

2023

Annual Report



Printed on April 1, 2024

Company Website : <http://www.yungshingroup.com>

Market Observation Post System Website : <http://mops.twse.com.tw>

- I. Names, Titles, Telephone Number and Email Address of the Corporation's Spokesperson and Deputy Spokesperson
- | | |
|----------------------|--|
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- II. Addresses and Telephone Numbers of Corporation Headquarters, Branches, and Plants:
- | | |
|---------------|--|
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- III. Name, Address, Website and Telephone Number of the Share Registrar:
- | | |
|---------------|--|
| Stock agency: | Yuanta Securities Co., Ltd. |
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- IV. Names, Accounting Firm, Address, Website and Telephone Number of Independent Auditors for the Latest Financial Report
- | | |
|-----------------------|--|
| Independent Auditors: | Min-ju Chao, Lily Lu |
| Firm Name: | KPMG in Taiwan |
| Address: | 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City |
| Website: | http://kpmg.com/tw |
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- V. Name of the Overseas Securities Exchange and Method to Inquire about Overseas Securities Information:
- Not applicable
- VI. Corporate Website:<http://www.yungshingroup.com>

Table of Contents

Chapter 1 Letter to Shareholders -----	1
Chapter 2 Corporation Profile -----	4
I. Date of Establishment	4
II. Corporation History	4
Chapter 3 Corporate Governance Report -----	6
I. Organization System	6
II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches	9
III. Implementation of Corporate Governance	21
IV. Information on CPA Professional Fees	66
V. Replacement of CPA	66
VI. The Corporation's Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Who Has, in the Most Recent Year, Held A Position at the Accounting Firm of its CPA or at An Affiliated Enterprise	66
VII. Equity Transfer or Changes in Equity Pledge of Directors, Managers, and Shareholders with Shareholding Percentage of 10% or More	66
VIII. Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other	67
IX. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Corporation, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Corporation	69
Chapter 4 Financing Status-----	70
I. Capital and Shares	70
II. Issuance of Corporate Bonds, Special Shares, Overseas Depository Receipts, Employee Stock Option Certificates, Restrictions on Employee Warrants and Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies	74
III. Capital Utilization Plan and Its Implementation	74
Chapter 5 Operational Highlights -----	75
I. Business Activities	75
II. Market and Production and Sales Overview	84
III. Human Capital	91
IV. Environmental Protection Expenditures	91
V. Labor Management Relations	94
VI. Information and Communication Security Management	95
VII. Important Contracts	100
Chapter 6 Financial Overview -----	101
I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years	101
II. Financial Analysis for the Most Recent Five Years	105
III. Audit Committee's Review Report for the Financial Report for the Most Recent Fiscal Year	109
IV. Financial Reports for the Most Recent Fiscal Year	110
V. Financial Reports and Auditors' Report	111
VI. Impact on the Corporation's Financial Status due to Financial Difficulties Experienced by the Corporation and Its Affiliates during the Most Recent Fiscal Year up to the Publication Date of This Annual Report	236

Chapter 7 Review and Analysis of Financial Position and Financial Performance as well as Risk Assessment

-----	237
I. Financial Status	237
II. Financial Performance	237
III. Cash Flow	238
IV. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Corporation's Finance and Operations	238
V. Reinvestment Policies of the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Upcoming Year	238
VI. Risk Analysis and Assessment	239
VII. Other Important Matters	240

Chapter 8 Special Notes -----241

I. Information about the Corporation's Affiliated Companies	241
II. Private Placement Securities in the Most Recent Fiscal Year up to the Publication Date of This Annual Report	247
III. Holding or Disposition of Corporation Shares of the Most Recent Fiscal Year up to the Publication Date of This Annual Report	247
IV. Any Event That Has a Significant Impact on Shareholders' Equity or Securities Prices as Prescribed by Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act That Have Occurred in the Most Recent Fiscal Year up to the Publication Date of This Annual Report	247
V. Other Matters that Require Additional Description	247

Chapter 1 Letter to Shareholders

Dear Shareholders,

Since its establishment, YungShin Group has focused on the development of pharmaceutical and health-related industries and gradually launched its global layout and development in the 1980s. In pursuit of sustainable development of the Company and in response to increasingly intense global competition, YungShin Group has established YungShin Global Holding Corporation through a share swap with Yung Shin Pharm. Ind. Co. Ltd., as per the Business Mergers and Acquisitions Act in 2011 to make global foray of the Group. YungShin Group aims to become one of the world's leading manufacturers of health related industries through the integration and regional expansion strategies of the Group's various companies in the human medicine, human health products, animal medicine, feed additives and bulk pharmaceutical chemicals and other health care related fields.

YungShin Group's current role in the health industry is extensive. Its businesses cover upstream active pharmaceutical ingredients and intermediates, midstream production of drugs for human beings and animals, and healthcare supplements, and related product sales downstream in regional expansion.

I. Business Performance in 2023

(I) Implementation of Business Plan

In the consolidated composite income statement for 2023 of the Corporation, the operating income was NT\$7,027,937 thousand, the gross operating profit was NT\$2,977,313 thousand, with a gross profit rate of 42.36%; the operating expense was NT\$2,047,700 thousand, the consolidated total profit or loss was NT\$871,171 thousand, the net profit after tax attributable to the parent Corporation was NT\$827,304 thousand, with earnings per share of NT\$3.11.

(II) Budget Implementation

The Corporation did not make a financial forecast for 2023, and hence a comparison with budget achievements is not feasible.

(III) Analysis of Financial Revenue/Expenditure and Profitability

Financial revenue / Expenditure

Unit: NT\$1,000

Item	2022	2023
Operating income	7,311,769	7,027,937
Gross profit	3,141,336	2,977,313
Operating profit or loss	757,272	929,613
Net profit before tax	1,063,782	1,137,485
Net profit after tax	852,093	871,171

Profitability analysis

Item	2022	2023
Return on Assets (ROA) (%)	7.36%	7.70%
Return on Equity (ROE) (%)	11.76%	11.16%
Ratio of income before tax to paid-up capital (%)	39.93%	42.69%
Net profit margin (%)	11.65%	12.40%
Earnings per share (NT\$)	3.15	3.11

(IV) Research and Development Status

The Group's R&D investments in the most recent year:

Unit: NT\$1,000; %

Item \ Year	2022	2023
R&D expenditure (NT\$1,000)	347,032	329,818
Percentage of revenue (%)	4.75%	4.69%

II. Summary of 2024 Business Plan

(I) Operating Policies and Future Development Strategies

YungShin Group's current development in the health industry is extensive. YungShin Group's businesses cover the R&D of upstream active pharmaceutical ingredients (APIs) and intermediates, midstream production of agents, and downstream sales of related products. We also aim to become one of the world's leading generic drug producers. Important strategies that will be continuously developed in 2024 are as follows:

1. Continuously improve the investment and development efficiency of medical and health industries

YungShin Group has developed generic drugs for more than 60 years with years of experience in the upstream and downstream sectors of generic drug. As an investment holding corporation, the Corporation will increase or decrease investments in businesses as appropriate to strengthen resources and form alliances, make alliances, get into mergers and acquire other pharmaceutical companies to improve the Group's competitiveness and increase market share.

2. Source and supply control of API required by the Group

In the intense cost-competitive generic drug market, the Group controls R&D and supply of APIs, which are important elements for survival and development of generic drug companies. YungShin Group had invested in R&D and production of APIs since the early stage of its development. Now, it has API R&D and production bases in the Group and will continue to increase its API varieties and vertical integration by means of cooperation, investment, merger, and acquisition.

3. Establishment and Training of New Generation Talent

To adapt to changes and competition in the new era, the group has shifted its focus from solely emphasizing research and production technology improvement to planning for expansion in the health industry. Building and training a high-level talent pool is fundamental for the group's expansion. It has initiated the recruitment and training of talents in production, sales, research and development, and finance, aiming to introduce new concepts, tools, and management strategies from the new generation and expand into related industries such as healthcare and biotechnology.

4. Promote the Group's tangible and intangible assets activation

With more than 60 years of operation, the Group has continuously invested in R&D, production and sales, and has accumulated substantial tangible and intangible assets. Now, it will actively promote the activation of various assets, in addition to introducing mature companies to the capital market, and will examine internal intangible assets and activate their application, to create new benefits for the Group and continue to develop health related multi-angle management, so as to enhance the competitiveness of the Group.

5. Continue to promote the sustainable investment and development of ESG

As one of the leading generic drug companies in Taiwan, YungShin Group has adhered to its corporate values for service, integrity, and innovation for its core pharmaceutical manufacturing business over the years. We have become a comprehensive multinational pharmaceutical and healthcare technology group. In addition to manufacturing high-quality pharmaceutical products, health care products, and animal drugs, we continue to invest in research and development for high-quality pharmaceutical products for treatments and support incentives for pharmaceutical research. We have made active investments in comprehensive care including elderly care, health and leisure, healthcare, and cosmetic medical services to fulfill our brand vision of "secure health, enhance beauty and create happiness".

In addition to focusing on sustainable development, the YungShin Group also uses its platforms including the "YungShin Social Welfare Foundation", "TienTe Lee Biomedical Foundation", "YungShin Elderly Nursing Home", and "YungShin Cup Volleyball Championships" to fulfill its corporate social responsibilities.

(II) Estimated Sales Volume and Supporting Information

The Corporation is an industrial investment holding corporation and its main business is general investment. Therefore, no sales volume forecast is made.

(III) Major Production & Sales Policies

The Corporation is an industrial investment holding corporation and its main business is general investment. Therefore, no production and sales policies have been formulated.

(IV) Impact of External Competitive Environment

The biotechnology industry currently faces the following external threats:

1. Both advanced and developing countries take the biotech industry as their main development direction and use national resources to support the research, development, plant setup, and even mergers and acquisitions. For example, in the largest pharmaceutical companies in both China, France, Malaysia, etc., the governments are the largest shareholders, which support and develop large pharmaceutical companies with national resources to raise the threshold of comprehensive competition.
2. Individual countries have been continuously enhancing the rigor of their regulatory supervision, requirement for raw materials, and specifications of finished products, as also inspections. This has resulted in an increase in the cost of pharmaceutical research, development, and production. It also has increased product marketing and entry barriers.
3. Countries around the world actively compete for biotech talents, while both Taiwan and the Corporation have failed to attract foreign biotech talent or competitive advantages have been inadequate.
4. Most biotech raw materials for Taiwan and the Corporation are imported as the domestic market is small, making production uneconomic because of economies of scale. Hence, Taiwan relies on purchases from abroad for most of its raw material needs. But, the quantity of supplies and fluctuations in prices are difficult to control, increasing operating risks.
5. With state support or because of their own financial strength, large biotech companies are getting merged or acquired by multinational pharmaceutical companies or for products, both in quantity and scale, making it difficult for us to plan market strategies.

Despite these threats in the external operating environment, YungShin Group will continue to operate with its internal competencies and enhance its competitive strength. We will continue to seek opportunities to consolidate our upstream and downstream operations, and expand the scale to enhance the development of the upstream and downstream value chain.

(V) Impact of Regulatory Environment

1. Lower budgetary support for healthcare in various countries has hurt the profitability of generic drug makers.
2. Countries across the world have imposed stricter regulations on drug inspections, registration, and patents. The launch of new products is delayed, increasing investment and sales risks for products.
3. Our conforming to PICs GMP standards of international pharmaceutical administration led by the European Union has helped us expand in international markets.

(VI) Impact of Overall Operating Environment

Fiscal constraints have forced many countries to exercise control over medical expenditure. Governments of the United States, Japan and emerging countries in Asia have vigorously promoted the use of generic drugs. However, rapidly aging population in many countries and the distorted population structure will gradually increase the demand for prescription drugs to treat chronic diseases as also for anti-cancer drugs. Drugs to treat or prevent physical and mental illnesses and anti-aging will have demand. YungShin Group has expanded its operations into Southeast Asia, United States, China, and Japan over many years which will help increase the global presence of YungShin Group's generic drugs.

I wish to thank the shareholders for support and encouragement to the Corporation, and look forward to continued guidance and advice. The Corporation will share the benefits of business operations with shareholders through sustainable growth and a consistent dividend policy.

Chairman: Fang-Hsin Lee

Chapter 2 Corporation Profile

I. Date of Establishment: January 3, 2011

II. Corporation History:

Year	Milestones
2011	<p>January 3, the Corporation was formed after a share swap with "Yung Shin Pharm. Ind. Co. Ltd." (YSP) and was listed on Taiwan Stock Exchange. YungShin Pharmaceutical Industrial became a subsidiary directly controlled by the Corporation.</p> <p>September 8, the Corporation acquired the shares of "AnTec Biotech Co., Ltd." previously held by the subsidiary "Yung Shin Pharm. Ind. Co. Ltd." making it the second subsidiary directly controlled.</p> <p>In January, the subsidiary YungShin Pharm Ind. Co., Ltd. was awarded the "First Brand in Taiwan" in the pharmaceutical industry in 2011.</p>
2012	<p>In March, the Corporation established the subsidiary "Ashin Co. Ltd." in Japan through an offshore corporation.</p>
2013	<p>In February, The subsidiary YSP received the first Potential Taiwan Mittelstand Award.</p> <p>In March, the Corporation restructured the investment pattern of the Group and consolidated the offshore companies YSP International Corporation Limited, YSP USA Investment Corporation Limited, YSP Sea Investment Corporation Limited, YSP Oversea Investment Corporation Limited with YSP International Corporation Limited as the surviving corporation.</p> <p>In March, the Corporation acquired a 57.14% equity in isRed Pharma & Biotech Research Co., Ltd. which specializes in tests and pharmacokinetics-based research and offers contract research and development services.</p> <p>In July, the Corporation acquired 100% of shares of Chemix Inc., which specializes in the Sale of medicine.</p>
2014	<p>In February, the subsidiary Chemix Inc. (hereinafter referred to as "CMX") and Japan Antibiotic Corp. (hereinafter referred to as "JAC") formally signed a business right assignment contract, which provided that CMX will buy all the businesses of JAC and will take over the agency of imported raw materials and sales channels from JAC in Taiwan Province, Mainland China, South Korea, India, and other countries.</p> <p>In March, the subsidiary YungShin Pharm. Ind. (KS) Co., Ltd. became the first tablet manufacturing corporation of Jiangsu Province to enter the American market; it sold more than 600 kilograms of aciclovir there.</p>
2015	<p>In June, the subsidiary YSP transferred 100% of its long-held stock investments in "YSP International Corporation Limited" and related operating assets and liabilities to the newly established "YungShin Formosa Investment Holding Corporation".</p> <p>"YungShin Formosa Investment Holding Corporation" became a wholly owned subsidiary of the Corporation.</p>
2016	<p>In April, the subsidiary YSP forayed into animal health sector and invested in 100% of the shares of "Zoetis Biotech Manufacturing Limited" and renamed it as "Vetnostrum Animal Health Co., Ltd.".</p> <p>In May, the Corporation simplified its organizational structure to improve managerial efficiency and merged the subsidiary YungShin Formosa Investment Holding Corporation with itself. the Corporation acquired 100% of shares of YSP International Corporation Limited previously held by YungShin Formosa Investment Holding Corporation.</p> <p>In November, the operations of its subsidiary AnTec Biotech were curtailed and later liquidated as per the Group's strategic plans.</p>
2017	<p>In January, related animal product business of the subsidiary YSP was transferred to Vetnostrum Animal Health Co., Ltd. to consolidate the Group's animal protection businesses and resources in Taiwan.</p> <p>In March, a clinical research organization (CRO) Chung Shin (Jiangsu) Clinical Research Co., Ltd. was established at Kunshan Nucleic Acid Science and Technology Park in Jiangsu Province, China. It offers a full range of clinical trial/bioequivalency (BE) test services including clinical research, biotech sample analyses, biometrics, and clinical research monitoring.</p>

