Statement of cash and cash equivalents

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Cash on hand		$216	
Bank demand deposits		176,673	
Foreign currency deposits	USD 231,314.5 dollar	6,403	Exchange Rate of USD to NTD is1:27.68
Foreign currency deposits	CAD 158.71 dollar	3	Exchange Rate of CAD to NTD is1:21.62
Total		$183,295	

BORA PHARMACEUTICALS CO., LTD

2. Statement of notes receivable, net (including related party)

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Client A	Drugs	$8,946	The amount of individual client included in others does not exceed 5% of the account balance.
Client B	Drugs	4,551	
Client C	Drugs	2,233	
Client D	Drugs	1,548	
Client E	Drugs	1,528	
Others		7,743	
Subtotal		26,549	
Less: allowance for doubtful accounts		-	
Total		$26,549	

BORA PHARMACEUTICALS CO., LTD

3. Statement of Accounts Receivable, net (including related parties)

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Client A	CDMO	$49,770	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client B	CDMO	37,891	
Client C	Drugs	15,117	
Client D	CDMO	12,998	
Client E	Drugs	12,097	
Client F	Drugs	$9,490	
Others		28,656	
Subtotal		166,019	2.The allowance for loss is estimated based on the possibility of recovery.
Less: allowance for doubtful accounts		(20)	
Total		$165,999	

BORA PHARMACEUTICALS CO., LTD

4. Statement of Inventories, net

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Items	Amount		Note
	Cost	Net Realizable Value	
Raw materials	$2,385	$2,391	The net realizable value represents market price
Supplies & parts	1,671	1,695	
Work in process	8,170	8,170	
Semi-finished goods	2,620	2,620	
Finished goods	8,488	16,585	
Merchandise	28,137	35,352	
Subtotal	51,471	$66,813	
Less: Allowance for inventory valuation losses	(3,534)		
Total	$47,937		

BORA PHARMACEUTICALS CO., LTD

5. Statement of prepayments

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Advances to vendors		$1,576	The amount of individual item included in others does not exceed 5% of the account balance.
Prepaid insurance		1,245	
Prepaid personnel cost		4,912	
Others		3,292	
Total		$11,025	

BORA PHARMACEUTICALS CO., LTD

6. Statement of Changes in Investments Accounted For Using The Equity Method

From 1 January 2021 to 31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Investee Company	Balance, 1 January 2021		Additions in Investment			Decrease in investment			Balance, 31 December 2021			Fair Value or Net Asset Value		Collateral	Note
	Shares (thousand)	Amount	Shares (thousand)	Amount		Shares (thousand)	Amount		Number of shares (thousand)	Ownership %	Amount	Unit Price (NTD)	Total Amount		
1.Union Chemical & Pharmaceutical Co., Ltd.	3,000	$68,945	-	$1,981	(NOTE1)	-	$7,122	(NOTE2)	3,000	100.00%	$63,785	$22.07	$66,213	None	(NOTE6)
							19	(NOTE3)							
2.Bora Health Inc.	8,000	89,481		975	(NOTE1)	-	7,680	(NOTE2)	8,000	100.00%	82,124	10.35	82,777	〃	(NOTE6)
							652	(NOTE3)							
3.Bora Pharmaceutical Laboratories Inc.	125,000	725,540		588,096	(NOTE1)	-	19,536	(NOTE5)	125,000	100.00%	1,297,193	10.38	1,297,923	〃	(NOTE6)
				1,555	(NOTE9)		730	(NOTE3)							
				2,268	(NOTE8)										
4.Bora Pharmaceuticals USA Inc.	500	9,101	-	13,744	(NOTE1)	-	417	(NOTE5)	500	100.00%	22,624	45.25	22,624	〃	
				196	(NOTE9)										
5.Bora Pharmaceutical Services Inc.	100,000	413,653		332,506	(NOTE1)		24,420	(NOTE5)	100,000	50.00%	725,560	7.26	1,451,121	〃	(NOTE7)
				1,554	(NOTE9)										
				2,267	(NOTE8)										
6.Bora Management Consulting Co. Ltd			100	1,000	(NOTE4)				100	100.00%	1,954	19.54	1,954		
				954	(NOTE1)										
7.Bora Pharmaceutical and Consumer Health Inc.			10	100	(NOTE4)				10	100.00%	100	10.00	100		
Total		$1,306,720		$947,196			$60,576				$2,193,340				

NOTE1：Share of profit and loss of associates accounted for using equity method (including the elimination of unrealized gains and losses on the transactions between the Company and its investee).

NOTE2：Cash dividend distribution.

NOTE3：Elimination of downstream transactions

NOTE4：Capital injection

NOTE5：Exchange differences resulting from translating the financial statements of foreign operations.

NOTE6：Including the elimination of unrealized gains and losses on the upstream transactions between the Company and its subsidiaries

NOTE7：The difference between balance at 31 December 2021 and net asset value at 31 December 2021 is because the Company held 50% of ownership.

NOTE8：Remeasurement of defined benefit plan of subsidiary.