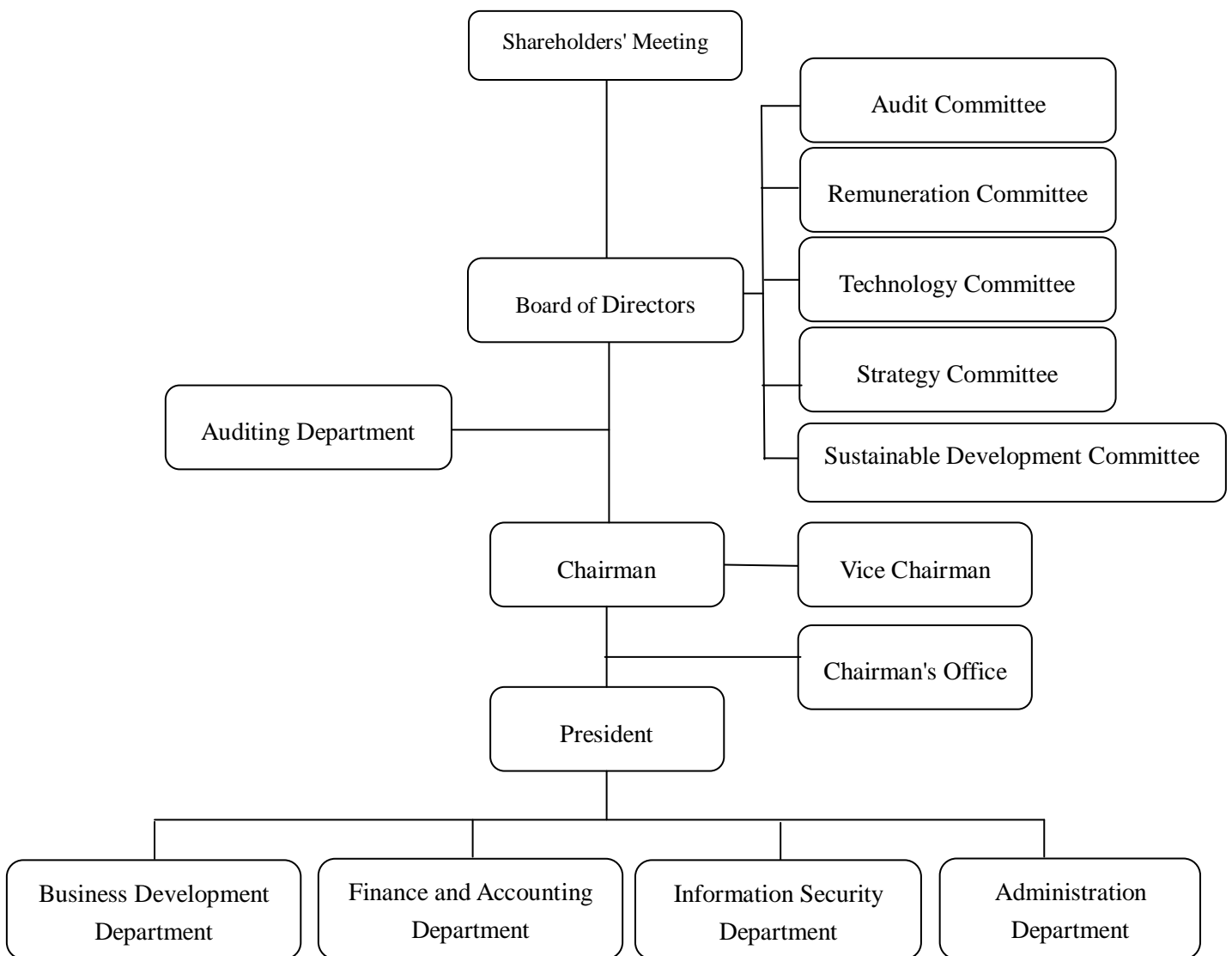
Year	Milestones
2018	<p>In January, the subsidiary YungShin Pharm. Ind. (KS) Co., Ltd. was listed on the National Equities Exchange and Quotations of China (known as the New Third Board).</p> <p>In September, the Group reorganized its organizational structure and liquidated YSP Japan Investment Co., Ltd. bringing down the number of controlled companies held by the Corporation to 16.</p>
2019	<p>In August, the Corporation sold 100% of its holding in is Red Pharma & Biotech Research Co., Ltd. bringing down the number of controlled companies held by the Corporation to 15.</p> <p>In November, in order to save management costs and take into consideration the overall long-term operation plan of the Corporation, YungShin Pharmaceutical Co., Ltd. was dissolved and liquidated.</p>
2020	<p>In February, based on the overall long-term operation planning of the Corporation, the subsidiaries Jiangsu Farmtec Research Co., Ltd. and Youkong Trade (Shanghai) Limited were dissolved and liquidated in order to simplify the investment structure and save non-necessary cost expenditures.</p> <p>In March, the organization structure of the Group was adjusted, and the liquidation of YungShin Co., Ltd. was completed. The number of controlled companies held by the Corporation was changed to 14.</p> <p>In March, in order to simplify the investment structure and save non-necessary cost expenditures, and based on the overall long-term operation planning of the Corporation, the subsidiary Jiangsu Chongxin Pharmaceutical Research Co., Ltd. was liquidated.</p> <p>In July, the Corporation directly held 100% of shares of Vetnostrum Animal Health Co., Ltd. for the benefit of the integration of the Group's global resources, industrial development, and authority so as to improve its competitiveness and business performance.</p> <p>In December, the Group's organizational structure was adjusted, and the liquidation of Jiangsu Chongxin Pharmaceutical Research Co., Ltd. was completed. The number of controlled companies held by the Corporation was changed to 13.</p>
2021	<p>In May, the Group reorganized its organizational structure and liquidated Jiangsu Farmtec Research Co., Ltd., bringing down the number of controlled companies held by the Corporation to 12.</p> <p>In June, considering the operational planning, Yung Shin Pharm. Ind. Co. Ltd.. sold its shareholding in Biotrust International Corporation.</p> <p>In December, considering the operational planning, YSP International Company Limited disposed of its shares in Yung Shin China Holding Company Limited.</p>
2022	<p>In January, the Group reorganized its organizational structure, the liquidation of Youkong Trade (Shanghai) Limited was completed, bringing down the number of controlled companies held by the Corporation to 11. YSP International Company Limited acquired the equity of Shanghai Yung Zip Pharm. Trading Co., Ltd. and YungShin Company Limited.</p> <p>In June, in order to integrate the Corporation's resources and maximize the benefits, the shares of Yung Shin China Holding Company Limited and Yong Shin Pharm.Ind (KS) Co., Ltd. has been disposed, bringing down the number of controlled companies held by the Corporation to 9.</p> <p>In August, the Group's organizational structure was adjusted, and the liquidation of AnTec Biotech Co., Ltd. was completed, bringing down the number of controlled companies held by the Corporation to 8.</p> <p>In November, subsidiary Vetnostrum Animal Health Co., Ltd. became a publicly traded company.</p>
2023	<p>In March, subsidiary Vetnostrum Animal Health Co., Ltd. was registered as an Emerging Stock Company.</p> <p>In August, Shanghai Yung Zip Pharm. Trading Co., Ltd. was renamed as Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd.</p> <p>In September, the first Sustainability Report was compiled.</p>

* For more information on the corporate history, please visit our corporation website, the address is provided on the cover.

Chapter 3 Corporate Governance Report

I. Organization System (I) Organizational Structure Chart

YungShin Global Holding Corporation Organizational Structure



(II) Department Functions

Unit	Main Responsibilities
Auditing Department	<p>Responsible for the preparation and implementation of the audit plan and for setting right any shortcomings.</p> <p>(I) Audit of implementation of regulations and systems.</p> <p>(II) Inspection of eight major trading cycle controls (sales and receipts, purchases and payments, production, payroll, financing, property/plant and equipment, investment and research and development).</p> <p>(III) Management of the use of seals, management of receipt of bills, budget management, property management, management of endorsements and guarantees, management of liability commitments and contingencies, management of duty authorization and deputy system, management of loans to others, management of financial and non-financial information, management of transactions with related parties, management of preparation of financial statements, supervision and management of subsidiaries, management of discussions and operations in board meetings, management of stock affairs, management of personal data protection, management of discussions and operations of the Audit Committee, and management of the operations of the Remuneration Committee.</p> <p>(IV) Eleven information control and operation audits including the division of functions and responsibilities of information processing departments, system development and program modification, preparation of system documentation, access to programs and information, data input and output, data processing, security of files and equipment, purchase, use and maintenance of hardware and system software, system recovery plan system and testing procedures, information communication security inspections, related reporting operations for disclosure of information on the designated website of the competent authority.</p> <p>(V) Responsible for actively investigating irregularities and form a team of technical personnel within the Group to investigate.</p> <p>(VI) Responsible for the formulation and execution of the Corporation's audit plan and make improvements to discrepancies identified in audits and continued effective implementation of the internal control system to serve as the basis to review and revise the internal control system.</p> <p>(VII) Assist the Board of Directors in auditing the overall operations of the Corporation and its subsidiaries, establish an effective internal control system and ensure its effectiveness of design and implementation.</p> <p>(VIII) Supervise the establishment of internal control system of subsidiaries and supervision of audits of subsidiaries.</p> <p>(IX) Review audit opinion or self-inspection reports submitted by corporation and make improvements to its internal control system deficiencies and irregularities.</p> <p>(X) Audit on ad-hoc basis based on requirements. Identify possible discrepancies in the internal control system and make recommendations for improvement. Regularly report progress and outcomes to the Board of Directors.</p> <p>(XI) Other matters related to implementation and as per law.</p> <p>(XII) Other assigned tasks.</p>
Chairman's Office	<p>Assist the Chairman and President achieve Corporation's operational and management objectives, perform tasks assigned by the Board, and oversee the supervision of the Group.</p> <p>(I) Assist in achieving business objectives.</p> <p>(II) Project management.</p> <p>(III) General contact window for matters of the Group (including matters related to shareholders' meetings and board meetings of investee companies) and manage relevant information of investee companies.</p> <p>(IV) Other assigned tasks.</p>

Unit	Main Responsibilities
Business Development Department	<p>Integrate and supervise production and R&D activities of the Group's existing products in accordance with Corporation's development strategy. Acquire businesses and explore complementary investment opportunities.</p> <p>(I) Formulate product and market development strategies for the Group to implement intensified integration of the Group's resources and facilitate communication.</p> <p>(II) Supervise the integration of production and R&D resources of the Group's investee businesses.</p> <p>(III) Assess and acquire complementary products or investment businesses (sole proprietorship or joint venture).</p> <p>(IV) Assess and create complementary products or investment businesses (sole proprietorship or joint venture).</p> <p>(V) Assess or merge, spin-off or divest existing investments.</p> <p>(VI) Other assigned tasks.</p>
Information Security Department	<p>Responsible for the Corporation's information security management, ensuring the security of data, systems, and networks, and ensuring the continuous implementation of various management standards for information security.</p> <p>(I) Integrate and plan annual information security plans, and streamline the company's information security operations.</p> <p>(II) Conduct ongoing assessments of company information security risks and refine operational requirements accordingly.</p> <p>(III) Define the objectives of information security policies and make decisions regarding information security objectives.</p> <p>(IV) Supervise company-wide information security advocacy activities to ensure compliance with information security policies, procedures, and regulations.</p> <p>(V) Plan, manage, maintain, and audit the company's network.</p> <p>(VI) Other assigned tasks.</p>
Finance and Accounting Department	<p>Responsible for formulating accounting and finance strategies, systems, and related business operations, and monitor the operations and performance of investee companies.</p> <p>(I) Establish accounting systems and accounting policies.</p> <p>(II) Prepare financial and tax reports and risk management.</p> <p>(III) Funding, taxation planning, operation and improvement of the finance system.</p> <p>(IV) Stock ownership planning and management and handling of stock affairs.</p> <p>(V) Property management and property insurance operations.</p> <p>(VI) Supervise the operations of investee companies and evaluate related financial and accounting proposals.</p> <p>(VII) Other assigned tasks.</p>
Administration Department	<p>Responsible for formulating strategies for meetings, clerical management, human resources and general affairs, and monitor the operations and performance of investee companies.</p> <p>(I) Meeting administration for the Board of Directors and functional committees.</p> <p>(II) Organization of meetings of the Group and other meetings.</p> <p>(III) Maintenance and management of rules and regulations.</p> <p>(IV) Maintenance and management of approved contracts.</p> <p>(V) Organization of human resources administration.</p> <p>(VI) Related operational management and maintenance of general affairs and procurement.</p>
Administration Department	<p>(VII) Appointment of legal representatives assigned to investee companies.</p> <p>(VIII) Evaluate related human resource proposals of investee companies.</p> <p>(IX) Assess proposals submitted to the board meetings of investee companies and communication with legal-person representatives.</p> <p>(X) Monitor the progress of implementation of resolutions of the shareholders' meeting or board meetings of investee companies.</p> <p>(XI) Other assigned tasks.</p>

II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Information on Directors (including Independent Directors) Part 1:

Information on Directors (including Independent Directors) Part 1

April 01, 2024

Title	Nationality or Place of Registration	Name	Gender /Age	Date Elected (Appointed) (Note 2)	Term (Years)	First Appointment Date (Note 1)	Shares Held at the Time of Appointment		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Corporation and/or in Any Other Company	Executives, Directors or Supervisors Who Are Spouses or 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	Fang-Hsin Lee	Male 64 years old	2022.05.24	3	2010.06.09	11,260,832	4.23%	11,260,832	4.23%	3,423	0.00%	-	-	Doctor of Business Administration, University of Western Pacific	(Note 4)	Vice Chairman Director Director	Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee	Sister and younger brother Brothers Brothers	(Note 5)
Director	Republic of China	Ling-Chin Lee (Note 3)	Female 75 years old	2022.05.24	3	2010.06.09	10,401,368	3.90%	10,401,368	3.90%	-	0.00%	-	-	Shih Chien University	(Note 4)	Chairman Director Director	Fang-Hsin Lee Fang-Yu Lee Fang-Chen Lee	Sister and younger brother Sister and younger brother Sister and younger brother	
Director	Republic of China	Fang-Yu Lee	Male 72 years old	2022.05.24	3	2016.06.22	7,826,918	2.94%	7,626,918	2.86%	2,858,682	1.07%	-	-	PhD, College of Pharmacy, China Medical University	(Note 4)	Chairman Vice Chairman Director	Fang-Hsin Lee Ling-Chin Lee Fang-Chen Lee	Brothers Sister and younger brother Brothers	
Director	Republic of China	Fang-Chen Lee	Male 68 years old	2022.05.24	3	2010.06.09	5,513,344	2.07%	5,543,344	2.08%	369,322	0.14%	6,122,000	2.30%	1. Ph. D., Institute of Medicinal Chemistry, University of Minnesota 2. Ph. D., Intellectual Property Law Institute, China University of Political Science and Law	(Note 4)	Chairman Vice Chairman Director	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee	Brothers Sister and younger brother Brothers	
Director	Republic of China	Meng-Be Lin	Male 67 years old	2022.05.24	3	2013.06.11	7,129,326	2.68%	5,929,326	2.23%	2,140,000	0.80%	10,234,000	3.84%	Department of Accounting, Soochou University	(Note 4)	None	None	None	

Title	Nationality or Place of Registration	Name	Gender /Age	Date Elected (Appointed) (Note 2)	Term (Years)	First Appointment Date (Note 1)	Shares Held at the Time of Appointment		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Corporation and/or in Any Other Company	Executives, Directors or Supervisors Who Are Spouses or 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	Republic of China	Chi-Li Lee	Male 51 years old	2022.05.24	3	2019.06.20	828,650	0.31%	828,650	0.31%	1,050	0.00%	-	-	Master of Business Administration, Oxford Brookes University (United Kingdom)	(Note 4)	None	None	None	
Independent Director	Republic of China	Shih-Kuang Tsai	Male 59 years old	2022.05.24	3	2019.06.20	-	-	-	-	-	-	-	-	Master's in accounting, Taiwan University	(Note 4)	None	None	None	
Independent Director	Republic of China	Kun-Xian Lin	Male 66 years old	2022.05.24	3	2016.06.22	-	-	-	-	-	-	-	-	Master, Graduate Institute of Financial and Economic Law, Feng Chia University	(Note 4)	None	None	None	
Independent Director	Republic of China	Hong-I Chen	Male 75 years old	2022.05.24	3	2019.06.20	-	-	-	-	-	-	-	-	1. National Defense Medical Center 2. Doctor of Pharmacology, University of Oxford, UK 3. Master of Medical Administration, Tulane University, USA 4. Master, College of Management, National Taiwan University	(Note 4)	None	None	None	

Note 1: The Corporation was established through a share swap from Yung Shin Pharm. Ind. Co. Ltd.. on January 3, 2011. The 1st-term Directors and Supervisors were elected on June 9, 2010 and the term was June 9, 2010 to June 8, 2013.

Note 2: The fifth term of directors (including independent directors) of the Corporation was elected on May 24, 2022 and the term of office is from May 24, 2022 to May 23, 2025.

Note 3: Adding 4,000,000 shares of the trust that retains the right to exercise the decision, the total number of shares held is 14,401,368 (with a shareholding ratio of 5.41%).

Note 4: Position(s) Held Concurrently in the Corporation and/or in Any Other Company

Name	Position(s) Held Concurrently in the Corporation and/or in Any Other Company
Fang-Hsin Lee	<ol style="list-style-type: none"> 1. Chairman of the Company (YungShin Global Holding Corporation). 2. President and Group Managing Director of Y.S.P. Southeast Asia Holding Bhd. 3. Chairman of YSP International Co., Ltd., 4. Legal Representative of Director of Yung Shin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd., YungShin Company Limited, Carlsbad Technology, Inc., Yung Zip Chemical Industry Co., Ltd., etc. 5. Director of Taiwan Private Yong Shin Social Welfare Foundation, Alpha Active Industries Sdn Bhd. 6. Legal Representative of Supervisor of Chemix Inc. 7. President of Y.S.P. Industries(M) Sdn Bhd, Kumpulan YSP (M) Sdn Bhd, Yung Shin (Philippines) Inc., Y.S.P. (Cambodia) Pte Ltd., PT. Yung Shin Pharmaceutical Indonesia, PT. YSP Industries Indonesia, Y.S.P. Industries Vietnam Co., Ltd., Sun Ten Pharm. Mfg (M) Sdn Bhd. 8. Managing Director of Yung Shin Pharmaceutical (Singapore) Pte Ltd., Sun Ten (S) Pte Ltd., Sun Ten Southeast Asia Holding Pte Ltd, and Y.S.P. Sah Investment Pte Ltd., etc.
Ling-Chin Lee	<ol style="list-style-type: none"> 1. Vice Chairman of the Company (YungShin Global Holding Corporation). 2. Vice Chairman and General Manager of YungShin Pharm Ind. Co., Ltd. 3. Chairman of Angel Associates (Taiwan), Inc 4. Legal Representative of Director of YSP International Co., Ltd. 、Y.S.P. Southeast Asia Holding BHD. 、Kumpulan YSP (M) SDN BHD 、Y.S.P. Industries (M) SDN BHD 5. Legal Representative of Supervisor of Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd. and YungShin Company Limited 6. Director of Tien Te Lee Biomedical Foundation 7. Consultant of Taiwan Pharmaceutical Manufacturer's Association and Taiwan Pharmaceutical Manufacture and Development Association 8. Standing Director of Taiwan Generic Pharmaceutical Association.
Fang-Yu Lee	<ol style="list-style-type: none"> 1. Chairman of YungShin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., Chemix Inc, Tien Te Lee Biomedical Foundation, YungShin Social Welfare Foundation, YungShin Education Entertainment Enterprise Co., Ltd., etc. 2. Legal Representative of Directors of Angel Associates (Taiwan), Inc., YSP International Co., Ltd., Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd., YungShin Company Limited, Carlsbad Technology, Inc., and Yung Zip Chemical Ind. Co., Ltd. 3. Director of Shuz Tung Machinery Industrial Co., Ltd. 4. Executive Director of Hsing Yuan Foundation. 5. Director of Taichung Private Xinmin Senior High School
Fang-Chen Lee	<ol style="list-style-type: none"> 1. Chairman of LTC Holding Company Limited, TC Pharmaceuticals (Jiangsu) Co., Ltd. and Fuentes Investment Corporation. 2. Director of Yung Zip Chemical Ind. Co., Ltd., Taiwan Way Chein Industrial Co., Ltd. and YungShin Social Welfare Foundation. 3. President of Chinese Chemical Society, Taiwan Pharmaceutical Manufacture and Development Association, Adjunct Associate Professor of Department of Accounting, Tunghai University.

Name	Position(s) Held Concurrently in the Corporation and/or in Any Other Company
Meng-Be Lin	<ol style="list-style-type: none"> 1. Chairman of Wen Shan Resort Corporation. 2. Legal Representative of Director of YungShin Pharm Ind. Co., Ltd., Vetnostrum Animal Health Co., Ltd., YSP International Co., Ltd., Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd., YungShin Company Limited, Carlsbad Technology, Inc., etc. 3. Director of Lih Dar Steel Co., Ltd., Ta Chia Iron & Steel Co., Ltd, etc. 4. Supervisor of Linky Brothers Corporation
Chi-Li Lee	<ol style="list-style-type: none"> 1. Chairman of Yung Zip Chemical Ind. Co., Ltd. and Taiwan Way Chein Industrial Co., Ltd., etc. 2. Legal representative of Director of YungShin Pharm Ind. Co., Ltd. and Assistant General Manager of Health and Living Division. 3. Legal representative of Director of YSP International Co., Ltd., Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd., YungShin Company Limited, Carlsbad Technology, Inc., Chemix Inc, etc.
Shih-Kuang Tsai	<ol style="list-style-type: none"> 1. Legal representative of Independent Director of Yung Shin Pharm. Ind. Co. Ltd.. 2. President of T.K. Tsai & Co., CPAs. 3. Independent Director of AIC Inc., Syncmold Enterprise Corp., Opto Tech Corporation, etc. 4. Supervisor of Zhi-Hang Technology Co., Ltd.
Kun-Xian Lin	<ol style="list-style-type: none"> 1. Independent Director of United Integrated Services Co., Ltd.
Hong-I Chen	<ol style="list-style-type: none"> 1. Legal representative of Independent Director of Yung Shin Pharm. Ind. Co. Ltd.. 2. Director of Country Hospital. 3. Honorary Professor/Honorary President of Chang Jung Christian University 4. Director of Healer New Clinic 5. Consultant of Military General Hospital and Xin Tai General Hospital. 6. Director of Liming Foundation, Chang Jung Christian University, and Ta-Kuang Hospital Management Consulting Co. Ltd.

(II) Information on Directors (including Independent Directors) Part 2:

1. Disclosure of professional qualifications of directors and their independence:

Criteria Name	Professional qualifications and experience	Independent status	Number of other public companies where the individual concurrently serves as an independent director
Director Fang-Hsin Lee	Established Y.S.P. Southeast Asia Holding, focusing on southeast Asia market for more than 30 years. Act as the Chairman and concurrently as the President of the Corporation, serve as a manager on the board of directors for strategic communication and advice on business management, and put forward the relevant management advice. Has the practical skills in marketing, finance, mergers and acquisitions, industry-related business planning, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	—
Director Ling-Chin Lee	Vice Chairman of the Corporation and the President of the subsidiary company YungShin Pharm. Specialize in the pharmaceutical industry for more than 30 years, and develop nutrition and health food and maintenance products market, with the practical skills in finance, business, marketing, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	—
Director Fang-Yu Lee	Chairman of the subsidiary company YungShin Pharm. Ind. Dedicated to the pharmaceutical industry for over 30 years. Focus on intelligent production line and other future trends, with the practical skills in finance, business, marketing, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	—
Director Fang-Chen Lee	Established the first biotech holdings company - the Corporation, transformed it into a global pharmaceutical company through joint ventures or mergers. Have a medical degree and have studied business management and law across industries. Have the relevant practical skills in finance, business, marketing, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	—
Director Meng-Be Lin	Currently serve as the Chairman of Wen Shan Resort Corporation. Have the relevant practical skills in finance, business, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	—

Criteria Name	Professional qualifications and experience	Independent status	Number of other public companies where the individual concurrently serves as an independent director
Director Chi-Li Lee	Currently serve as the Chairman of Yung Zip Chemical Ind. Co., Ltd., and the Assistant Vice President of Health and Living Division of YungShin Pharm Ind. Co., Ltd., with more than 25 years of experience in sales management in the pharmaceutical industry, and practical skills in marketing, finance, mergers and acquisitions, industry-related business planning, operation and management. Not under any of the circumstances stated in Article 30 of the Company Act.	—	—
Independent Director Shih-Kuang Tsai	Have experience in accounting and crisis management, and have passed the national examination required for CPAs with the Certificate of Professional and Technician. Currently serve as the President of T.K. Tsai & Co., CPAs. In performing the functions of the independent director, remuneration committee and audit committee, his expertise in finance and accounting facilitates to enhance the quality of corporate governance of the board and oversight functions of functional committees. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	3
Independent Director Kun-Xian Lin	Have experience in legal and crisis management, and have passed the national examination required for the practice of law with the Certificate of Professional and Technician. Currently serve as the President of BN Law Firm. He is able to provide advice on risk management, legal strategy, compliance and management decisions with his expertise in law. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	1

Criteria Name	Professional qualifications and experience	Independent status	Number of other public companies where the individual concurrently serves as an independent director
Independent Director Hong-I Chen	<p>Have experience in medical and crisis management, and have passed the national examination required for the medical practitioners with the Certificate of Professional and Technician. Currently serve as a consultant of the Tri-Service General Hospital and Honorary Professor/Honorary President of Chang Jung Christian University. He is able to provide advice on pharmaceutical development, quality management and risk management decisions with his expertise in medicine.</p> <p>Not under any of the circumstances stated in Article 30 of the Company Act.</p>	<p>Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.</p>	—

2. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

The Corporation upholds a policy of director diversity to enhance the overall performance of the Corporation so as to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors. The selection of board members shall be based on the following two principles:

- A. Basic requirements and values: gender, nationality, age, etc.
- B. Professional knowledge and skills: Professional experience (such as experience in banking, insurance, securities, asset management, etc.), professional skills and industry experience (such as experience in accounting, law, information technology, risk management, etc.).

To Strengthen the functions of the Board of Directors, achieving the ideal objectives of corporate governance, the Board of Directors as a whole shall possess the following capabilities as set out in Article 20 of the Corporate Governance Best Practice Principles:

- A. The ability to make judgments about operations.
- B. Accounting and financial analysis ability.
- C. Ability to manage business activities (including ability to manage subsidiaries).
- D. Crisis management ability.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Leadership ability.
- H. Decision-making ability.

The Board of Directors of the Corporation is currently composed of 9 directors, including 6 general directors and 3 independent directors, who have rich experience and expertise in finance, business, and management, etc. In addition, the Corporation also values gender equality of board members and we aim to appoint more female Directors to reach the target of 25%. The related implementation status is listed in the table below:

Core Diversity Item	Basic Composition									Industry Experience				Professional Skills			
	Nationality	Gender	Also Serves as An Employee of the Corporation	Age			Term Seniority of Independent Director			Pharmaceutical	Medicine and Accounting	Finance and Management	Business Legal Practices	Medicine	Law	Accounting	Business Management
				41 to 50	51 to 60	61 above	3 years below	3 to 9 years	9 years above								
Director Fang-Hsin Lee	Republic of China	Male				V				V		V					V
Director Ling-Chin Lee	Republic of China	Female				V				V		V					V
Director Fang-Yu Lee	Republic of China	Male				V				V		V		V			
Director Fang-Chen Lee	Republic of China	Male				V				V		V		V	V		
Director Meng-Be Lin	Republic of China	Male				V					V	V				V	
Director Chi-Li Lee	Republic of China	Male			V					V	V	V					V
Independent Director Shih-Kuang Tsai	Republic of China	Male			V			V			V	V				V	
Independent Director Kun-Xian Lin	Republic of China	Male				V		V				V	V		V		
Independent Director Hong-I Chen	Republic of China	Male				V		V		V		V		V			

(2) Independence of the Board of Directors:

The Corporation's fourth board of Directors consists of 9 members, including 3 independent directors. The number of independent directors shall not be less than 3 and not less than 1/5 of the total number of directors. In 2023, there were 3 independent directors, accounting for 1/3 of the total number of directors. The number of directors who is also an employee of the Corporation shall not exceed 1/2 (inclusive) of the number of directors. Currently, there are no directors who also serve as employees of the Corporation. Additionally, among the directors, there should be a majority without spousal or second-degree familial relationships; however, currently, there are 4 directors who have such second-degree familial relationships. In summary, the objective of independence have been achieved.

(III) President, Vice Presidents, Assistant Vice Presidents, Heads of Departments and Branches:

Information on President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

April 01, 2024

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shares Held by Spouse and Minor Children		Shareholding by Nominees		Major Education and Work Experience	Titles Currently Hold Concurrent Posts in Other Companies	Managers Held by Spouse or Second-Degree Relations			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
President	Republic of China	Chih- Wei Chien	Male	2023.08.09	-	-	-	-	-	-	National Yang- Ming University Master of Pharmacology	1. Legal Representative and General Manager of Director of YungShin Company Limited. 2. Chairman and CEO of Carlsbad Technology, Inc.	None	None	None	

(IV) Remuneration Paid to Directors and Independent Directors:

2023; Unit: NT\$1,000

Title	Name	Directors' Remuneration								Proportion of total amount of A, B, C, and D to the net income after tax		Relevant remuneration received by Directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Remuneration paid to Directors from an invested company other than the Corporation's subsidiaries or parent company
		Base Compensation (A)		Retirement Pension (B)		Directors' Compensation (C) (Note 1)		Business Execution Expenses (D) (Note 2)				Salary, Bonus and Allowances (E)		Retirement pension (F)		Employee compensation (G) (Note 3)						
		The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation		All Companies Listed in this Financial Report		The Corporation	All Companies Listed in this Financial Report	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Fang-Hsin Lee	-	-	-	-	2,695	2,695	80	170	2,775 0.3354%	2,865 0.3463%	-	-	-	-	-	-	-	-	2,775 0.3354%	2,865 0.3414%	18,770
Vice Chairman	Ling-Chin Lee	-	120	-	-	2,695	2,695	70	120	2,765 0.3342%	2,935 0.3547%	-	9,019	-	-	-	-	-	-	2,765 0.3342%	11,954 1.4247%	745
Director	Fang-Yu Lee	-	8,184	-	-	2,695	2,695	70	1,349	2,765 0.3342%	12,227 1.4780%	-	-	-	-	-	-	-	-	2,765 0.3342%	12,227 1.4573%	30
Director	Fang-Chen Lee	-	-	-	-	2,695	2,695	70	70	2,765 0.3342%	2,765 0.3342%	-	-	-	-	-	-	-	-	2,765 0.3342%	2,765 0.3295%	664
Director	Meng-Be Lin	-	-	-	-	2,695	2,695	70	162	2,765 0.3342%	2,857 0.3453%	-	-	-	-	-	-	-	-	2,765 0.3342%	2,857 0.3405%	-
Director	Chi-Li Lee	-	-	-	-	2,695	2,695	70	120	2,765 0.3342%	2,815 0.3402%	-	3,225	-	99	-	-	-	-	2,765 0.3342%	6,138 0.7316%	1,147
Independent Director	Shih-Kuang Tsai	-	-	-	-	600	960	140	220	740 0.0894%	1,180 0.1426%	-	-	-	-	-	-	-	-	740 0.0894%	1,180 0.1406%	-
Independent Director	Kun-Xian Lin	-	-	-	-	600	600	60	60	660 0.0798%	660 0.0798%	-	-	-	-	-	-	-	-	660 0.0798%	660 0.0787%	-
Independent Director	Hong-I Chen	-	-	-	-	600	960	70	110	670 0.0810%	1,070 0.1293%	-	-	-	-	-	-	-	-	670 0.0810%	1,070 0.1275%	-
1. Please elaborate on the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: To help Independent Directors focus on supervision and fulfill their independent roles from an external perspective, the Corporation pays fixed monthly remuneration for the Independent Directors' remuneration system with no change to bonus items to strengthen the connection between the independent directors and the Corporation's long-term value creation and avoid the loss of their independence.																						
2. Except for information disclosed above, remuneration received by Directors of the Corporation for services rendered (e.g. serving as a non-employee consultant to the parent company/to all companies listed in the financial report/to investee companies) in the most recent fiscal year: 0																						

Note 1: The amount of directors' remuneration is the proposed amount.

Note 2: The cost of business execution includes the rental fee of vehicles and housing, conference attendance fee, and hosting fee.

Note 3: The amount of employee compensation is the proposed amount.

(V) Remuneration to the President and Vice Presidents:

2023; Unit: NT\$1,000

Title	Name	Pay (A)		Retirement pension (B)		Bonus and special allowances (C)		Employees' remuneration (D) (Note 1)				Proportion of total amount of A, B, C, and D to the net income after tax (%)		Remuneration Paid to Directors from an Invested Company Other than the Corporation's Subsidiaries or Parent Company
		The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation	All Companies Listed in this Financial Report	The Corporation		All Companies Listed in this Financial Report		The Corporation	All Companies Listed in this Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chih-Wei Chien	2,795	2,795	108	108	940	940	700	-	700	-	4,543 0.55%	4,543 0.55%	-

Note 1: The amount of employee compensation is the proposed amount.

(VI) Managerial Officer's Name and the Distribution of Employee Bonus:

2023; Unit: NT\$1,000

Executive	Title		Name	Stock Amount	Cash Amount (Note 1)	Total	Percentage of total compensations to net income after tax (%)
	President(Note 2)		Fang-Hsin Lee	-	1,225	1,225	0.15%
	President(Note 2)		Chih-Wei Chien				
	Chief Corporate Governance Officer		I-Yun Wang				
	Accounting Manager		Yu-Yi Lee				

Note 1: The amount of employee compensation is the proposed amount.

Note 2: General Manager Fang-Hsin Lee resigned on August 9, 2023, and was succeeded by General Manager Chih-Wei Chien on the same date.

(VII) The analysis of the ratio of the total remuneration paid to the Corporation's Directors, President, and Vice Presidents by the Corporation and all companies listed in the consolidated statements in the most recent two years to net income, and the relevance of remuneration payment policies, standards and combination, procedures of determining remuneration, business performance and future risk shall be compared and stated:

1. Ratio of total remuneration paid to the Corporation's Directors, President, and Vice Presidents in the most recent two years to the net income after tax:

Compensation Category	Percentage of total compensations to net income after tax (%)			
	The Corporation		All companies listed in this Financial Report	
	2023 (Note 1)	2022	2023 (Note 1)	2022
Directors' Remuneration	2.26%	2.30%	3.55%	3.60%
Remuneration for the President and Vice Presidents	0.55%	0.51%	0.55%	0.51%

Note 1: The remuneration for directors, President, and Vice Presidents in 2023 is the proposed amount, which shall be subject to the actual paid amount.

2. Directors' remuneration of the Corporation includes base compensation, Director's compensation, and severance pay and pension, which shall be processed in accordance with Article 31 of the Articles of Incorporation. No more than 3% of the profits from the year shall be distributed as remuneration to Directors. They may be given reasonable remuneration based on the Corporation's business operations and their contributions to the performance of the Corporation. However, the Corporation pays fixed monthly remuneration for the Independent Directors' remuneration system with no change to bonus items to strengthen the connection between the independent directors and the Corporation's long-term value creation and avoid the loss of their independence.

The remuneration policy for the President is based on the level of remuneration for such positions in the industry, the scope of responsibility within the Corporation, and their contribution to the Corporation's operational objectives. In addition to referencing the Corporation's overall performance, future business risks of the industry, and development trends, the Corporation also considers personal performance achievement rates and the level of contribution to the Corporation's performance to provide a reasonable amount of remuneration. Related performance evaluation and the reasonableness of salary and remuneration shall be reviewed by the Remuneration Committee and the Board of Directors. The Corporation also reviews the remuneration system based on actual business operations and related laws to maintain a balance between sustainable management and risk management.

III. Implementation of Corporate Governance

(I) Operations of the Board of Directors:

1. Attendance of Directors in meetings:

A total of 7 meetings (A) have been held by the Board of Directors in 2023, with the Directors' attendance shown as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Attendance rate in person (%) [B/A] (Note 1)	Remarks
Chairman	Fang-Hsin Lee	7	-	100%	Reappointed on May 24, 2022
Director	Ling-Chin Lee	7	-	100%	Reappointed on May 24, 2022
Director	Fang-Yu Lee	7	-	100%	Reappointed on May 24, 2022
Director	Fang-Chen Lee	7	-	100%	Reappointed on May 24, 2022
Director	Meng-Be Lin	7	-	100%	Reappointed on May 24, 2022
Director	Chi-Li Lee	7	-	100%	Reappointed on May 24, 2022
Independent Director	Shih-Kuang Tsai	7	-	100%	Reappointed on May 24, 2022
Independent Director	Kun-Xian Lin	6	1	86%	Reappointed on May 24, 2022
Independent Director	Hong-I Chen	7	-	100%	Reappointed on May 24, 2022

Note 1: Attendance rate in person (%) shall be calculated using the number of board meetings convened and attendance in person during the term of service.