NOTE9：Share-based payment transactions to foreign subsidiaries

BORA PHARMACEUTICALS CO., LTD

7. Statement of Changes in the Cost of Right-of-use Assets

From 1 January 2021 to 31 December 2021

Unit: Thousand New Taiwan Dollars

Cost	Balance at 1 January 2021	Additions	Deductions	Balance at 31 December 2021	Note
Buildings	$3,760	$-	$(3,760)	$-	
Office equipment	206	-	(206)	-	
Total	$3,966	$-	$(3,966)	$-	

BORA PHARMACEUTICALS CO., LTD

8. Statement of Changes in Accumulated Depreciation of Right-of-use Assets

From 1 January 2021 to 31 December 2021

Unit: Thousand New Taiwan Dollars

Accumulated Depreciation	Balance at 1 January 2021	Additions	Deductions	Balance at 31 December 2021	Note
Buildings	$2,099	$-	$(2,099)	$-	
Office equipment	206	-	(206)	-	
Total	$2,305	$-	$(2,305)	$-	

BORA PHARMACEUTICALS CO., LTD

9. Statement of Short-term Loans

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Type	Bank	Balance at 31 December, 2021	Contract Term	Interest Rate	Collateral	Note
Unsecured loan	CTBC Bank	$45,000	110/10/18-111/01/18	1.20%-1.25%	None	
Unsecured loan	SKCB Bank	$50,000	110/10/20-111/01/20		None	
Total		$95,000				

BORA PHARMACEUTICALS CO., LTD

10. Statement of Accounts Payable

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Vendor	Description	Amount	Note
Vendor H		$6,261	The amount of individual supplier included in others does not exceed 5% of the account balance.
Vendor I		2,440	
Vendor J		2,000	
Vendor K		1,259	
Vendor L		965	
Vendor M		796	
Others		1,099	
Total		$14,820	

BORA PHARMACEUTICALS CO., LTD

11.Statement of Long-Term Loans

31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Bank	Type	Balance at 31 December, 2021	Current Portion	Net	Contract Term	Interest Rate	Collateral	Repayment
Chang Hwa Commercial Bank	Secured loan	$534,000	$38,304	$495,696	108.12.23~123.12.23	1.15%	Land and Buildings	156 monthly installments (principal and interests), starting from 23 December 2021.
O Bank	Unsecured loan	100,000	0	100,000	110.11.29-113.11.01	0.98%	None	7 quarterly installments (principal and interests), starting from 01 May 2023.
	Total	$634,000	$38,304	$595,696				

BORA PHARMACEUTICALS CO., LTD
12.Statement of Operating Costs
From 1 January 2021 to 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Items	Ending balance	Note
Cost of manufacturing products		
Direct material		
Balance, beginning of year	$9,805	
Add: Raw material purchased	73,692	
gain on physical count	113	
Less: Raw material, end of year	(2,385)	
raw materials sold	(10,716)	
Raw materials scraped	(79)	
Others	(46,048)	
Direct material used	24,382	
Indirect material		
Indirect material, beginning of year	1,250	
Add: Indirect material purchased	1,773	
gain on physical count	58	
Less: Indirect material, end of year	(1,671)	
Indirect material sold	(594)	
Indirect material scraped	(28)	
Others	(35,269)	
Indirect material used	(34,481)	
Direct labor	23,952	
Manufacturing Expenses	82,115	
Manufacturing costs	95,968	
Add: Work in process, beginning of year	10,610	
Others	81,363	
Less: Work in process, end of year	(10,790)	
Work in process scrap	(447)	
Others	(1,306)	
Cost of Finished goods	175,398	
Add: Finished goods, beginning of year	10,413	
Others	3,284	
Less: Finished goods, end of year	(8,488)	
Finished goods scrap	(4,027)	
Others	(440)	
Subtotal of self-made product	176,140	
Cost of merchandise		
Merchandise, beginning of year	19,583	
Add: Merchandise purchased	179,664	
Others	311	
Less: Merchandise, end of year	(28,137)	
Merchandise scraped	(22)	
Others	(24)	
Subtotal of merchandise	171,375	
Other operating cost		
Loss on inventory valuation	3,275	
Materials sold	11,310	
Gain on physical count	(171)	
Others	(1,662)	
Total Operating Costs	$360,267	

BORA PHARMACEUTICALS CO., LTD

13. Statement of Operating Expenses

From 1 January 2021 to 31 December 2021

(Expressed in Thousands of New Taiwan Dollars)

Items	Sales and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Personnel cost	$14,810	$95,294	$14,256	$124,360
Insurance	1,327	5,136	1,130	7,593
Depreciation	7	6,162	1,511	7,680
Research and development expense	-	-	2,104	2,104
Commission expense	6,824	-	-	6,824
Miscellaneous expenses	683	9,110	305	10,098
Services expenses	24	10,687	252	10,963
Expected credit losses (gain)	-	(7)	-	(7)
Others (Note)	3,761	18,158	2,287	24,206
Total	$27,436	$144,540	$21,845	$193,821

Note: The item included in others does not exceed 5% of the account balance.

VI. In the event that the Company and its affiliates have experienced financial difficulties in the most recent year and as of the date of the annual report, the impact on the Company's financial position should be stated:

None.