2. Other matters:

- (1) The date of the board meeting, the term, the content of the proposals, opinion of all Independent Directors, and the Corporation's handling of the opinion of Independent Directors be recorded under the following circumstances in the operations of the Board of Directors meeting:

A. Items Listed in Article 14-3 of Securities and Exchange Act:

Term and Session	Agenda and Resolution	Independent Director Objection or Qualified Opinion	The Corporation's Handling of the Opinions of the Independent Director
5th Term 10th Meeting Board of Directors 2023.03.06	Passed the self-closing individual and consolidated financial report for 2022. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the Corporation's assessment of CPA Independence and AQI for 2023. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the discussion on the release of shares of Vetnostrum Animal Health Co., Ltd. to the counseling recommended brokerage firm and Taiwan securities investor and futures trader protection center. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
5th Term 11th Meeting Board of Directors 2023.03.29	Passed the Corporation's individual and consolidated financial statements for fiscal year 2022. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the 2022 earnings distribution proposal. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the proposal for the distribution of the remuneration to employees and Directors for 2022. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the Corporation's 2022 Internal Control System Statement. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the proposal for the removal of the non-competition restrictions for Directors. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the proposal for the removal of the non-competition restrictions for Corporation's newly elected general manager. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the proposal for increasing endorsement and guarantee for subsidiaries Chemix Inc. (CMX). Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
5th Term 13rd Meeting Board of Directors 2023.08.09	Passed the amendment to certain articles of the "Board Meeting Rules" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the formulation of the "Financial Transaction Regulations between Related Parties" for the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the donation matters to related parties by subsidiary Yung Shin Pharm. Ind. Co. Ltd. (YSP) for the year 2024. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None

Term and Session	Agenda and Resolution	Independent Director Objection or Qualified Opinion	The Corporation's Handling of the Opinions of the Independent Director
5th Term 15th Meeting Board of Directors 2023.11.08	Passed the amendment to certain articles of the "Organization Regulations of the Remuneration Committee" of the Corporation, and the abolition of the "Rules of Procedure of the Remuneration Committee". Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the addition of the "Operational Management Measures of the Remuneration Committee" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the amendment to certain articles of the "Regulations on Investment Management" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the Corporation's undertaking as the bank's endorsement guarantor for the year 2024 requested by subsidiary. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
5th Term 16th Meeting Board of Directors 2024.03.06	Passed the self-closing individual and consolidated financial report for 2023. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the Corporation's assessment of CPA Independence and AQI for 2024. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the amendment to certain articles of the "Board Meeting Rules" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the amendment to certain articles of the "Organization Regulations of the Audit Committee" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the formulation of the "Operational Procedures for the Compilation and Assurance of Sustainability Reports" of the Corporation. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
5th Term 17th Meeting Board of Directors 2024.03.27	Passed the individual financial statements and consolidated financial statements of the Corporation for the year 2023. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the Corporation's 2023 Internal Control System Statement. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the 2023 earnings distribution proposal. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None
	Passed the proposal for the distribution of the remuneration to employees and Directors for 2023. Resolution: The Chair consulted all Directors present who unanimously agreed to the proposed proposal.	None	None

B. Except for the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

- (2) Where a Director recuse himself or herself from a proposal in which he/she has a personal interest, the name of the Director, the content of proposal, the reason for recusal and the results of the voting should be stated:

Term and Session	Name of Recused Directors	Proposals	Reason for Recusal	Participation in Voting
5th Term 11th Meeting Board of Directors 2023.03.29	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee Meng-Be Lin Chi-Li Lee	The proposal for the distribution of the remuneration to employees and Directors of the company for 2022.	Discussion on the remuneration of non-executive directors.	Recusal due to conflict of interest in accordance with Article 17 of the Corporations "Rules of Procedure for Board of Directors Meetings"
	Fang-Hsin Lee Fang-Yu Lee Fang-Chen Lee Meng-Be Lin Chi-Li Lee Hong-I Chen	Proposal for the removal of the non-competition restrictions for Directors.	Discussed the lifting of non-competition restrictions of Director Fang-Hsin Lee, Director Fang-Yu Lee, Director Fang-Chen Lee, Director Meng-Be Lin, Director Chi-Li Lee, and Independent Director Hung-I Chen.	Recusal due to conflict of interest in accordance with Article 17 of the Corporations "Rules of Procedure for Board of Directors Meetings"
5th Term 13rd Meeting Board of Directors 2023.08.09	Fang-Yu Lee Ling-Chin Lee	The proposal for donation to related person by the subsidiary of Yung Shin Pharm. Ind. Co. Ltd.. in 2023.	Director Ling-Chin Lee and Director Fang-Yu Lee are related parties to this proposal.	Recusal due to conflict of interest in accordance with Article 17 of the Corporations "Rules of Procedure for Board of Directors Meetings"
5th Term 17th Meeting Board of Directors 2024.03.27	Fang-Hsin Lee Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee Meng-Be Lin Chi-Li Lee	The proposal for the distribution of the remuneration to employees and Directors of the company for 2023.	Discussion on the remuneration of non-executive directors.	Recusal due to conflict of interest in accordance with Article 17 of the Corporations "Rules of Procedure for Board of Directors Meetings"

3. The State of Implementation of the Board Performance Evaluation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Conduct an Internal Evaluation Once a Year	2023.01.01 ~ 2023.12.31	The scope of internal evaluation includes performance evaluation of the overall boards, board members (self/peers), and functional committees.	The scope of internal evaluation includes performance evaluation of the overall The internal evaluation methods include overall board self-assessment, board member self-assessment, and functional committee self-assessment.	Internal Evaluation: I. Board performance evaluation: board participation, improvement of board's decision-making quality, board composition and structure, selection, appointment and continuous education of directors, and internal control. II. Individual director performance evaluation: grasp of Corporation goals and tasks, cognition of directors' responsibilities, level of participation in Corporation operations, internal relationship management and communication, professional development and continuous education of directors, and internal control. III. Functional Committee Performance Evaluation (I) Audit Committee performance evaluation: committee participation, cognition of Audit Committee's responsibilities, improvement of Audit Committee's decision-making quality, Audit Committee composition and member selection and internal control. (II) Remuneration Committee performance evaluation: committee participation, cognition of Remuneration Committee's responsibilities, improvement of Remuneration Committee's decision-making quality, Remuneration Committee composition and member selection and internal control.

4. Evaluation of targets (such as establishing an Audit Committee and enhancing information transparency) for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years, and measures taken toward achievement thereof.

- (1) Measures taken to strengthen the functions of the Board of Directors:

- A. The Corporation has appointed Independent Directors and established an Audit Committee.
- B. To implement corporate governance, the Corporation has formulated the Corporate Governance Best Practice Principles, the Code of Integrity Management, and the Code of Ethical Conduct, and duly amended the election measures for directors and the rules of procedure for the board of directors in accordance with the law; to strengthen the function of the Board of Directors, it has set up functional committees and assigned clear responsibilities to them.

- C. The Corporation established the "Regulations Governing the Evaluation of the Performance of the Board of Directors" in the 8th meeting of the 4th-term Board of Directors on March 27, 2020. According to the Regulations, the Corporation shall appoint an external professional and independent institution or an external team of experts and scholars at least once every three years to evaluate the performance of the Board of Directors. The performance evaluation shall be conducted at the end of the year and results shall be reported to the Board of Directors in the first quarter of the following year.
- (2) Evaluation of the implementation status:
- A. The Corporation has purchased liability insurance for Directors to cover their terms of service based on their business liabilities in accordance with the "Articles of Incorporation" to reduce and diversify the risk of any material damages to the Corporation and its shareholders caused by any error or negligence of its Directors.
 - B. The Corporation has invited CPAs to attend board meetings to help the Directors strengthen their knowledge of international markets, industry, accounting, and financial analysis skills and increase their understanding of the Corporation's operations and management.
 - C. The Corporation provides continuing education courses for Directors and every month or organizes continuing education courses for Directors every year to enhance Directors' professional competencies.
 - D. The Corporation upholds the principles of transparency of operations and important resolutions are posted on Market Observation Post System immediately after board meetings.
5. Succession Planning

Members of Board of Directors

The appointment of directors of the Corporation is based on the "Articles of Incorporation" and adopts a candidate nomination system. The "Corporate Governance Practices" and "Director Appointment Procedures" specify that the composition of the Board of Directors should consider diversity and formulate diversified policies based on the Corporation's operations, operating models, and development needs, including but not limited to criteria such as basic requirements, values, professional knowledge, and skills. Currently, there are a total of 9 directors (including 3 independent directors), who possess rich experience and professional capabilities in finance, commerce, and management fields.

The structure of the Corporation's Board of Directors should be determined based on the Corporation's operating scale and the shareholding status of its major shareholders, taking into account practical operational needs.

The Corporation continues its succession planning for directors based on the following criteria:

- (1) Integrity, accountability, innovation, and decision-making ability, consistent with the Corporation's core values, and possessing professional knowledge and skills conducive to the Corporation's management.
- (2) Relevant industry experience related to the Corporation's business operations.
- (3) The addition of members is expected to provide the Corporation with an effective, collaborative, diverse, and demand-aligned Board of Directors.
- (4) The overall expertise of the Board of Directors should include corporate strategy and management, accounting and taxation, finance, and law.
- (5) The selection process for director candidates must comply with qualification reviews and relevant regulations to ensure the effective identification and selection of suitable new director candidates when director seats become vacant or planned to be increased.

The Corporation also specifies the "Board Performance Evaluation Method" to confirm the effectiveness of the Board's operations and evaluate the performance of directors based on performance evaluation criteria, including mastery of Corporation goals and tasks, cognition of directors' responsibilities, board participation, internal relationship management and communication, professional competence and continuous education, internal control, and specific opinion expressions. This serves as a reference for future director selection.

Senior Management

Regarding succession planning for senior management, the Corporation cultivates high-level managers to familiarize them with the operations of various units within the Group to deepen their industry experience. Currently, the Group has several high-level management talents, considering diversity and emphasizing gender equality, possessing the knowledge, skills, and qualities necessary for executing duties.

Starting from 2023, the Corporation established training courses for talent cultivation. For each trainee, the Corporation develops a training program. In the future, external professionals will also be hired for relevant professional guidance. The training content includes conveying core values, strategic thinking, and excellence in accountability, among others. Leveraging the expertise of various departments, including production, quality, marketing, human resources, finance, research and development, and information management, the Corporation provides comprehensive educational training to talent. Quarterly progress reports on the training program will be presented at the Board of Directors' meetings.

(II) Operations of the Audit Committee:

1. Information regarding the members of the Audit Committee:

April 01, 2024

Identity	Criteria	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies Where the Individual Concurrently Serves as an Audit Committee Member
	Name			
Independent Director	Shih-Kuang Tsai (Convener)	Have experience in accounting and crisis management, and have passed the national examination required for CPAs with the Certificate of Professional and Technician. Currently serve as the President of T.K. Tsai & Co., CPAs. In performing the functions of the independent director, remuneration committee and audit committee, his expertise in finance and accounting facilitates to enhance the quality of corporate governance of the board and oversight functions of functional committees. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	3
Independent Director	Kun-Xian Lin	Have experience in legal and crisis management, and have passed the national examination required for the practice of law with the Certificate of Professional and Technician. Currently serve as the President of BN Law Firm. He is able to provide advice on risk management, legal strategy, compliance and management decisions with his expertise in law. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	1
Independent Director	Hong-I Chen	Have experience in medical and crisis management, and have passed the national examination required for the medical practitioners with the Certificate of Professional and Technician. Currently serve as a consultant of the Tri-Service General Hospital and Honorary Professor/Honorary President of Chang Jung Christian University. He is able to provide advice on pharmaceutical development, quality management and risk management decisions with his expertise in medicine. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	-

2. A total of 5 meetings (A) have been held by the Audit Committee in the most fiscal year, with the attendance of Independent Directors shown as follows:

Title	Name	Number of Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Independent Director	Shih-Kuang Tsai	5	-	100%	
Independent Director	Hong-I Chen	5	-	100%	
Independent Director	Kun-Xian Lin	5	-	100%	

3. In case of one of the following circumstances on the operation of the Audit Committee, the date, session, and proposal content of the Audit Committee meeting, independent directors' dissenting opinions, qualified opinions or major proposals, the resolution result of the Audit Committee meeting, and the handling of the opinions of the Audit Committee by the Corporation shall be stated:

(1) Items Listed in Article 14-5 of Securities and Exchange Act:

Term/Date	Proposals	Key Work Items for the Year	Dissenting or Qualified Opinion of the Independent Director	Resolution of the Audit Committee and the handling of the Opinions of the Audit Committee by the Corporation
3rd Term 5th Meeting 2023.03.06	1. Self-closing individual and consolidated financial report for 2022. 2. The Corporation's assessment of CPA Independence and AQI for 2023. 3. Proposal for discussion of the stock dilution of Vetnostrum Animal Health Co., Ltd. to recommended securities firms, corporate securities investors and futures traders' protection center	Powers and duties of the Audit Committee: 1. Establish or amend internal control systems in accordance with Article 14-1 of the Securities and Exchange Act. 2. Effectiveness assessment of internal control systems. 3. Establish or amend procedures for handling significant financial transactions such as acquisition or disposition of assets, derivative transactions, lending funds to others, endorsing for others, or providing guarantees in accordance with Article 36-1 of the Securities and Exchange Act.	None	Resolution of Audit Committee: The proposal was unanimously approved by the committee members present upon consultation with the Chair, and it will be presented for discussion at the Board of Directors meeting. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.
3rd Term 6th Meeting 2023.03.29	1. The Corporation's individual and consolidated financial statements for 2022. 2. Proposal for 2022 earnings distribution. 3. Proposal for the distribution of the remuneration to Directors and employees for 2022. 4. The Corporation's 2022 Internal Control System Statement. 5. Proposal for the removal of the non-competition restrictions for Directors. 6. Proposal for increasing endorsement and guarantee for subsidiaries Chemix Inc. (CMX).	4. Items that involve the director's own interests. 5. Material transactions in assets or derivatives. 6. Material loans to others, provision of endorsement or guarantee.	None	Resolution of Audit Committee: The proposal was unanimously approved by the committee members present upon consultation with the Chair, and it will be presented for discussion at the Board of Directors meeting. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.
3rd Term 7th Meeting 2023.05.10	1. The first annual consolidated financial report for the year 2023.	7. Raise, issue, or place private equity securities. 8. Appointment, discharge or remuneration of CPAs. 9. Appointment or discharge of a finance manager, accounting manager or chief internal auditor. 10. Annual financial report and semi-annual financial report.	None	Resolution of Audit Committee: The proposal was unanimously approved by the committee members present upon consultation with the Chair, and it will be presented for discussion at the Board of Directors meeting. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.
3rd Term 8th Meeting 2023.08.09	1. The first half-year consolidated financial report for the year 2023. 2. Proposal to amend certain articles of the "Board Meeting Rules" of the Corporation	11. Other major matters stipulated by the Corporation or	None	Resolution of Audit Committee: The proposal was unanimously approved by the committee

Term/Date	Proposals	Key Work Items for the Year	Dissenting or Qualified Opinion of the Independent Director	Resolution of the Audit Committee and the handling of the Opinions of the Audit Committee by the Corporation
	3. Proposal to establish the "Financial Transaction Regulations between Related Parties" of the Corporation. 4. The proposal for donation to related person by the subsidiary of Yung Shin Pharm. Ind. Co. Ltd.. in 2023.	regulators.		members present upon consultation with the Chair, and it will be presented for discussion at the Board of Directors meeting. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.
3rd Term 9th Meeting 2023.11.08	1. Third-quarter consolidated financial report for the year 2023. 2. The proposal on the Corporation's 2024 Annual Audit Plan. 3. Proposal to amend certain articles of the "Organization Regulations of the Remuneration Committee" of the Corporation, and to abolish the "Rules of Procedure of the Remuneration Committee". 4. Proposal to add the "Operational Management Measures of the Remuneration Committee" of the Corporation. 5. Proposal to amend certain articles of the "Regulations on Investment Management" of the Corporation. 6. Request from subsidiary for the Corporation to act as the bank's endorsement guarantor for the year 2024.		None	Resolution of Audit Committee: The proposal was unanimously approved by the committee members present upon consultation with the Chair, and it will be presented for discussion at the Board of Directors meeting. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.
3rd Term 10th Meeting 2024.03.06	1. Self-closing individual and consolidated financial report for 2023. 2. The Corporation's assessment of CPA Independence and AQI for 2024. 3. Proposal to amend certain articles of the "Board Meeting Rules" of the Corporation. 4. Amendment to certain articles of the "Organization Regulations of the Audit Committee" of the Corporation. 5. Formulation of the "Operational Procedures for the Compilation and Assurance of Sustainability Reports" of the Corporation.		None	Resolution of Audit Committee: The proposal was unanimously approved by the committee members present upon consultation with the Chair, and it will be presented for discussion at the Board of Directors meeting. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.
3rd Term 11th Meeting 2024.03.27	1. The Corporation's 2023 Individual Financial Statements and Consolidated Financial Statements 2. The Corporation's 2023 Internal Control System Statement. 3. The proposal on the Corporation's 2023 annual profit distribution. 4. Proposal for the distribution of the remuneration to Directors and employees for 2023.		None	Resolution of Audit Committee: The proposal was unanimously approved by the committee members present upon consultation with the Chair, and it will be presented for discussion at the Board of Directors meeting. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.

(2) Except for the aforementioned matters, any other resolutions passed by more than two-thirds of all Directors but without approval of the Audit Committee:None.

4. Where an independent director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the independent director, the content of proposal, the reason for recusal and the results of the voting should be stated: None.
5. Communication between the Independent Director and the Internal Audit Manager and CPA (contents must include material matters, methods, and results of communication on the finances and state of business of the Corporation):
 - (1) The internal audit manager may communicate with Independent Directors regularly and directly based on actual requirements and the communication is good.
 - (2) The Corporation uses electronic forms to compile monthly reports on the audits and improvement status in the previous month and submit reports to Independent Directors for review.
 - (3) The Corporation's internal audit manager reports the key audit tasks to Independent Directors in the regular meetings of the Audit Committee. The implementation status and results of audit businesses have been fully communicated.
 - (4) The Corporation has disclosed related information on and CPA the communication between Independent Directors and the internal audit manager on the Corporation's website.
 - (5) The CPA attends meetings of the Audit Committee to report on the audit and review of the Corporation's financial statements.

* The communication between the independent director and the internal audit supervisor is as follows:

Date	Meeting	Key Communication Points	Communication Situation and Results
2023.03.06	3rd term 5th meeting Audit Committee	Report on audit work for the fourth quarter of 2022	Noted (No opinions)
2023.03.29	3rd term 6th meeting Audit Committee	Issuance of the 2022 Internal Control System Statement	Approved by all members present by discussion without any opinion
2023.05.08	Pre-meeting of the Audit Committee	Audit Working Report for the first quarter of 2023	Noted (No opinions)
2023.05.10	3rd term 7th Meeting Audit Committee	Audit Working Report for the first quarter of 2023	Noted (No opinions)
2023.08.09	3rd term 8th Meeting Audit Committee	Report on audit work for the second quarter of 2023	Noted (No opinions)
2023.10.15	Communication Meeting	Subsidiary Audit Report	Noted (No opinions)
2023.11.08	3rd term 9th Meeting Audit Committee	Report on audit work for the third quarter of 2023 2024 Annual Audit Plan	Noted (No opinions) Approved by all members present by discussion without any opinion

* The communication between the independent director and the accountants is as follows:

Date	Meeting	Key Communication Points	Communication Situation and Results
2023.03.29	3rd term 6th meeting Audit Committee	Report on Communication between accountants and Corporate Governance Unit (2022)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
2023.05.10	3rd term 7th Meeting Audit Committee	Report on Communication between accountants and Corporate Governance Unit(2023 Q1)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
2023.08.09	3rd term 8th Meeting Audit Committee	Report on Communication between accountants and Corporate Governance Unit (2023 Q2)	Adopted by all attendees without opinion after being discussed by the accountants and attendees
2023.11.08	3rd term 9th Meeting Audit Committee	Report on Communication between accountants and Corporate Governance Unit (2023 Q3)	Adopted by all attendees without opinion after being discussed by the accountants and attendees

(III) The status of continuing education of Directors (Including Independent Directors):

December 31, 2023

Title	Name	Education Date	Organizer	Course title	Education Hours
Chairman	Fang-Hsin Lee	2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
		2023.09.11	Hybrid Kuala Lumpur (Malaysia) Office	Enhanced Sustainability Reporting Framework under Bursa's Main Market Listing Requirements	3
		2023.12.25	Taiwan Corporate Governance Association	The Future of Overseas Wealth: From CRS to CFC in Taiwan Trends in Anti-Tax Evasion: A Discussion	3
Director	Ling-Chin Lee	2023.06.29	Securities and Futures Institute	Cybersecurity Threats in the Supply Chain: Opportunities for Taiwanese Startups	3
		2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
		2023.09.11	Hybrid Kuala Lumpur (Malaysia) Office	Enhanced Sustainability Reporting Framework under Bursa's Main Market Listing Requirements	3
		2023.12.25	Taiwan Corporate Governance Association	The Future of Overseas Wealth: From CRS to CFC in Taiwan Trends in Anti-Tax Evasion: A Discussion	3
Director	Fang-Yu Lee	2023.06.09	Securities and Futures Institute	Benefits of Circular Economy and Its Business Models	3
		2023.07.06	Securities and Futures Institute	Technical Development and Business Opportunities of ChatGPT, the AI Chatbot	3
		2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
Director	Fang-Chen Lee	2023.07.24	Taipei Foundation of Finance	AI Boom: Technical Development and Business Opportunities of ChatGPT, the AI Chatbot	2
		2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
		2023.08.14	Taipei Foundation of Finance	Corporate Governance: Preventing Tax Evasion and Money Laundering Risks - Eight National Money Laundering Risk Patterns	3
		2023.09.08	Taipei Foundation of Finance	Financial Industry Cybersecurity Governance and Corporate Resilience	3
		2023.11.10	Taiwan Corporate Governance Association	Evolution and Latest Developments in Corporate Governance in the United States	3
		2023.12.12	Securities and Futures Institute	Concepts, Practices, and Tools of Group Tax Governance	3
Director	Meng-Be Lin	2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
		2023.12.25	Taiwan Corporate Governance Association	The Future of Overseas Wealth: From CRS to CFC in Taiwan Trends in Anti-Tax Evasion: A Discussion	3

Title	Name	Education Date	Organizer	Course title	Education Hours
Director	Chi-Li Lee	2023.02.07	Taiwan Corporate Governance Association	Practical Analysis of Key Management Issues in Information Security Governance	3
		2023.07.20	Taiwan Stock Exchange and Gre Tai Securities Market	ESG Seminar for Over-the-Counter Market Participants	3
		2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
		2023.11.14	Taiwan Independent Director Association	Mergers and Acquisitions Strategy and Post-Investment Management for Groups	3
Independent Director	Shih-Kuang Tsai	2023.05.12~05.14	Foundation of Taiwan Industry Service	3-Day Seed Class on Greenhouse Gas Inventory	17
		2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
		2023.08.15	The National Federation of CPA Associations of the R.O.C.(NFCPAA)	Introduction to ESG and Cheat Sheet	3
		2023.09.06	The National Federation of CPA Associations of the R.O.C.(NFCPAA)	Discussion on the Impact of Sustainable Development Action Plans and the Management Measures for Assurance Institutions on the Accounting Industry	3
		2023.09.26	Intangible Assets Valuation Institution in Taiwan	Evaluation of "Fairness Opinion" and "Fair Price at the Time" under the New Enterprise Merger Law	3
		2023.11.09	The National Federation of CPA Associations of the R.O.C.(NFCPAA)	Sustainability Report for Investment Grade	3
		2023.11.20	The National Federation of CPA Associations of the R.O.C.(NFCPAA)	Introduction to Greenhouse Gas Inventory and ISAE 3410	3
		2023.12.13	The National Federation of CPA Associations of the R.O.C.(NFCPAA)	Practical Money Laundering Prevention and Development Trends - with a Focus on the Financial Industry	3
Independent Director	Kun-Xian Lin	2023.05.26	Ministry of Environment, Executive Yuan	Green Chemistry: Co-creating Sustainability	3
		2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3
Independent Director	Hong-I Chen	2023.03.28	Securities and Futures Institute	Director and Supervisor and Corporate Governance Officer Advanced Seminar - How Directors and Supervisors Supervise the Establishment and Promotion of a Comprehensive Risk Management System	3
		2023.04.13	Taiwan Institute of Directors	KPMG Taiwan 2023 Business Leader Academy Forum - Opportunities and Challenges in the Net-Zero Craze	2
		2023.08.09	Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3

(IV) Operations of the Remuneration Committee:

1. Information regarding the members of the Remuneration Committee:

April 01, 2024

Identity	Criteria	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies Where the Individual Concurrently Serves as A Remuneration Committee Member
	Name			
Independent Director	Shih-Kuang Tsai (Convener)	Have experience in accounting and crisis management, and have passed the national examination required for CPAs with the Certificate of Professional and Technician. Currently serve as the President of T.K. Tsai & Co., CPAs. In performing the functions of the independent director, remuneration committee and audit committee, his expertise in finance and accounting facilitates to enhance the quality of corporate governance of the board and oversight functions of functional committees. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	3
Independent Director	Kun-Xian Lin	Have experience in legal and crisis management, and have passed the national examination required for the practice of law with the Certificate of Professional and Technician. Currently serve as the President of BN Law Firm. He is able to provide advice on risk management, legal strategy, compliance and management decisions with his expertise in law. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	1
Independent Director	Hong-I Chen	Have experience in medical and crisis management, and have passed the national examination required for the medical practitioners with the Certificate of Professional and Technician. Currently serve as a consultant of the Tri-Service General Hospital and Honorary Professor/Honorary President of Chang Jung Christian University. He is able to provide advice on pharmaceutical development, quality management and risk management decisions with his expertise in medicine. Not under any of the circumstances stated in Article 30 of the Company Act.	Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Corporation or its affiliated enterprises; Does not hold shares of the Corporation; Not being a director, supervisor or employee of a company having a particular relationship with the Corporation; No remuneration obtained from providing business, legal, financial, accounting and other services to the Corporation or its affiliated enterprises in the recent 2 years.	-

2. Information on Operations of the Remuneration Committee:

- (1) The Corporation's Remuneration Committee consists of 3 members.
- (2) Term of members of this committee: June 1, 2022 to May 23, 2026, in the most recent year (2023), the Salary and Remuneration Committee held 2 meetings (A), in which the membership qualifications and attendance situation were as follows:

Title	Name	Attendance Times (B)	Attendance by Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Convener	Shih-Kuang Tsai	2	-	100%	
Committee Member	Hong-I Chen	2	-	100%	
Committee Member	Kun-Xian Lin	2	-	100%	

- (3) The date and session of the last year's meeting of the Salary and Remuneration Committee, the content of proposal, the result of resolution, and the Corporation's handling of the opinions of the Salary and Remuneration Committee:

Date/Term	Proposals	Resolution Results of the Remuneration Committee and Response of the Corporation
5th-Term 3rd Meeting 2023.03.29	The proposal for the distribution of the remuneration to employees and Directors for 2022.	Decision of the Remuneration Committee: The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.
5th-Term 4th Meeting 2023.08.09	Appointment of President and Removal of Restriction on Competition Clause Regarding Compensation in the Corporation	Decision of the Remuneration Committee: The Chair consulted all committee members present who unanimously agreed to the proposed proposal and submit it to the Board of Directors for discussion. Resolution of the board: The proposal was unanimously approved by the committee members present upon consultation with the Chair.

Other matters:

- A. If the Board of Directors does not adopt or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the Corporation's actions in response to the opinions of the Remuneration shall be stated: None.
- B. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated: None

(V) State of corporate governance, gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and causes of the said gaps:

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
I. Does the Corporation establish and disclose the Code of Corporate Governance Practice in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Corporation has established and disclosed the "Corporate Governance Best Practice Principles". The internal control systems are maintained in accordance with the regulations for compliance.	No Deviation
II. Ownership Structure and Shareholders' Equity				
(I) Has the Corporation established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Corporation implement the procedures in accordance with the procedure?	✓		(I) The Corporation has established a spokesperson and stock agency to take charge of processing shareholder' suggestions, questions, and related issues. Disputes are processed by the Corporation's legal consultants and related experts.	No Deviation
(II) Does the Corporation possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Corporation reports on the equity transfer or changes in equity of Directors, managerial officers, and shareholders holding 10% of more of the Corporation's shares each month. Every year, after the shareholders' meeting and book closure following ex-right (ex-dividend), the Corporation keeps track of the major shareholders and ultimate controllers via the shareholder list provided by the shareholder services agent.	No Deviation
(III) Has the Corporation established, and does it execute, a risk management and firewall system within its affiliated companies?	✓		(III) The Board of Directors of the Corporation appoints legal person representatives to serve as Directors and Supervisors of affiliated companies. They also regularly visit affiliated companies to learn about the local business conditions and implement relevant regulations to implement risk control and perform risk management. Related regulations and guidelines are as follow: 1. Investment evaluation and management regulations: Implement effective management on the planning, execution, progress control, data control, and performance control of investment projects.	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Description	
(IV) Has the Corporation established internal rules against insiders using undisclosed information to trade with?	✓		<p>2. Rules for the management of investment business: fulfill the responsibility of supervision and comply with the relevant laws and regulations for the invested enterprises that have the control ability.</p> <p>3. The regulations in the Procedures for Loaning of Funds and Making of Endorsements/Guarantees meet related regulations:</p> <p>(1) The Corporation is only permitted to loan funds to affiliate companies with at least 40% of shares directly or indirectly held by the Corporation. Where the Corporation is required to extend loans to affiliate companies with less than 40% of shares directly or indirectly held by the Corporation, it shall only be conducted for short-term financing due to business transactions or advance payment for operating capital turnover.</p> <p>(2) The Corporation's external endorsement and guarantee object is only limited to the enterprise with business relations or the enterprise in which the Corporation directly or indirectly holds more than 50% of the voting shares.</p> <p>(IV) The Corporation has established "Management Procedures for Prevention of Inside Trading" to prevent and prohibit the Corporation's insiders from using information that has not been disclosed on the market to purchase and sell securities that may damage the interests of investors or the corporation.</p>	No Deviation
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Corporation developed a diversity policies of the Board of Directors, specific management objectives and implement them?</p>	✓		<p>(I) The Corporation elects its Directors for the Board not limited to gender, age, nationality and cultural background, but will choose those with professional background and professional ability, so as to meet the operational needs of the Corporation and achieve the effectiveness of corporate governance. The Corporation's Directors have different expertise in their respective fields for helping the Corporation's operations and development.</p>	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Description	
(II) Has the Corporation voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(II) In addition to the Salary and Remuneration Committee and the Audit Committee, the Corporation has also set up functional committees such as the Technology Committee and the Strategy Committee for the Corporation's operation and development.	No Deviation
(III) Has the Corporation established Board of Directors performance assessment guidelines and assessment methods and perform the assessments periodically on a yearly basis? Does the Corporation submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		(III) On March 27, 2020, the Corporation adopted the Performance Appraisal Measures of the Board of Directors. Which stipulates that the Board of Directors and individual directors shall be appraised on a regular basis every year, and the performance evaluation result shall be submitted to the Board of Directors. The 2023 annual performance appraisal of the Board of Directors has been completed and has been reported by the Board of Directors on March 6, 2024.	No Deviation
(IV) Does the Corporation regularly evaluate the independence of the CPA?	✓		(IV) CPA has no other financial interests and business relationship with the Corporation except for the expenses of signing contracts and fiscal and tax cases, and the family members of the accountant do not violate the independence requirements. CPA has no other financial interests and business relationship with the Corporation except for the expenses of signing contracts and fiscal and tax cases, and the family members of the accountant do not violate the independence requirements. At the same time, referring to AQI index information, confirm that the audit experience of accountants and firms is superior to the average level of peers, and introduce another digital audit platform, certificate digitization and file exchange platform to improve audit quality. After the appraisal results of the latest year were discussed and approved by the Audit Committee on March 6, 2024, the Board of Directors passed the appraisal on the independence and suitability of the accountant on March 6, 2024.	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Description	
			<p>Note 1 The evaluation items are listed as follows:</p> <ol style="list-style-type: none"> 1. The CPA or his or her spouse or minor child does not have the investment or financial interests relations with the Corporation. 2. The CPA or his or her spouse or minor child does not have borrowings from the Corporation. However, the constraint does not apply if the client is a financial institution and carries out normal transactions. 3. The accounting firm did not issue an assurance report on the effectiveness of the operation on the Corporation's financial systems which were either designed by the firm or the firm has assisted in its implementations. 4. The CPA or members of the assurance team do not currently serve or had served within the past two years as the Corporation's director, manager, or other positions that could seriously impact the audit. 5. There are no important items that will directly affect the auditing of non-assurance services provided for the Corporation. 6. The CPA or the members of the assurance team are not involved in the promotion or brokerage of the stocks or other securities issued by the Corporation. 7. Besides legally permitted businesses, the CPA or members of the assurance team did not act as an advocate on behalf of the Corporation in litigation or disputes with third parties. 8. The CPA or members of the assurance team are not a spouse, lineal relative, lineal relative by marriage or relative within second degree of kinship of the Corporation's director, manager or an individual whose duties may exert considerable influence over the assurance case. 9. A former partner within one year of disassociating from the firm does not join the Corporation as a director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement. 10. The CPA has not accepted gifts or preferential treatment from the Corporation, the Corporation's director, officer or major stockholder. 11. The CPA is not hired by the client or the party to be audited for a regular job with regular salary or serving as a director or a supervisor thereof. 12. There is no CPA who has provided assurance services to the Corporation for seven consecutive years. 	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Description	
IV. Does the TWSE/TPEx listed company have a dedicated an eligible and appropriate number of personnel for corporate governance and appointed an officer in charge of the company' corporate governance affairs(including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors to comply with laws and regulations, convening board/shareholder's meetings in compliance with the law, and producing meeting minutes of board/shareholder's meetings)?	✓		The Corporation has formulated the Corporate Governance Best Practice Principles, and on February 12, 2020, the Board of Directors approved the establishment of a corporate governance director, who is currently served by I-Yun Wang, the Director of the Chairman Office. The scope of powers and functions and the business execution key points of the Director of Corporate Governance in 2021 are as follows: 1. Handling the meeting-related matters of the Board of Directors and the shareholders' meeting in accordance with the law: notifying the directors of the agenda seven days in advance, convening the meeting and providing meeting materials, and reminding the avoidance of interests in advance; 2. Producing the meeting minutes for the Board of Directors and shareholders' meeting within 20 days after the meeting; 3. Assisting the directors in continuing education: arranging courses according to the Corporation's industry characteristics and directors' experience background; 4. Providing the directors with the information needed to perform the business. Training: 12 hours in total in 2023.	No Deviation
V. Has the Corporation established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the Corporation's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Corporation?	✓		(I) The Corporation has appointed a Spokesperson and Acting Spokesperson as communication channels with stakeholders. Related contact information has been disclosed on the Market Observation Post System in accordance with regulations. (II) The Corporation also established a dedicated investor and stakeholders' section on its website to disclose financial, stock affairs, corporate governance, activities, and related information. It also established a contact mailbox to promptly process and respond to feedback.	No Deviation
VI. Has the Corporation appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Corporation has appointed a professional shareholder service agency -- Department of Stock Affairs at Yuanta Securities Co., Ltd. -- to process the Corporation's stock affairs and matters related to shareholders meetings.	No Deviation
VII. Information disclosure (I) Has the Corporation established a corporate website to disclose information regarding the Corporation's financial, business and corporate governance status?	✓		(I) The Corporation's website is www.yungshingroup.com which is available in both Chinese and English. Dedicated units are responsible for updating the financial, business, and material information on the website on a regular basis and provide information for the reference of shareholders and investors	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Description	
<p>(II) Has the Corporation adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Corporation's website)?</p> <p>(III) Does the Corporation 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?)</p>	✓	✓	<p>(II) The Corporation promptly discloses financial, business and material information in the Market Observation Post System in accordance with related regulations and discloses the information on the Corporation's website at the same time.</p> <p>(III) The Corporation's annual financial report cannot be filed within two months after the end of the fiscal year due to local regulations in the jurisdiction of overseas listed affiliated companies and factors such as board meeting arrangements. However, the Corporation's financial statements will be filed and reported in advance, within 1-5 days before the prescribed deadline.</p>	<p>No Deviation</p> <p>Continuous Improvement</p>
VIII. Has the Corporation disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to employee's rights, employee care, investor relations, supplier relations, stakeholders' rights, further studies of directors and supervisors, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the directors and supervisors of the Corporation)?	✓		<p>(I) Employee rights and employee wellness: Since its establishment, the Corporation has provided employees with adequate care and respect by adopting humane management. All companies of the Group have complied with local labor-related regulations and continuously enhanced the welfare and interests of employees, including meal allowances, group insurance, scholarships for employees' children, general health examinations, employee travel, performance bonus, labor-management meeting, etc.</p> <p>(II) Investor relations: The Corporation is committed to promoting the rights and interests of shareholders, fairly treating all shareholders, disclosing financial, business, and other information on the Market Observation Post System and the Corporation website, and has set up a dedicated person to manage the contact telephone and email for investors to use, and timely processes and replies them. The Corporation reports the results of business operations, business plan for the coming year, future development strategies, and the impact of the industry</p>	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
			<p>environment to shareholders through the annual meeting of shareholders. the Corporation has maintained good interactions with investors and there has been no disputes.</p> <p>(III) Rights of suppliers and stakeholders: The Corporation upholds the business philosophy of honesty and integrity, develops long-term partnerships with suppliers, creates win-win results, values and treats stakeholders' rights fairly, and provides transparent financial information to protect the interests of suppliers and stakeholders.</p> <p>(IV) Progress of training of Directors and Supervisors: The Corporation mails course notices or arranges continuing education for Directors and Supervisors to obtain certified course hours in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. the Corporation reports the status of continuing education to the Market Observation Post System for investors' inquiries.</p> <p>(V) Risk management policy and state of implementing risk impact standards: Major resolutions of the Corporation regarding major business policies, investments, banking facilities, endorsements, guarantees, and loans are reviewed and analyzed by the responsible units in accordance with the relevant regulations of the Corporation. They are then submitted to the Board of Directors and the Audit Committee for resolution and the implementation of supervision and risk management mechanisms.</p> <p>(VI) Implementation of customer relations policies: Companies of the Group adopt the principle of "Providing the best medicine to enhance people's health" to "secure health, enhance beauty and create happiness" and fulfill the vision of the Group. Each company has obtained certifications from the US Food and Drug Administration (FDA), the Pharmaceuticals and Medical Devices</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
			<p>Agency (PMDA) of Japan, as well as PIC/S GMP-certified pharmaceutical manufacturers and the three-stage cGMP effectiveness certification in our country...etc. Our product quality has always been ahead of the industry and widely trusted by customers. The Corporation also established processing mechanisms to promptly process opinions of customers and consumers.</p> <p>(VII) Status of purchase of liability insurance by the Corporation for Directors: The Corporation has purchased liability insurance for Directors to protect Directors from personal liability and financial losses arising from third party lawsuits due to the performance of their duties.</p>	
<p>IX. Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements that are yet to be implemented, state the areas and policies the Corporation has set as priority for improvement.</p> <p>The evaluation results of the Corporation still need to be improved in terms of strengthening the structure and operation of the Board of Directors, enhancing information transparency, and implementing corporate social responsibility.</p> <p>In the future, it is planned to actively and continuously evaluate the feasibility of future improvements for other parts so as to improve all aspects of the operation to enhance the effective mechanism of corporate governance and continue to implement equal treatment of shareholders and safeguard the rights and interests of shareholders.</p>				