G. Review, Analysis, and Risks of Financial Conditions and Performance

I. Review and Analysis Table of Financial status

Unit: NTD thousands

Year / Accounting items	2021	2020	Difference	
			Amount	%
Current assets	2,792,337	2,626,542	165,795	6
Property, plant and equipment	3,749,981	3,818,782	(68,801)	(2)
Intangible assets	171,045	4,930	166,115	3,369
Other assets	658,971	553,925	105,046	19
Total assets	7,372,334	7,004,179	368,155	5
Current liabilities	1,841,122	2,286,061	(444,939)	(19)
Non-current liabilities	2,378,671	2,253,354	125,317	6
Total liabilities	4,219,793	4,539,415	(319,622)	(7)
Capital stock	684,783	541,154	143,629	27
Capital surplus	1,025,985	951,647	74,338	8
Retained earnings	1,465,693	961,012	504,681	53
Other equity	(23,920)	10,951	(34,871)	(318)
Treasury stock	-	-	-	-
Non-controlling equity	-	-	-	-
Total shareholder equity	3,152,541	2,464,764	687,777	28

1. The major reasons for the significant changes in assets, liabilities and equity in the last two years and their effects (for changes of 20% or more in the preceding and following periods, and the amount of such changes reaching NT$10 million)
   (1) Increase in intangible assets: Mainly due to the intangible assets developed for Canadia subsidiaryhas been completed in 2021.
   (2) Increase in Capital Stock: Mainly due to the cash capital increase and stock dividend payment in 2021.
   (3) Changes in Retained Earnings: Mainly due to the acquisition of GlaxoSmithKline Inc' (GSK) operating assets (land, plants and equipment) in Canada in 2020 resulted in a gains on bargain purchases and an increase in CDMO services.
   (4) Other equity changes: Mainly due to fluctuations in exchange differences in the conversion of financial statements of foreign operating institutions.
   (5) Total shareholder equity: Mainly due to the acquisition of GlaxoSmithKline Inc' (GSK) operating assets (land, plants and equipment) in Canada from December 2020 which increase the revenue significantly.
2. Future response plans: The above changes had no material adverse effect on the Company and its subsidiaries.

II. Review and Analysis Table of Financial Performance

(I) Comparative financial performance analysis table

Unit: NTD thousands

Year / Accounting items	2021	2020	Difference	
			Amount	%
Operating revenue	4,899,885	1,799,570	3,110,315	172
Operating costs	3,228,107	1,095,686	2,132,421	195
Gross profit	1,671,778	703,884	967,894	138
Operating expenses	625,787	477,807	147,980	31
Net operating profit	1,045,991	226,077	819,914	363
Non-operating income and expenses	(22,023)	369,322	(391,345)	(106)
Income from continuing operations before income tax	1,023,968	595,399	428,569	72
Income tax benefits (expenses)	(274,232)	(16,973)	(257,259)	1,516
Income from continuing operations after income tax	749,736	578,426	171,310	30

1. The main reasons for the significant changes in operating income, net operating income and net income before income tax for the last two years:

(For changes of 20% or more in the prior and subsequent periods, and when the amount of change reaches NTD 10 million)

(1) Increase in operating revenue: Mainly due to the increase in turnover resulted from the December 2020 acquisition of GlaxoSmithKline Inc' (GSK) operating assets (land, plants and equipment) in Canada.

(2) Increase in operating costs, operating profit and operating expenses: Mainly due to the Canada subsidiary start operation on December 2020. Only one month of operating performance is consolidated to the Company's financial statement.

(3) Decrease in non-operating income and expense: Mainly due to the one-time costs for the acquisition transaction of GlaxoSmithKline Inc' (GSK) operating assets (land, plants and equipment) in Canada for 2019. There is no such item in 2020.

(4) Increase in net income before tax: Mainly due to the acquisition of GlaxoSmithKline Inc' (GSK) operating assets (land, plants and equipment) in Canada in 2020.

2. Future response plans: The above changes had no material adverse effect on the Company and its subsidiaries.

(II) Expected sales volume and basis, possible impact on the Company's future financial operations and response plans:

Based on the Company's major customers and forecasts for their downstream customers, as well as the Company's many years of experience in the industry, we have established a plan to ensure that our procurement, outsourcing and production can be coordinated based on circumstances. The Company continues to develop new markets and customers and expects to continue to grow sales and improve profitability in the future.

III. Cash flow ratio analysis

(I) Analysis of annual cash flow changes in the most recent year

Unit: NTD thousands

Item \ Year	2021	2020	Increase (decrease) ratio %
Operating activities	1,236,635	177,790	595.56
Investment activities	(225,847)	(1,538,060)	(85.32)
Financing activities	(741,398)	1,577,548	(147.00)

Analysis of changes in proportion:

1. Operating activities: Net income increase from 226,077 thousand from 2020 to 1,045,991 thousand in 2021 due to the acquisition of GSK Canada site.
2. Investment activities: Cash outflow was mainly due to the acquisition of GlaxoSmithKline Inc' (GSK) operating assets in 2020. There is no acquisition in 2021.
3. Financing activities: The cash outlow in 2021 was mainly due to the repayment of the bank loan for merger and acquisition.

(II) Improvement plan for lack of liquidity: There is no liquidity shortfall in 2021.

(III) Cash Flow Analysis for the Following Year (2022)

Unit: NTD thousands

Cash balance at beginning of the period A	Net cash flow from operating activities for the year B	Cash flows from investments and financing for the year C	Cash surplus (Shortfall) Amount A+B+C	Cash Shortfall Remedial measures	
				Investment plan	Financing plan
910,749	405,695	(284,048)	1,032,396	—	—

Cash flow analysis:

1. Operating activities: The Canadian facility will be in operation by the end of 2020, which is expected to increase the overall operating income and result in an overall net cash inflow from operating activities for 2022.
2. Investment activities: The cash outflow was mainly due to capital expenditures for for the annual maintaining of plants and equipment.
3. Financing activities: The cash outflow was mainly due to the payment of cash dividends and repayment of bank loans.