(VI) State of Sustainable Development and Deviations from the Corporate: Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
I. Does the Corporation set up a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is in charge by senior management authorized by the Board of Directors, and the supervision state of the Board of Directors?	✓		<p>The performance of this table is summarized in the context of the Corporation and its subsidiary Yung Shin Pharm. Ind. Co., Ltd. (hereinafter referred to as the Company).</p> <p>(I) The Corporation established the Sustainable Development Committee on November 9, 2022. This committee, a functional committee of the Board of Directors, is primarily established to assist the board in planning and supervising the Corporation's sustainable development strategies. Under the committee, a Sustainable Development Group is established to assist in establishing a mechanism for sustainable operation, drafting plans, and promoting related measures. Composed of five directors, the committee aims to oversee the sustainable operation strategies of the Corporation and its subsidiaries. It</p>	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
			<p>considers the goals of integrated performance, corporate social responsibility, and sustainable development, aligning with international standards, and assisting in promoting the United Nations' Sustainable Development Goals. Its functions include:</p> <ol style="list-style-type: none"> 1. Supervise the establishment of the annual plan and strategic direction of sustainable development. 2. Supervise the establishment of sustainable development projects and activity plans. 3. Supervise the tracking and review of the implementation effectiveness of the annual plan for sustainable development, strategic direction, project, and activity plans. 4. Decisions on other sustainability-related matters. <p>(II) The Sustainable Development Group is responsible for identifying sustainability issues relevant to the company's operations and stakeholders, formulating corresponding strategies and work policies, planning and implementing annual programs, while tracking the execution effectiveness to ensure the full implementation of sustainable development strategies. The "Sustainable Development Committee" reports annually to the Board of Directors on the execution results of sustainable development and future work plans. In 2023, one meeting was held to report on the progress of YungShin Group's ESG initiatives, including (1) the execution process and progress of the sustainable development blueprint, (2) the progress of refining the execution process of sustainability reports, and (3) the progress of greenhouse gas inventory execution process.</p> <p>The corporation's board of directors annually receives progress reports, reviews the progress of strategies, and urges adjustments by the Sustainable Development Group when necessary.</p>	
II. Does the Corporation assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		<p>(I) The Corporation engages in dialogue with internal and external stakeholders through various channels, and identifies and analyzes issues significant to the Corporation according to the 2021 version of the GRI Standards, taking corresponding management measures.</p> <p>(II) The Corporation values the rights and interests of stakeholders, and pays attention to environmental, social, and corporate governance (ESG) issues, incorporating them into the Company's management policies. It evaluates various risk aspects that may affect</p>	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
			<p>the Corporation, and regularly tracks and integrates them into the daily operations of each unit.</p> <p>1. Environment:</p> <p>(1) Established environment management policies for each plant.</p> <p>(2) Set up sewage pre-treatment equipment, with its sewage treatment in accordance with the standard.</p> <p>(3) Reduced air pollution emissions and converted the fuel of all boilers from heavy fuel oil to natural gas.</p> <p>(4) Contaminant treatment is entrusted to professional manufacturers for scrap and disposal.</p> <p>(5) Green electricity: The Corporation has installed a solar energy supply system on the top floor of the Corporation's factory building, providing green energy generation.</p> <p>2. Social:</p> <p>(1) Occupational safety: Organize occupational safety education training and fire drill regularly to improve staff's ability of emergency response and self-safety management.</p> <p>(2) Product safety: Comply with government regulations in product manufacturing. Product liability insurance; Pay drug damage relief.</p> <p>(3) Social responsibility: Established TienTe Lee Biomedical Foundation and YungShin Social Welfare Foundation, engaged in social welfare and public welfare activities.</p> <p>3. Corporate governance:</p> <p>(1) Social economy and legal compliance: Based on the principles of corporate governance and integrity management, the Corporation has formulated a code of integrity management and a code of ethical conduct, and trading companies have signed a letter of commitment to integrity.</p> <p>(2) Strengthen the functions of Directors: Arrange continuing education for Directors every year; Take out director's liability insurance.</p> <p>(3) Employee remuneration and welfare: Formulate employee welfare measures, and set up the salary and reward system in accordance with the Corporation's regulations. Set up the Employee Welfare Committee, allocate welfare fund every year to provide various benefits to colleagues.</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
III. Environmental issues				
(I) Has the Corporation established a proper environmental management system based on the characteristics of the industry?	✓		<p>(I) In response to the new trend of environmental protection, the Corporation has successively made planning for relevant environmental management systems, including:</p> <ol style="list-style-type: none"> 1. Establish environmental management system of the plant and cultivate the concept of environmental protection among colleagues. 2. Formulate and develop a sustainable environmental management plan consistent with the characteristics of the Corporation. 3. In line with the energy-saving and carbon-reduction policy, encourage colleagues to bring tableware for meals. 4. Make planing and design for an environmental protection plant, and promote environmental afforestation and beautification. 5. Regularly conduct water quality inspections and do a good job in water quality management. 6. Promote plant environmental audit to strengthen plant environmental management. 	No Deviation
(II) Is the Corporation committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		<p>(II) The Corporation's implementation results for improving the utilization efficiency of various resources and reduce the impact of environmental impact are as follows:</p> <ol style="list-style-type: none"> 1. Use bubble bags currently (recyclable and environmentally friendly materials) as the cushioning material of the shipping box. 2. Regularly test the use efficiency of high-energy-consuming equipment, such as boilers, ice water machines, air compressors and other equipment, and use high-efficiency boilers to replace old ones with new ones. 3. In each plant, major electricity support system equipment (chillers, cooling towers, air compressors) have been supplemented with voltage meters, temperature gauges, and flow meters for real-time monitoring and management. 4. Steam recycling. 5. Reuse the domestic wastewater after treatment for the irrigation of surrounding flowers and trees. 6. RO purified water discharge and bottle washing water are recycled for reuse, being utilized for replenishing cooling tower evaporation. In 2023, the injection plant recycled water reuse reached 11,000 tons. 7. Plant more trees and shrubs in the greening plants; Reduce the thermal temperature of plants. 8. Advocate to use the toilet paper to wipe the wash basin and keep it clean. 9. Recommend colleagues to save electricity, set the office temperature above 26°C and turn off the lights at will. 10. Implement garbage classification to recycle reusable resources. 	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof												
	Yes	No	Description													
(III) Does the Corporation 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 Corporation follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) published by the Financial Stability Committee to assess the potential risks and opportunities of climate change for the Corporation's present and future, and regularly re-executes the assessment process. In 2023, the Corporation completed its initial climate risk and opportunity identification process, identifying a total of 5 climate-related risks and 3 climate-related opportunities. The Corporation also inventoried the timing, financial impacts, and response measures of the aforementioned risks and opportunities affecting its operations. Key findings are excerpted on page 36 of the Corporation's 2022 Sustainability Report.	No Deviation												
(IV) Does the Corporation 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 consumptions, carbon and greenhouse gas emissions, and waste production?	✓		(IV) The Corporation has compiled the following data on greenhouse gas emissions, water usage, and total waste weight for the past two years: <table><tr><td></td><td>2022</td><td>2023</td></tr><tr><td>GHG Emissions (tCO2e) (Note 1)</td><td>6,472.28</td><td>(Note3)</td></tr><tr><td>Water Usage (mL) (Note 1)</td><td>116.08</td><td>(Note3)</td></tr><tr><td>Total Waste Weight (t) (Note 2)</td><td>122,435</td><td>(Note3)</td></tr></table> <p>Note 1: Scope of data for the year 2022 includes the Top Store Plant and Youth Factory of YungShin Pharm.</p> <p>Note 2: Scope of data for the year 2022 includes the Youth Factory of YungShin Pharm.</p> <p>Note 3: As of the printing date of the annual report, relevant information regarding the greenhouse gas emissions, water usage, and total waste weight for the year 2023 of the corporation is still being compiled. For information on the corporation's greenhouse gas emissions, water usage, and total waste weight, please refer to the corporation's 2023 Sustainability Report.</p> <p>1. The Corporation's greenhouse gas reduction efforts are as follows:</p> <p>(1) In 2019, all boiler units partially using heavy oil were switched to liquefied petroleum gas (LPG) as a cleaner energy source. LPG reduces air pollution and greenhouse gas emissions while improving combustion efficiency to achieve energy savings. The replacement of heavy oil boilers with natural gas at Youth Factory Plants 2 and 3 resulted in the installation of</p>		2022	2023	GHG Emissions (tCO2e) (Note 1)	6,472.28	(Note3)	Water Usage (mL) (Note 1)	116.08	(Note3)	Total Waste Weight (t) (Note 2)	122,435	(Note3)	No Deviation
	2022	2023														
GHG Emissions (tCO2e) (Note 1)	6,472.28	(Note3)														
Water Usage (mL) (Note 1)	116.08	(Note3)														
Total Waste Weight (t) (Note 2)	122,435	(Note3)														

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
			<p>twenty-five natural gas boilers, reducing approximately 740 tons of carbon emissions per year, equivalent to the carbon absorption of forty-nine hectares of forest annually.</p> <p>2. An investment of NT\$689 thousand resulted in a total benefit of saving 44,358 kWh/year in electricity, reducing carbon emissions by 22.275 tons/year, as detailed below:</p> <p>(1) Youth Factory: A total investment of NT\$476 thousand and 229 man-hours was made to replace 458 sets of LED lamps, resulting in a reduction of 189 kWh/day (based on 8 hours/day), reducing 41,580 kWh/year (based on 220 days/year), and reducing carbon emissions by 0.095 tons/day or 20.9 tons/year.</p> <p>(2) Dingdian Plant: An investment of NT\$213 thousand was made to replace 310 sets of LED lamps, resulting in a reduction of 2,778 kWh/year in electricity usage and reducing carbon emissions by 1.375 tons/year.</p>	
<p>IV. Social Issues</p> <p>(I) Does the Corporation formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>(I) The Corporation formulates relevant management systems in accordance with labor laws and regulations, and formulates employee work rules to guide employees' behavior and development direction, respect internationally recognized principles of basic human rights in labor, regardless of gender, age, religion, sexual orientation without any discrimination in employment, and rationally and legally protect the rights and interests of employees.</p> <p>1. The Corporation has a code of ethical conduct and have designed our systems and vetting authority to prevent conflicts of interest.</p> <p>2. The Corporation has established rules for the appointment of new employees and the handling of gifts, and all employees have signed a letter of consent to the Code of Conduct for Employees, which requires employees to comply with confidentiality obligations and intellectual property rights, integrity, and prohibits sexual harassment and workplace violence.</p> <p>3. The Corporation promoted the "a letter of commitment to integrity" mechanism in line with the "ESG" corporate sustainability concept.</p> <p>4. Conduct publicity measures against workplace</p>	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
(II) Has the Corporation established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		<p>violence and sexual harassment from time to time and hold lectures on "Prevention of Illegal Infringement in Workplace", Strengthen staff self-protection awareness and encourage whistling mechanism.</p> <p>5. The Corporation had a barrier-free and non-hierarchical communication channel for employees to raise suggestions that can help the company move toward a friendly workplace or to obtain relief for personal injury.</p> <p>6. The Corporation has established a new partner care system to help new partners know the corporate environment and speed up their adaptation to the workplace. From before, during and after the newcomers come, there are newcomer care and other related measures to reduce the time for newcomers to find their way around, reduce their frustration, and at the same time, enhance the centripetal force of newcomers through continuous motivation and encouragement.</p> <p>7. The Corporation has established the "Exit Management Regulations" to manage the transfer of employees or their departure in accordance with the labor laws and regulations, so that employees' personal rights are fully protected.</p> <p>(II) The Corporation has established relevant measures for salary, attendance management, on-the-job training, etc., to improve the management of employees' salary pay, absence and other issues. The Corporation encourages employees to participate more actively in operation and management. Based on creating profits and sharing and comforting employees, the Compensation pays employees remuneration and implements performance-based salary adjustments every year in accordance with the Articles of Incorporation and the resolutions passed by the shareholders' general meeting.</p> <p>1. The Corporation has formulated the "Performance Evaluation Method" to implement performance appraisals and performance interviews twice a year. In addition to rewarding outstanding performance, supervisors also conduct performance interviews with underperforming employees to assist them in understanding areas for improvement or adjustment, developing improvement plans and schedules, and providing daily performance guidance to help employees improve their job performance.</p> <p>2. Individual performance is integrated with career</p>	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
			<p>planning to formulate a talent development system, aimed at recommending promotions and rotations for outstanding performers to accumulate achievements and work experience.</p> <p>3. The innovative proposal improvement reward system encourages employees at all levels, to propose innovative ideas and optimize resources for existing operations, meanwhile linking the performance system to recognize and reward employees who propose improvement operations and use them as a reference for employee promotion.</p> <p>4. Family care and infant & mom protection measures: To take care of employees' hard work and work safety with pregnant women, the Company implements flexible commuting measures, holds relevant doctor lectures from time to time, and builds comfortable and safe Nursing Rooms and Parking Spaces for pregnant women to use at ease. At the same time, the right of employees to apply for leave without pay is protected in accordance with the law, so that employees can combine work and life balance.</p> <p>5. Diversified employee benefits: complete leave, free meals, shuttle bus, uniforms, group insurance and general health checkups every three years, providing employees with comprehensive safety protection. The Corporation provides annual scholarships for the education of employees' children to encourage them to work hard and study, also provides employees with in-service training subsidies, travel subsidies, subsidies for staff and relatives staying at the YungShin Elderly Nursing Home, birthday gifts, holiday bonuses, wedding and funeral fund, and various condolences fund to take care of employees' families. A Staff Welfare Committee is set up to organize various activities from time to time (New Year's Day hikes, family days, social activities, group trips, spring wine, and staff meetings...etc.) to link up the staff and achieve work-life balance.</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
(III) Does the Corporation provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	✓		<p>(III) The Corporation vigorously advocates for "zero occupational accidents in the workplace," aiming to raise awareness of workplace safety, promote proactive measures, and enhance vigilance regarding individuals, the environment, machinery, products, and construction processes. This is achieved through independent management practices that prioritize safety in the workplace. Adhering to the principle that employees are vital assets to the company, the Corporation prioritizes the health and well-being of its employees. It provides comprehensive in-service health examinations to a standard that exceeds legal requirements and monitors various health anomalies.</p> <ol style="list-style-type: none"> 1. The Corporation is highly concerned about workplace safety issues. In addition to implementing necessary access control, regular labor safety training, comprehensive non-smoking measures, employee cafeteria and laundry service, the Corporation attaches great importance to the physical and mental health of all its partners. In accordance with the regulations, the Corporation set up resident nursing staff and clinical doctors, and regularly arrange free health checkups for employees to provide professional health services, medical assistance and occupational disease prevention for early detection of health hazards and potential disease-causing factors. 2. The Corporation has set up nursing room and hold a series of health promotion activities, enabling all partners working in the Corporation to receive perfect health care, so as to achieve the goal of "win-win for work and health", and strengthen the overall competitiveness. 3. The Corporation places great emphasis on the safety of our employees and vendors. In 2023, we conducted a total of 8 "fire evacuation drills" across all company sites. 4. In 2023, the number of occupational accidents was 10, accounting for 0.7% of the total number of employees in the Corporation. Among them, 4 accidents were commuting-related traffic accidents, and 6 were internal occupational accidents. Therefore, the Corporation actively promotes safety concepts through education and training methods, strengthens equipment safety management, and advocates safety awareness to employees. Training sessions for new recruits and periodic training for current employees are conducted regularly, inviting expert lecturers from both internal and external sectors to deepen employees' safety awareness. 5. There were no fire incidents at any of our operational sites in 2023. 	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
(IV) Does the Corporation provide its employees with career development and training sessions?	✓		<p>(IV) The Corporation cultivates employees' ability for professional knowledge and skills that each position should possess. Plan for complete training for new recruits, on-the-job professional training, new supervisor training... Assist supervisors and colleagues in continuing education and growing. The Corporation makes plan for external training courses every year according to the training needs put forward by each unit, to enhance employees' key professional capabilities.</p> <ol style="list-style-type: none"> 1. The Corporation has set up the "Education and Training Management Regulations" to establish a complete training system, set up a separate training expense each year as a special budget for employee's training. Based on the operation strategy, the Corporation sets annual education and training goals and plans for the training needs of employees in various fields and levels vertically and parallelly, with external consultants, internal lecturers, participation in external knowledge, sharing of transfer training resources, job promotion, and rotation, etc., EQMS quality management online retraining, labor safety certification and retraining are all fully subsidized by the Corporation to cultivate multi-faceted professionals. 2. The Corporation will provide training for newcomers. At the beginning of each month, HR will hold courses for all employees, the content includes the Corporation's history and culture, management system, factory tour and the use of related systems, as well as the prevention of workplace violence and sexual harassment, labor safety and health, and other important laws and regulations. Through the training to encourage the interaction among the new partners on the same level to increase the network and cross the comfort circle. 3. The Corporation formulated the "Internal Lecturer's Rules" to enhance professional competence and experience delivery. 4. The Corporation has formulated the "On-the-job Training Management Measures for Employees" to encourage self-learning and provide an incentive system for on-the-job training with paid incentives so that employees can satisfy their self-fulfillment requirements in addition to improving their work performance. 	No Deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Description	
(V) Does the Corporation comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling, etc. of its products and services and set up relevant consumer or customer protection policies and complaint procedures?	✓		(V) The Corporation complies with the relevant laws and regulations and the provisions announced by the central health authority, and complies with Taiwan and local laws and regulations in the export of product and labeling. The Corporation formatted the western medicine over-the-counter drug instructions box to make it easier for the public to read and take medicine safely.	No Deviation
(VI) Has the Corporation formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	✓		(VI) The Corporation has formulated the Supplier Commitment Code or the Supply Management Standard, which requires suppliers to commit or sign the "Letter of Supplier's Commitment to Environment, Safety and Health" to strictly abide by the labor safety and health-related regulations. Contracts with suppliers include provisions requiring compliance with environmental laws, labor regulations, and occupational safety and health laws. In case of violation, the Corporation reserves the right to terminate or rescind relevant clauses of the contract. The Corporation requires contract suppliers to sign the "Supplier Integrity Commitment Letter." In the event of any violation of the law or commitments outlined in the letter, the Corporation reserves the right to immediately suspend, terminate, or rescind transactions and cooperative relationships with the supplier.	No Deviation
V. Did the Corporation, following internationally recognized guidelines, prepare and publish reports such as its Sustainability Report to disclose non-financial information of the Corporation? Has the Corporation received assurance or certification of the aforesaid reports from a third-party accreditation institution?	✓		The Corporation has been referring to internationally recognized guidelines in preparing its Sustainability Report, starting from the year 2023. This report follows the main framework provided by the Global Reporting Initiative (GRI) Standards released in 2021. Additionally, it adheres to the operating procedures for preparing and disclosing sustainability reports for listed companies, Sustainability Accounting Standards Board (SASB) sustainability indicators, and the Task Force on Climate-related Financial Disclosures (TCFD) for climate-related financial disclosures. The Corporation plans to continue issuing Sustainability Reports starting from the year 2024 and intends to obtain assurance opinions from third-party verification units.	No Material Deviation
VI. Where the Corporation has developed its own sustainability code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the deviation between the operation and the code shall be stated: No Material Deviation.				

VII. Other key information useful for understanding of the implementation status of sustainable development:

(I) YungShin Social Welfare Foundation

Founded in 1978, it is committed to various social welfare work, and in 2001, YungShin Elderly Nursing Home was founded, the welfare and long-term care of the elderly have become the main axis of services, and in accordance with the relevant government policies, the Corporation has invested in home and community long-term care services, and with the business philosophy of "sustainability, happiness, and mutual benefit", the Corporation have been deeply cultivating in the sea line area of Taichung City, the services are described as follows:

1. YungShin Elderly Nursing Home: Provided 24-hour continuous care service, implemented the spirit of self-reliance support, and enhanced the quality of life of disabled elders, it has been one of the best elderly care centers in Taiwan since 2001.
2. Community Care and Caring Points: Since 2007, the Corporation have been providing services to implement primary preventive health care and delays disability in the community, increases the social interaction and participation of the community, and uses local volunteers to exert the spirit of mutual assistance, enabling the bases to achieve sustainable operation and development, as well as the goal of defer senility and local aging. The Corporation primarily offers "health promotion activities", "care visits", "telephone greetings", and "group dining services" for the community. Service capacity in 2023: 2,125 health promotion visits, 946 combined care visits and telephone greetings.
3. Home-based care services: In 2010, the Corporation started to provide professional and complete "home care services", including physical care services, domestic services and assistance in participating in social activities, so that the elderly and the disabled who receive services can maintain a stable and comfortable life in a familiar community. Service scope in Dajia District, Daan District and Waipu District.
Day Care Service: Since 2011, day care services for the elderly have been provided in Dajia Dist, Qingshui Dist. and Waipu Dist. To relieve family pressure from work, care and family, to enhance the elderly's ability to continue to enjoy a healthy and happy life, and to achieve a better quality of life for the elderly and their families.
4. Group home for the elderly with dementia: since 2016 it provided services for elders with moderate to severe dementia but capable of action. Emphasizing the people-oriented care concept and adopting the unit care model to create a warm family atmosphere, it is the second group home for the elderly with dementia in Taichung City.
5. Community Holistic Care Service Model (A-Individual management) : It started to provide services in 2016 and was the first service unit in Taichung City. In order to implement the concept of "see, find and use" of Care for the Elderly 2.0, people in need of the elderly in the community can quickly access care services for the elderly. Service scope in Dajia District, Daan District, Waipu District, Wuqi District, Qingshui District and Shalu District and ect. In 2023, the average monthly enrollment of cases exceeded 630.
6. Small-scale multifunction (dementia): since 2017, it has provided continuous home-based and community services for elders with dementia in Qingshui District and Dajia District. The single institution can provide flexible home-based services, day-based care services and night accommodation services.
7. Organize the Evergreen Happy School: in 2017, it combined the independent participation of the community, the Corporation focuses on the prevention of early stages through a series of course planning (health promotion, cognitive activities, handmade artworks, music therapy, DIY food... Etc.), and follows the principle of "active aging" and "aging guidelines" to achieve happiness, vitality, and natural aging.
8. Bath service to the house: in 2017, the Corporation provided a comfortable and dignified full-body bath service for long-term bed-ridden patients with severe disabilities without infectious diseases, used a dedicated well-being vehicle, carrying a modular bathtub, with an operator and two caregivers. The Corporation served 2,860 seniors in 2023.
9. Care visit and security service for the elderly living alone: since 2020 the Corporation was entrusted by the Social Affairs Bureau of Taichung City Government to provide supplementary and supportive services for the elderly living alone, enabling them to receive proper and complete social care and network support, with its services covering 11 administrative districts in Taichung City, including Dajia, Wuqi, Shalu, Daan, Longjing, Xitun, Qingshui, Dadu, Nantun, Wuri and Waipu. In 2023, the average monthly enrollment of cases exceeded 980.

(II) YungShin Sports Park

The Corporation has been carrying out park greening and ecological maintenance for a long time, providing free public use.

(III) TienTe Lee Biomedical Foundation

It was established in 2004 to help people gain biomedical knowledge promote relevant academic activities in biomedical research by professionals, and facilitate the development of domestic biomedical science and technology.

The activities held in 2023 are as follows:

1. Selection of The 19th Meditech Award : continuously select outstanding contributors in medical and pharmaceutical research and development work to give awards.
2. The 19th Meditech Award Ceremony: : a chance for winners gathered with members of the biotech industry to promote communication.
3. Southeast Asia Outstanding Paper Award: Continue to conduct overseas scholarship selection to reward outstanding pharmaceutical related research talents.
4. The 16th YungShin TienTe Lee Pharmaceutical Technology Award Winners Networking Seminar: The previous winners took the advantage of this event to increase exchanges, grasp opportunities for cooperation, promoting the development of pharmaceutical research.
5. Held a Poster Paper Award for TienTe Lee Biomedical Foundation: continuing the spirit of rewarding medical talents for innovative medical research, we hope that the R&D energy in Taiwan will continue to take root downward, and that the scientific community will be more active in communication, so as raise the overall standard of R&D.
6. Organized drug technology workshop, through lectures, interactive teaching aids, hands-on experiments, and observation activities, the camp provides high school students with the experience of learning about pharmacology-related fields, which is expected to enhance their knowledge and interest in pharmacology.
7. Held the Iron Mountain Market to attract the public to participate in activities such as the market and storytelling to promote drug-related knowledge.
8. Organized health promotion activities to enable the public to understand their body control and gain relevant knowledge through various physical fitness experiences.
9. Organized a visit to the YungShin Medical Museum for primary and secondary school students in remote areas to learn about drug safety knowledge through guided tours, DIY experiences and games.
10. Promoted the knowledge of drug safety in elementary schools to enable students understand the design of different drug dosage forms and drug recycling methods with interactive teaching materials.
11. YungShin Medical Museum provides guided and interpretive services and DIY experience courses, organizes themed experience activities during holidays, and help the public to get knowledge about drug safety in an interactive way through different themes and game experiences.

(IV) YungShin Cup National Volleyball Championship

YungShin Group is committed to promoting public health by advocating volleyball. As of 2023, it has organized 50 consecutive sessions, with the number of participating teams increasing from 23 in the first session to 366 in the fiftieth session, making it the largest national green energy volleyball competition in Taiwan.

(VII) Climate-related Information:

1. Execution status of climate-related information

Item		Status of Execution																																																
I.	The Corporation's Board of Directors and management oversee and govern climate-related risks and opportunities.	<p>The Board of Directors serves as the highest governance body, with a Sustainability Development Committee established to assist the Board in reviewing and guiding the development of the Group's overall climate change strategy, action plans, and annual targets. The Committee comprises five directors, three of whom are independent directors. Additionally, a Sustainability Development Task Force, composed of senior management, regularly reports on annual execution plans and outcomes to the Sustainability Development Committee and the Board of Directors.</p> <p>The Sustainability Development Task Force is responsible for driving climate change-related initiatives, with its members consisting of department heads from across the Corporation. The team follows the recommended framework of the Task Force on Climate-related Financial Disclosures (TCFD) to identify and assess climate change-related risks and opportunities. Regular team meetings are held to discuss and formulate the Corporation's climate strategies, actions, indicators, and goals.</p>																																																
II.	The identified climate risks and opportunities are assessed for their impact on the Corporation's operations, strategies, and finances in the short, medium, and long term.	<p>Following the TCFD framework, the Corporation conducts thorough risk and opportunity identification by collecting climate data in advance and engaging in cross-departmental discussions. In 2023, the Corporation completed its inaugural process of identifying climate risks and opportunities, identifying a total of 5 climate-related risks and 3 climate-related opportunities. The impact of these risks and opportunities on the Corporation's operations, timeline, financial implications, and response measures were inventoried. Key findings are summarized as follows:</p> <table><tr><th>Category</th><th>Item</th><th>Impact Timing</th><th>Business & Strategic Impact</th><th>Financial Impact</th></tr><tr><td>Physical Risks</td><td>Increased severity of extreme weather events</td><td>Long Term</td><td>Extreme weather events (such as typhoons, floods, heavy rainfall, etc.) lead to changes in upstream and downstream supply demands. Interruptions in the supply of raw materials may result in production halts, while road closures may cause delays in shipments, leading to increased transportation costs and consequently higher production costs. Additionally, extreme weather conditions can damage factory equipment, lead to power shortages, or prevent employees from attending work, thus affecting production capacity.</td><td>Increased production costs Increased capital expenditure</td></tr><tr><td>Physical Risks</td><td>Extreme changes in rainfall patterns</td><td>Medium Term</td><td>Due to uneven rainfall distribution (wetter wet seasons, drier dry seasons), increased frequency of floods or droughts, and other extreme weather factors, the number of working days decreases, leading to unstable supply of electricity and water resources, interruptions in the supply of raw materials, and thus affecting operations and production capacity.</td><td>Increased operating costs</td></tr><tr><td>Physical Risks</td><td>Rising average temperatures</td><td>Medium Term</td><td>The increase in average temperatures may lead to an increased demand for electricity or cooling equipment, resulting in higher operating costs.</td><td>Increased operating costs</td></tr><tr><td>Transition Risks</td><td>Increased carbon pricing</td><td>Short Term</td><td>Due to government emissions regulations or pressure from NGOs, companies are required to purchase carbon credits through carbon market transactions to offset emissions. The price per ton of carbon emissions may increase annually, causing cost pressures on organizations.</td><td>Increased operating costs Increased capital expenditure</td></tr><tr><td>Transition Risks</td><td>Strengthening obligations for emission reporting</td><td>Medium Term</td><td>Failure to comply with stakeholder expectations (e.g., government, investors, customers) regarding emission reporting (e.g., carbon audits) or disclosure of climate change information (e.g., annual reports, TCFD) may result in increased expenditures on fines or litigation.</td><td>Increased production costs Decreased revenue</td></tr><tr><td>Opportunities</td><td>Development or expansion of low-carbon products and services</td><td>Long Term</td><td>Developing new low-carbon solutions through low-carbon technology research and introducing low-carbon products to meet customer demand can increase orders and improve performance.</td><td>Increased research and development costs Increased revenue</td></tr><tr><td>Opportunities</td><td>Utilization of life cycle analysis to manage the supply chain</td><td>Long Term</td><td>Application of new technologies (such as IoT, big data analytics, automation, and intelligence) to improve yield, reduce material usage and waste generation, shorten lead times, and enhance employee health and safety can reduce operating costs and increase productivity.</td><td>Reduced production costs Reduced operating costs</td></tr><tr><td>Opportunities</td><td>Using more efficient transportation methods</td><td>Medium Term</td><td>Application of new technologies (such as IoT, big data analytics, automation, and intelligence) with low-carbon energy sources, to improve yield, reduce material usage and waste generation, shorten lead times, and enhance employee health and safety can reduce operating costs and increase productivity.</td><td>Reduced operating costs</td></tr></table>				Category	Item	Impact Timing	Business & Strategic Impact	Financial Impact	Physical Risks	Increased severity of extreme weather events	Long Term	Extreme weather events (such as typhoons, floods, heavy rainfall, etc.) lead to changes in upstream and downstream supply demands. Interruptions in the supply of raw materials may result in production halts, while road closures may cause delays in shipments, leading to increased transportation costs and consequently higher production costs. Additionally, extreme weather conditions can damage factory equipment, lead to power shortages, or prevent employees from attending work, thus affecting production capacity.	Increased production costs Increased capital expenditure	Physical Risks	Extreme changes in rainfall patterns	Medium Term	Due to uneven rainfall distribution (wetter wet seasons, drier dry seasons), increased frequency of floods or droughts, and other extreme weather factors, the number of working days decreases, leading to unstable supply of electricity and water resources, interruptions in the supply of raw materials, and thus affecting operations and production capacity.	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Item	Status of Execution
<p>III. Disclosure of the Financial Impact of Extreme Weather Events and Transition Actions.</p>	<p>Extreme weather events may lead to disruptions in the company's supply chain, operational disruptions at factory sites, or decreased efficiency of employees and machinery due to high temperatures. These circumstances may result in increased operational costs for the company to maintain smooth supply chain operations and require updates to facilities related to drainage and temperature control... etc. The aforementioned measures to address extreme weather adaptations will affect the company's medium- and long-term financial planning.</p> <p>Transition actions, on the other hand, entail increased investments by the company to comply with rising external costs, including emission fees, electricity price adjustments... etc. To continue complying with regulations at the company's operational sites, the company will need to invest in greenhouse gas reduction projects, such as equipment upgrades, facility renovations, or personnel training. In the short term, the company may experience relatively high capital expenditures. However, if the company's transition actions are successful, they can yield long-term profits and achieve the goal of sustainable business operations.</p>
<p>IV. Disclosure of the Integration of Climate Risk Identification, Assessment, and Management Processes into the Overall Risk Management System.</p>	<p>The corporation's overall risk management process is carried out in accordance with legal requirements and internal management needs. Responsibility is decentralized among various units, and regular audits are conducted by the corporation's audit department. The unit responsible for identifying climate-related risks in the corporation is the Sustainable Development Team. This team periodically collects domestic and international climate change trends and regulatory changes, convenes meetings to discuss annual risk identification, and develops response plans based on the identification of climate risks and opportunities, which are then submitted to the Sustainable Development Committee and the Board of Directors.</p>
<p>V. If scenario analysis is used to assess resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and major financial impacts should be explained.</p>	<p>The corporation conducts scenario analysis and management for significant climate risks and opportunities each year, and discloses the results in full in the corporation's sustainability report. Taking into account domestic regulatory trends and international industry disclosure practices, the company selects specific operational locations to analyze the financial impact caused by government agencies levying carbon fees in different scenarios. Please refer to the corporation's 2023 sustainability report for the parameters, assumptions, analysis factors, and major financial impacts used in the scenario analysis.</p>
<p>VI. If there are transformation plans to manage climate-related risks, the content of the plan and the indicators and targets used to identify and manage physical and transition risks should be explained.</p>	<p>The corporation's transformation plan to manage climate-related risks is still under discussion.</p>