IV. Effect of Major Capital Spending on Financial Position and Business Operation in the Most Recent Year:

Due to the rapid growth of the Company's overall operating scale and to continue driving growth, the Company's main expenditures were the annual maintaining of plants and equipment for operating activities, which should not have a significant impact on the Company's financial operations.

V. Reinvestment policy in the Most Recent Year, profit/loss and main reasons, improvement plan, and investment plan for the coming year:

(I) The Company's Reinvestment Policy

Based on factors such as operational needs or future growth considerations, the Company has completed the integration of the industry value chain from marketing, channel, R&D to production within a few years to ensure that each business area has access to comprehensive resources and mutual support from each other, forming the core strength of the Company. The Company also keeps track of the operating status and analyzes the effectiveness of its invested businesses for post-investment tracking and evaluation by management decision-making.

(II) Profit or loss on reinvestment and improvement plan for fiscal 2021:

December 31, 2021; Unit: NTD thousands

Reinvestment company	Recognized (loss) gain	Main reasons for gain or loss	Improvement Plan
Union Chemical & Pharmaceutical Co., Ltd.	1,981	Steady growth in operations	Union Chemical & Pharmaceuticals, a subsidiary of the Company, continues to be profitable as the Company continues to develop its drug licenses.
Bora Health Inc.	975	Steady growth in operations	The Company's subsidiary, Bora Health, continues to be profitable as its revenue grows steadily.
Bora Management Consulting Co., Ltd	954	Steady growth in operations	The Company's subsidiary, Bora Management Consulting, continues to be profitable as its revenue grows steadily.
Bora Biologics Co., Ltd	-	Set up in December 2021	The Company's subsidiary, Bora Biologics, has not yet start operation
Bora Pharmaceutical Laboratories Inc.	588,096	Steady growth in operations	The Company's subsidiary, Bora Pharmaceutical, continues to be profitable as its revenue grows steadily.
Bora Pharmaceuticals USA Inc.	13,744	No economies of scale at the initial stage of establishment	The loss situation will be improved with the increase of sales volume in the future.
Bora Pharmaceuticals Services Inc.	665,009	Steady growth in operations	The Company will be able to make a sustainable profit in future with the steady growth of operational revenue.

Up to now, the operation of the related businesses of the Company's reinvestment has been stable. All of the Company's reinvested companies are related to our main business and will continue to focus on our main business in the future to maximize benefits for the Company and all shareholders.

(III) Investment plan for the coming year:

In order to expand its overseas business entities and CDMO business, the Company proposed, on March 9, 2020, to acquire GlaxoSmithKline Inc's (GSK) plant in Mississauga, Ontario, Canada through its Canadian subsidiary, for a purchase price of CAD36,000,000 (approximately NTD828 million), as approved by the Board of Directors. The proposal was reported to shareholders at the regular meeting on May 28, 2020. There are no plans for other acquisitions as of the date of publishing. In the event of future mergers and acquisitions, the Company will follow the relevant laws and regulations and conduct a prudent evaluation of the benefits and control of risks in order to maximize profits and minimize risks to the Company's overall operations.

VI. Risks for the latest year and up to the date of printing of the annual report

(I) Impacts of interest rates, exchange rate fluctuation and inflation situation on the company's profit and loss, and the future countermeasures

(1) Interest Rate Changes

The interest expenses of the Company and its subsidiaries amounted to NTD16,927 thousand and NTD47,407 thousand in 2020 and 2021, respectively, which accounted for 2.84% and 4.63% of the net income before income tax respectively, with a decreasing proportion by year mainly due to the continuous growth of operations and profitability of the Company and its subsidiaries. Therefore, the impact of interest rate changes on the Company's profit or loss has gradually decreased.

The Company and its subsidiaries are conservative and prudent in the use of capital. Most of the idle funds are placed in demand deposits and time deposits with banks, which have relatively stable market interest rates. The Company and its subsidiaries regularly evaluate bank borrowing rates and closely liaise with banks to obtain more favorable borrowing rates in order to reduce the impact of changes in interest rates on the Company's profit or loss.

(2) Exchange Rate Changes

The exchange losses of the Company and its subsidiaries amounted to NTD10,900 thousand and NTD14,407 thousand in 2020 and 2021, respectively. The ratio of exchange losses to net income before income tax was 1.83% and 1.41%, respectively, mainly due to foreign currency-denominated exports and some purchases of materials. Therefore, changes in exchange rates should not have a significant impact on the Company.

The Company and its subsidiaries adopt the principle of prudent management of foreign currency capital and collect international financial information related to exchange rates, in order to fully grasp the trend of exchange rates and adjust its foreign exchange holdings in a timely manner, corresponding to the changes in exchange rates in order to reduce the impact caused by exchange rate changes.

(3) Inflationary scenarios

At present, the Company and its subsidiaries do not import large quantities of raw materials or ship large quantities of finished products. Therefore, inflation has no significant impact on the Company's profit or loss due to the inflation.

In the future, the Company and its subsidiaries will continue to closely monitor changes in the price index, maintain good interaction with suppliers and customers, and adjust their purchasing and sales strategies in a timely manner. Therefore, the Company and its subsidiaries should be able to respond to potential inflation and other changes in the economic situation without significant impact on their operations.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, derivatives transactions, profit/loss analysis, and future response measures:

(1) The policy of engaging in high-risk, highly leveraged investments, the main reasons for profits or losses, and future measures to address them

A. The main reason for engaging in high-risk, highly leveraged investments

For the most recent year and as of the date of the annual report, the Company and its subsidiaries have maintained their focus on their businesses and have not engaged in high-risk, highly leveraged investments.

B. Response Measures

The Company and its subsidiaries focus on the operation of their businesses and operate on a conservative and prudent financial basis, with no funds used for high-risk, high-leverage investments.

(2) Loan of funds to other parties and endorsement guarantee

A. Reasons for loaning funds to others and endorsement guarantee

(A) Fund loans to others

In response to the Group's overseas CDMO business expansion, the Company established Bora Pharmaceuticals Services Inc. as an indirect 100% owned Canadian subsidiary. But in the early stage of establishment, it did not have sufficient capital to fulfill its 5-year CDMO contract with GlaxoSmithKline Inc. In accordance with the "Procedures for the Loan of Funds to Others", the Company's Board of Directors resolved in advance on November 12, 2020, to loan funds totaling CAD 16,500 thousand (approximately NTD 374,715 thousand) to its Canadian subsidiary, Bora Pharmaceuticals Services Inc. The subsidiary became fully operational in

December 2020 and have been repay the loan to the Company on September 2021 for the aforementioned loan of funds to Bora Pharmaceuticals Services Inc. in Canada, the Company has not loaned any funds to others. In order to revitalize internal funds, the Company's 100%-owned subsidiary, Union Chemical & Pharmaceutical Co., Ltd. in accordance with the "Procedures for Lending Funds to Others" established by itself, lent an amount of NTD 20,000 thousand to the Company's 100%-owned subsidiary.

(B) Endorsements and guarantees

For operational and group business expansion purposes, the Company provided an endorsement guarantee to obtain a shipment guarantee and bank financing to ensure the operating and working capital of its subsidiaries. The financing amounted to NTD195,000 thousand for Bora Health, NTD567,000 thousand for Bora Pharmaceutical Laboratories Inc. and CAD195,000 thousand for Bora Pharmaceutical's Canadian subsidiary Bora Pharmaceuticals Services Inc. (approximately NTD4,215,900 thousand). The above transactions were conducted in accordance with the Company's "Procedures for Endorsement and Guarantee" and resolved by the Board of Directors. As of March 31, 2022, the actual amount drawn by Bora Health was NTD86,445 thousand, NTD168,000 thousand by Bora Pharmaceutical Laboratories Inc., and CAD159,737 thousand (approximately NTD3,645,779 thousand) by Bora Pharmaceuticals Services Inc.

B. Response Measures

The Company and its subsidiaries engage in lending of funds to others and endorsement guarantees based on operational risk considerations. The Company will set single and total limits for overall risk control according to different targets and specify them in the procedures. The Company and its subsidiaries comply with the "Procedures for Lending of Funds to Others" and "Procedures for Endorsement and Guarantee".

(3) The Company's policy on derivative transactions, the main reasons for profit or loss, and future measures

A. The main reasons for the policy, profit or loss of engaging in derivatives trading

For the most recent year and as of the date of the annual report, Bora Pharmaceuticals, a subsidiary of the Company, has engaged in derivative commodity hedging transactions for export sales, which are necessary for operational purposes. The resulting gain or loss is attributable to the above hedging operations.

B. Response Measures

Based on operational risk considerations, the Company and its subsidiaries have established "Procedures for Handling Derivative Transactions" and strictly follow its regulations to manage the risks that may arise from such transactions. The Company will immediately coordinate its various departments to formulate relevant countermeasures if there is a possibility of significant impact on the Company's operations.

(III) Future R&D Programs and Expected R&D expenditure

(1) Future R&D Programs

In order to increase capacity utilization and enrich the existing product line, the Company and its subsidiaries will invest in future research and development plans to enhance process technology capabilities, including the expansion of production dosage forms and process scale-up technology, as well as the research and development of its own pharmaceutical products, including special generic drugs and new and improved small molecule dosage forms to increase the ease of use of pharmaceutical products through improved dosage forms. In addition, the Company chooses products that satisfy market needs and meet high quality requirements in order to enhance our products' competitiveness.

Main project development’s production technologies and new products are as follows:

(A) New dosage forms

(B) Special generic drug products development

(C) Innovative drug delivery platforms development

Promotion of important research projects:

The Company and its subsidiaries have set up its own research and development centers, while continuing to bring in advanced equipment and strengthen the research and development team. Short-term projects focus on “specialty generic drugs”, and we will concurrently develop own-brand drugs and accept external contracts, accumulating research and development capabilities and building a comprehensive development chain from self-assessment to mass production. Mid-term projects focus on “new dosage forms” which have high development threshold and duration but high market value. Long-term projects focus on developing time-consuming, high-risk, technology and hardware specific technology platforms that satisfy "unmet medical needs" and cater to the “innovative drug delivery platform” with long-term economic benefits and market differentiation.

(2) Estimated Research Costs

The estimated research and development expenses of the Company and its subsidiaries for 2022 are approximately NTD50,795 thousand which will be used mainly for materials and equipment required for drug research and development. For future product development, the Company and its subsidiaries will select special generic drugs and new dosage forms with market demand; In addition, in order to effectively develop each product, the Company and its subsidiaries intend to file patent applications for technological novelties or key core technologies that arise during development to avoid the risk of imitation or duplication of the developed products.

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company and its subsidiaries operate in compliance with relevant domestic and foreign laws and regulations and keep track of domestic and foreign policy developments and regulatory changes. We closely monitor and update the latest information on tax incentives and subsidies related to biotechnology industry. For the most recent year and as of the date of the annual report, the Company and its subsidiaries had no significant domestic or foreign policy or legal changes that would have affected the Company's financial operations.

(V) Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales

The Company and its subsidiaries keep abreast of changes in technology and technological development in the biotechnology industry. The market outlook for the pharmaceutical industry is growing steadily due to the aging population and the expansion of medical care for citizens by the governments of various countries. The Company and its subsidiaries keep abreast of industry trends and sales dynamics so as to make proper planning and response measures, and continuously invest in technology R&D and technology enhancement to consolidate their competitive advantages. In addition, the Company complies with laws and regulations on information risk, and has set up a dedicated department to control and mitigate possible risks. For the most recent year and as of the printing date of the annual report, there were no technological changes or industrial changes that had a significant impact on the financial operations of the Company and its subsidiaries.

(VI) Impact of Changes in Corporate Image on the Corporate Risk Management, and the Company's Response Measures

Since its establishment, the Company and its subsidiaries have been committed to maintaining the image of the Company and have not engaged in any conduct that would lead to a poor corporate image or create a corporate crisis. In addition, as the Company continues to grow, we will continue to pursue the best interests of our shareholders, while at the same time providing care to all employees, their families and disadvantaged groups in society, fulfilling our corporate social responsibility. For the most recent year and up to the printing date of the annual report, there has not been any impact on the Company's crisis management due to the change in corporate image.

(VII) Expected Benefits and Possible Risks in Mergers and Acquisitions (M&A) and Countermeasures

In order to expand its overseas business entities and CDMO business, the Company proposed, on March 9, 2020, to acquire GlaxoSmithKline Inc's (GSK) plant in Mississauga, Ontario, Canada through its Canadian subsidiary, Bora Pharmaceuticals Services Inc, for a purchase price of CAD36,000,000 (approximately NTD828 million), as approved by the Board of Directors. The proposal will be submitted to the shareholders' meeting on May 28, 2020. The project is expected to enhance the Company's revenue and profitability. The Company will comply with the relevant regulations and take a prudent attitude in evaluating various benefits and controlling risks in order to achieve the result of maximizing profitability and minimizing risks to the Company's overall operation.

(VIII) Expected Benefits and Potential Risks of Capacity Expansion and Response Measures

In consideration of the Group's long-term development plan and to enhance its competitive advantages, the Company is actively planning to expand the production lines of different dosage forms of pharmaceutical products. At present, the existing product lines of the Tainan Guantian Plant include tablets, capsules, granules, liquids, semi-solid dosage forms, etc., and has obtained PIC/S GMP certification from the Food and Drug Administration of the Ministry of Health and Welfare. In addition, the Company acquired 100% of equity, plant and equipment of Bora Pharmaceuticals (hereinafter known as Bora), owned by Impax Laboratories Inc., a U.S. listed company, for USD18.5 million in 2018 and obtained an CDMO contract with Impax for the brand-name drug RYTARY, used for the treatment of Parkinson's disease. The plant is located in the Zhunan Science Park and occupies an area of 36,133 square meters. The plant is equipped with pilot processes, standard production areas, laboratories, offices, cafeterias, mechanical rooms and warehouses. The Company's main focus is on the production of oral solid dosage forms. At present, all of our pharmaceutical products are supplied to the US pharmaceutical market, and we are the only pharmaceutical production plant in Taiwan that supplies the US market. In addition to the production of generic drugs, the Company also produces brand name drugs, which are orally administered special controlled release drugs. Pilot production and scale-up production technology development are all performed in the Company's plant, which is the production center of global supply at present. In addition, on December 01, 2020, the Company acquired the pharmaceutical manufacturing facility from GlaxoSmithKline in Mississauga, Canada. The new Bora facility, located in Ontario, Canada, has 183,000 square feet of space and is approved by USFDA, Health Canada, EMA of the EU, Japan's PMDA and satisfies the PIC/S world class standards. The facility specializes in the manufacture of tablets, capsules, semi-solids and liquids, and is equipped with chemical analysis and microbiology laboratories. In addition, this facility has a complete packaging line for tablets, capsules, liquids, nasal sprays, aluminum foil bags, blisters, high-speed tube filling, and has the ability to serialize products in bottles and tubes. The products are exported to many countries, including North America, South America, Asia, Russia, Middle East, Europe and Africa. Mississauga produces and packages a wide range of semi-finished and finished pharmaceutical and healthcare products in a variety of dosage forms, with the ability to manufacture a variety of complex products, including expertise in handling highly active pharmaceutical ingredients (HPAPI) and technology transfer, on a scale that allows for clinical and volume production needs. The facility is currently equipped with 18 types of production equipment modules (including three pilot facilities) and can provide various production scales according to customer requirements.

The Company and its subsidiaries will continue to purchase additional equipment and expand plants in the future depending on the status of orders received. However, as of the printing date of the annual report, the Company and its subsidiaries have yet to conduct a detailed assessment and planning for the expansion of plants and have no specific plans to do so. As such, this assessment is not applicable.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1) Sales

The main clients of the Company and its subsidiaries in the most recent year was Amneal (Impax Laboratories, Inc.), whose sales amount accounted for 63.06% of the revenue. The Company acquired Amneal's (Impax Laboratories, Inc.) Miaoli Zhunan plant in 2018 and obtained its CDMO orders, resulting in the concentration of CDMO orders in Impax Laboratories, Inc. for the Company's sales from 2018.

(2) Purchases

The largest supplier of the Company and its subsidiaries in the recent year, GlaxoSmithKline Inc. (GSK), accounted for 63.41% of the net purchase, mainly due to the acquisition of the pharmaceutical manufacturing facility from GlaxoSmithKline in Mississauga, Canada as well as increasing CDMO services, and purchase of one-time GlaxoSmithKline Inc'(GSK) productive inventory to operate the facility in accordance with the supply agreement.

(3) Response Measures

Despite the above mentioned concentration of sales, the Company continues to expand its existing product lines into the health care market, such as distributing health care and maintenance products in Taiwan for SSP, the third largest pharmaceutical company in Japan's cosmetic market, and for Eisai, the fourth largest pharmaceutical company in Japan, as well as obtaining exclusive marketing for BOIRON, a French pharmaceutical company, in Taiwan, and obtaining a new five-year long-term CDMO contract for Eisai in Taiwan. At the same time, the Company continues to increase our distribution of neurological drugs from other international pharmaceutical companies and develop the existing drug certificates of our subsidiary, Union Chemical & Pharmaceuticals. In addition, the Company has secured long-term CDMO contracts with Impax Laboratories, Inc. and GlaxoSmithKline Inc. (GSK). Therefore, the risk of concentration of sales is limited.

(X) Impacts and Risks Arising from Major Exchange or Transfer of Shares by Directors, Supervisors, or Shareholders with Over 10 Percent of Stake in the Company and Countermeasures

In the most recent year and as of the date of printing of the annual report, the corporate director of the Company, Eminent II VC Corp, was relieved of its position on 2019/03/11 due to the transfer of more than one-half of the amount of the Company's shares held, during its term of office. The director is a venture capital company and has its own internal plan for the use of funds. The Company's current management team and operational activities have not been affected by this, and a replacement director was elected at the shareholders' meeting on June 10, 2019, so there is no significant impact on the Company's financial and business conditions.

(XI) Impact, Risk, and Response Measures Related to Any Change in the Administrative Authority Towards the Company's Operations

For the most recent year and as of the date of the annual report, there was no change in the Company's operating team that would have resulted in a material impact on the Company.

(XII) In terms of litigation or non-litigation matters, the company and the company's directors, supervisors, president, actual responsible person, shareholders holding more than 10% of the company shares, and a subsidiary company who is involved in a major lawsuit that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or market prices of securities, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed.

(1) The Company shall disclose, for the last two years and as of the printing date of the annual report, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved in the litigation and the current status of the litigation, if the outcome of the litigation, non-litigation or administrative dispute has been determined or is still pending.

A. In July 2014, the Company filed a civil lawsuit for criminal prosecution, sequestration and damages against Mr. Qiu and 11 related persons (non employees) for allegedly using forged documents to work for the Company, using his position to make false statements, forging overpayments, and causing a total loss of NTD3,635 thousand to the Company. As of the date of publication of the public statement, the criminal complaint and the civil lawsuit for damages against the employee surnamed Qiu have been confirmed by the judgment and the Company should be paid NTD3,990 thousand. The criminal complaint and the civil lawsuit for damages against Chen, one of the 11 related parties, have been dismissed by the Taiwan Shilin District Prosecutors Office and the Taiwan Supreme Court on August 31, 2017 and May 24, 2017, respectively. The remaining 10 related parties' criminal complaints were dismissed by the Shilin District Court. The Company filed infringement damages lawsuits against the 10 parties including Guo, Huang and Lin before the deadline in November 2016. The 10 aforementioned individuals have reached settlements with the Company and paid the damages in accordance with their agreements made in 2017. In the case of sequestration, they were revoked and the enforcement was withdrawn, except for the employee surnamed Qiu, who was confirmed guilty by judgment, and for the related party Chen, whose case was closed due to the conclusion of litigation. Since the Company is the plaintiff and the above-mentioned loss of NTD3,635 thousand has been recognized as a loss, there should be no material adverse effect on the Company's financial operations.

B. In July 2014, the Company filed a civil lawsuit for criminal prosecution, sequestration and damages against a related party surnamed Chen for allegedly using a forged document to work for the Company and using his position to make false statements and for overpaying salaries. As the civil litigation case for the criminal complaint and damages were dismissed by the Shilin District Court in Taiwan on August 31, 2017, and by the Civil Division of the Supreme Court, on May 24, 2017, the Company has filed claims for the recovery of the court guarantee of NTD 330 thousand paid. As of the date of publication of the public statement, the Company's financial operations were not materially adversely affected because the related party surnamed Chen has not yet started to exercise his rights and the amount of litigation and the security deposit involved is insignificant.

C. On June 29, 2018, GILEAD SCIENCES, INC. (hereinafter referred to as GILEAD) filed a patent infringement lawsuit in the Intellectual Property Court against the Company and Biofrontier Inc. (hereinafter referred to as Biofrontier), who authorized the Company to manufacture the "Teno B Tablets 300mg". Gilead claimed that this CDMO product infringes upon its ROC patent No. I224103, "Nucleotide Analogues and Pharmaceutical Compositions containing such analogues". The parties reached a settlement agreement in the Intellectual Property Court on October 28, 2019 in relation to the above litigation. The legal proceedings and compensation issues arising from the CDMO contract between the Company and Biofrontier shall be the responsibility of Biofrontier. Therefore, there shall be no material adverse impact on the Company's financial operations.

(2) Directors, supervisors, general managers, responsible personnel, substantial shareholders and affiliates of the Company holding more than 10% of the shares, as well as litigation, non-litigation or administrative disputes that have been determined or are currently pending within the last two years and as of the printing date of the annual report, with outcomes that may have a material impact on the Company's shareholders' equity or share prices: None.

(3) Directors, supervisors, managers and substantial shareholders holding more than 10 percent of the shares of the Company, events under Article 157 of the Securities and Exchange Act that

have occurred in the last two years and as of the date of printing of the annual report, and the handling progress by the Company: None.

(XIII) Other Significant Risks and Response Measures: None.

VII. Other Critical Matters:

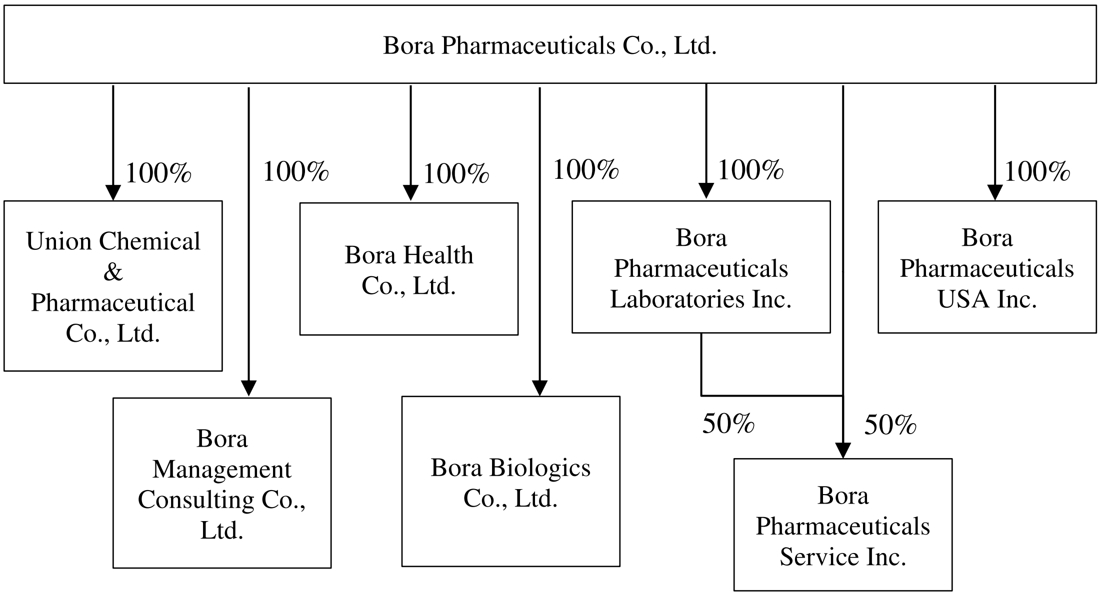
None.

H. Special Notes

I. Profiles of Affiliates:

(I) Status of Affiliates

1. Organization Chart of Affiliates



2. Reasons for presumption of control and affiliation pursuant to Article 369-3 of the Company Act and related information: N/A.

(II) Relationship with affiliate company

1. Investee business

December 31, 2021; Unit: NTD thousands; thousand shares

Investee company	Main business item	Cost of investment	Book value	Investment shares		Net equity	Market price	Accounting Method	Return on investment		Amount of the Company's shares held
				Number of Shares	Shareholding Ratio				Investment Gains/Losses	Dividend distribution	
Union Chemical & Pharmaceutical Co., Ltd.	Western pharmaceutical manufacturing Western pharmaceutical wholesale	185,875	63,785	3,000	100%	66,213	—	Equity method	1,981	7,122	—
Bora Health	Western pharmaceutical wholesale Health Care Products	83,099	82,124	8,000	100%	82,777	—	Equity method	975	7,680	—

	Wholesale									
Bora Pharmaceutical Laboratories Inc.	Western Pharmaceutical Manufacturing and CDMO	756,810	1,297,193	125,000	100%	1,297,193	–	Equity method	588,096	–	–
Bora Pharmaceuticals USA Inc	Western pharmaceutical wholesale	59,969	22,624	500	100%	22,624	–	Equity method	13,744	–	–
Bora Pharmaceuticals Services Inc.	Western Pharmaceutical Manufacturing and CDMO	432,379	1,451,120	200,000	100%	1,451,120	–	Equity method	665,009	–	–
Bora Management Consulting Co., Ltd	Management Consulting	1,000	1,954	100	100%	1954	–	Equity method	954	–	–
Bora Biologics Co., Ltd	Health Care Products Wholesale and Management Consulting	100	100	10	100%	100	–	Equity method	–	–	–

(III) Consolidated Financial Statement of Affiliates

The companies that should be included in the preparation of the consolidated financial statements of affiliated companies in 2021 are the same as those that should be included in the preparation of the consolidated financial statements of parent companies and subsidiaries in accordance with Accounting Standards No. 7. The information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the consolidated financial statements of parent companies and subsidiaries.

(IV) Consolidated Business Reports from Affiliated Companies: N/A.

II. Private placement of marketable securities for the most recent year and as of the date of the annual report:

For the most recent year and as of the date of the annual report, the Company has not entered into any private placement of marketable securities.

III. Shares of the Company held or disposed of by subsidiaries in the most recent year up to the publication date of this annual report:

None.

IV. Other necessary supplemental information:

None.

I. Matters that have a significant effect on shareholders' equity or the price of securities under Paragraph 2 of Article 36 of the Securities and Exchange Act, for the most recent year and as of the date of printing of the annual report None.

Bora Pharmaceuticals Co., Ltd.

Person in charge: Sheng Pao-Shi