Item	Status of Execution
VII. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	The corporation has not yet used internal carbon pricing as a planning tool.
VIII. If climate-related goals are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning timeframe, progress made annually, etc. If carbon offsets or renewable energy certificates (RECs) are used to achieve these goals, information should be provided on the source and quantity of carbon offsets exchanged or the quantity of renewable energy certificates (RECs).	The method of setting climate-related goals by the corporation is still under discussion.
IX. Greenhouse Gas Inventory and Verification Status, Reduction Targets, Strategies, and Specific Action Plans (to be filled in Sections 1-1 and 1-2).	Please refer to Tables (1) and (2) for reporting details.

(I) Recent Two-Year Company Greenhouse Gas Inventory and Verification Status

A. Greenhouse Gas Inventory Information

Disclosure of greenhouse gas emissions for the past two years (in metric tons CO₂e), intensity (in metric tons CO₂e per million dollars), and data coverage scope.

	2022	2023
Greenhouse Gas Emissions (tCO ₂ e)	6,472.28	(Note2)
Greenhouse Gas Emissions Intensity (tCO ₂ e/million dollars)	2.91	(Note2)

Note1: The data for 2022 includes YungShin Pharm's Dingdian Plant and Youth Factory.

Note 2: As of the printing date of the annual report, relevant information regarding the greenhouse gas emissions for the year 2023 of the corporation is still being compiled. For information on the corporation's greenhouse gas emissions, please refer to the corporation's 2023 Sustainability Report.

B. Greenhouse Gas Verification Information

Describe the verification status for the most recent two years as of the date of the annual report, including verification scope, verification entity, verification criteria, and verification opinion.

The greenhouse gas emissions for the past two years have not been verified by a third party as of the printing date of the annual report.

(II) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the baseline year and data, reduction targets, strategies, specific action plans, and the status of achieving reduction targets.

The corporation has planned to gradually complete the greenhouse gas inventory for the company and its consolidated subsidiaries by 2025. The baseline year for greenhouse gas reduction will be determined based on the inventory results, and reduction targets, strategies, and specific action plans will be established accordingly.

(VIII) Implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Has the Corporation 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 and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Corporation has established the Ethical Corporate Management Best Practice Principles and Code of Conduct as guidelines for Directors, managerial officers, and employees to carry out their fiduciary duties with the attention and loyalty of a prudent administrator based on the principle of good faith.	No Deviation
(II) Has the Corporation established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) For high-risk and unethical conduct, the Corporation has established an effective internal control and audit system and adopted regular and ad hoc audits to review the design the effectiveness of the design and implementation of the system. The mechanisms are as follows: The Corporation confirms whether the supplier of the transaction or procurement is a stakeholder and verifies the supplier's authenticity through the Department of Commerce of the Ministry of Economic Affairs. the Corporation also checks the transaction records of the supplier to confirm the business integrity of the counterparty. The Corporation inquires customers' credit records through the Joint Credit Information Center to prevent business transactions with unethical suppliers. Each donation is reported to the respective level for approval in accordance with the approval authority level which meets relevant laws and internal operating procedures.	No Deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(III) Has the Corporation specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	✓		(III) The Corporation's Ethical Corporate Management Best Practice Principles and Code of Conduct expressly prohibit dishonest conduct such as frauds and insider trading. the Corporation also established disciplinary and complaint channels and punishes violators accordingly based on the severity of the violation. The related contents and results of cases handled are disclosed. The Corporation closely monitors the development of domestic and overseas regulations associated with ethical corporate management and reviews and improves its ethical corporate management policies in order to enhance the effectiveness of its ethical corporate management.	No Deviation
II. Implementation of Ethical Corporate Management			The performance of this table is summarized in the context of the Corporation and its subsidiary Yung Shin Pharm. Ind. Co., Ltd. (hereinafter referred to as the Company).	
(I) Does the Corporation evaluate business counterparty's ethical records and include ethics-related clauses in business contracts?	✓		(I) The Corporation operates in a fair and transparent way and query credit record of customers through the Joint Credit Information Center to avoid transaction with dishonest customers; the contract signed with customers shall contain the observance of ethical corporate management policy and that if the transaction counterpart involves any dishonest behavior, the contract terms may be terminated or dissolved.	No Deviation
(II) Has the Corporation 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) The Corporation has established the "Sustainable Development Committee" under the Board of Directors and the "Corporate Governance Subcommittee of the Sustainable Development Group", which is responsible for promoting corporate governance issues such as honest management, anti-corruption, anti-bribery and compliance with laws and regulations, and report its implementation status to the Board of Directors once a year, with the most recent report submitted on November 8, 2023. The Corporation has established the "a code of integrity management", which should be amended or abolished with the approval of the Board of Directors. The Corporation Board of Directors has exercised due care and diligence to prevent dishonest acts and to ensure the implementation of the policy of honest management.	No Deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(III) Has the Corporation established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		<p>Implementation of ethical corporate management in 2023 as follow:</p> <p>Commitment: Suppliers sign a pledge of integrity</p> <p>Education and training: 33 people were trained in Corporate governance and integrity management.</p> <p>Commitment: employees sign a 100% employee integrity letter on joining the Corporation.</p> <p>Directors sign a declaration of compliance with the policy of integrity management.</p> <p>Mission: (1) Promote integrity and confidentiality responsibilities to employees.</p> <p>(2) Whistleblowing System: Report and Complaint Email - ysh@yungshingroup.com</p> <p>(III) The directors, managers, and employees of the Corporation shall, in carrying out their business, comply with statutory and internal control standards; all employees shall sign a confidentiality agreement and shall be obligated to keep confidential the business, documents, and customer information in their charge. The Corporation's Rules of Procedure for Board of Director Meetings states that Directors must recuse themselves from proposals with conflicts of interests involving themselves or the legal entities they represent.</p>	No Deviation
(IV) Has the Corporation established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		<p>(IV) The Corporation has established and implemented an effective accounting system, internal control system, internal audit system, and various management measures, and the audit personnel may conduct spot audit on the implementation of the system, and may appoint accountants to carry out the audit, and may request professional assistance if necessary.</p>	No Deviation
(V) Does the Corporation regularly hold internal and external educational training on ethical corporate management?	✓		<p>(V) The Corporation continues to promote its business philosophy - always be honest - through various conferences and conducts educational training from time to time.</p>	No Deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
III. Implementation of the Corporation's whistleblowing system (I) Does the Corporation have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel to deal with the reported personnel? (II) Has the Corporation established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Does the Corporation take measures to protect whistleblowers from improper treatment?	✓		(I) The Corporation has a complaint standard and has a special unit to deal with the relevant affairs according to the provisions of the measures. (II) In order to avoid unnecessary interference to and influence on the appellant, the Corporation adopts confidentiality measures in the process of handling the complaint cases. The Corporation establishes follow-up measures to be taken after investigations on a report are completed based on the severity of the case. Where necessary, the case may be reported to the competent authority or transferred to judicial authorities for investigations. (III) The Corporation keeps the informants confidential in handling complaints, who will not be punished for informing.	No Deviation No Deviation No Deviation
IV. Enhancing Information Disclosure Does the Corporation disclose its ethical corporate management policies and the results of its implementation on the Corporation's website and MOPS?	✓		The Corporation has disclosed information related to Ethical Corporate Management Best Practice Principles and related implementation status on the Corporation's website and MOPS. Corporation website: www.yungshingroup.com	No Deviation
V. Where the Corporation has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any gaps between the prescribed best practices and the actual measures taken by the Corporation: No material gap is found; No difference was found.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Corporation's Ethical Corporate Management Best Practice Principles) (I) In accordance with the New Corporate Governance Blueprint, the Corporation has amended the Ethical Corporate Management Best Practice Principles of the Corporation at the meeting of the Board of Directors on February 3, 2021 and uploaded it to the Market Observation Post System on the same day. (II) The Corporation rigorously complies with the Company Act, Securities and Exchange Act, and Business Entity Accounting Act by establishing audit and internal control regulations to stipulate compliance matters as the basis for implementing ethical corporate management. (III) The Corporation specifies requirements for ethical corporate management in the Rules of Procedure for Board of Directors Meetings and management regulations for preventing insider trading, employees' work rules, related party transactions, accounting system, and internal control system to prevent any conflict of interest or gifts. The rules are provided to facilitate compliance.				

(IX) Methods of inquiry in the Corporate Governance Best Practice Principles and related regulations established by the Corporation:

1. The Articles of Incorporation, Rules and Procedures of Shareholders' Meeting, and Rules Governing the Election of Directors are provided in the shareholder's meeting handbook which can be accessed on the "Market Observation Post System" established by the competent authority under Company Profiles\Electronic Documents\Annual Report and Shareholders' Meeting Information\3705 YungShin Global Holding Corporation.
2. Corporate website www.yungshingroup.com \Investor and Stakeholder Area\Corporate Governance\Corporate Articles of Incorporation and Regulations Provide the articles of incorporation, procedures for acquiring or disposing of assets, procedures for lending funds to others and endorsing guarantees, and regulations for preventing insider trading.

(X) Other material information that can enhance the understanding of the operation of the corporate governance must also be disclosed:

1. The Corporation's mechanisms for processing and disclosing material inside information: To effectively manage the Corporation's mechanisms for processing and disclosing material inside information, the Corporation has established various control regulations such as the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Code of conduct, and Management Procedures for Prevention of Inside Trading for compliance by the management and all employees to prevent violations or insider trading.
2. Continuing education of managerial officers in 2023

December 31, 2023

Title	Name	Organizer	Course title	Training Hours	Remarks
President	Chih-Wei Chien	Taiwan Corporate Governance Association	The Future of Overseas Wealth: From CRS to CFC in Taiwan Trends in Anti-Tax Evasion: A Discussion Course	3	
		SoCal Association for Biomedical and Pharmaceutical Advancements	Visit Africa with Love – Mobile Clinic volunteer work in Ghana	3	
			Building Innovative Biotech Companies for Success	3	
			From Professor to Entrepreneur: Microfluidics and Precision - Dr. Jing Chen	3	
Accounting Manager	Yu-Yi Lee	Accounting Research And Development Foundation	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12	
Audit Manager	Hsiang-Lien Huang	Securities and Futures Institute	Auditing ESG Risks and Presenting Effective Audit Reports	6	
		Securities and Futures Institute	Design of Internal Controls for Legal Compliance and Compliance Audit Techniques	6	
Chief Corporate Governance Officer	I-Yun Wang	Taiwan Institute of Directors	KPMG Taiwan 2023 Business Leader Academy Forum - Opportunities and Challenges in the Net-Zero Craze	3	
		Taiwan Stock Exchange (TWSE)	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3	
		Taiwan Corporate Governance Association	Integrity in Business Operations and Anti-Bribery Management System Practices	3	
		Taiwan Sustainable Energy Research Foundation	Training Course for Corporate Sustainability Management Certification	80	
		Taiwan Corporate Governance Association	The Future of Overseas Wealth: From CRS to CFC in Taiwan Trends in Anti-Tax Evasion: A Discussion Course	3	

(XI) Status of implementation of internal control system:

1. Statement of Internal Control System:

YungShin Global Holding Corporation
Statement of Internal Control System

Date: March 27, 2024

Based on the findings of a self-assessment, YungShin Global Holding Corporation states the following with regard to its internal control system during the year of 2023:

- I. The Corporation fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Corporation's Board of Directors and managerial officers, and have established the said system accordingly. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICS will also change with the changing environment or context. However, the ICS of the Corporation has self-monitoring mechanisms in place, and the Corporation will take corrective action against any defects identified.
- III. The Corporation will refer to the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. The Regulations are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Each factor also includes several items. Please refer to the Guidelines for the preceding items.
- IV. The Corporation has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Corporation believes that as of December 31, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement shall be a major content of the Corporation's annual report and prospectus, and shall be publicly disclosed. If any of the above disclosed contents contains false information or omits any material content, the Corporation will incur legal liability under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This Statement was approved by the Board of Directors of the Corporation on March 27, 2024. Among the 9 Directors, 0 dissented, and the rest agreed to the contents of this Statement.

YungShin Global Holding Corporation

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

2. Where a CPA is commissioned to conduct a project review of the ICS, the CPA's review report shall be disclosed: None.

(XII) Any legal penalty enacted upon this Corporation and its personnel, or any penalty, major defects, and state of improvements enacted by this Corporation upon its personnel for violating the rules of the ICS during the most recent year up to the publication date of this report: None.

(XIII) Key resolutions of the shareholders' meeting and the Board of Directors and review of the status of execution:

1. Key resolutions of the shareholders' meeting and review of the status of execution

Session of Meeting	Time of Meeting	Major Resolutions	Status of Execution
2023 Shareholders' Meeting	2023.05.25	1. Adoption of the 2022 Business Report and Financial Statements	Promulgated after the resolution of shareholders.
		2. Adoption of the 2022 earnings distribution proposal with cash dividends of NT\$2.3 per share.	Cash dividends were paid on July 13, 2023.
		3. Passed the proposal for the removal of the non-competition restrictions for Directors.	Removed the non-competition restrictions for newly appointed Directors in accordance with the resolutions of the shareholders' meeting.

2. Significant resolutions by the Board of Directors

Term and Session / Time	Agenda and Resolution
5th Term 9th Meeting Board of Directors 2023.02.02	Passed the director proposal (including the appointment of a representative) to cooperate with the application of Vetnostrum Animal Health Co., Ltd (YHA) for OTC/IPO listing.
5th Term 10th Meeting Board of Directors 2023.03.06	Report on the internal and external evaluation of the performance of the Corporation's Board of Directors for the year 2022. Passed the self-closing individual and consolidated financial report for 2022. Passed the Corporation's assessment of CPA Independence and AQI for 2023. Passed the 2022 earnings distribution plan. Passed the proposal for amendment to some articles in "Performance Evaluation Measures for the Board of Directors". Passed the discussion on the release of shares of Vetnostrum Animal Health Co., Ltd. to the counseling recommended brokerage firm and Taiwan securities investor and futures trader protection center.
5th Term 11th Meeting Board of Directors 2023.03.29	Passed the Corporation's individual and consolidated financial statements for fiscal year 2022. Passed the 2022 earnings distribution proposal. Passed the proposal for the distribution of the remuneration to employees and Directors for 2022. Passed the Corporation's 2022 Internal Control System Statement. Passed the proposal for the removal of the non-competition restrictions for Directors. Passed the proposal for the removal of the non-competition restrictions for Corporation's newly elected general manager. Passed the proposal for increasing endorsement and guarantee for subsidiaries Chemix Inc. (CMX).
5th Term 12th Meeting Board of Directors 2023.05.10	Passed the Corporation's consolidated financial statements for the first quarter of fiscal year 2023.

Term and Session / Time	Agenda and Resolution
5th Term 13rd Meeting Board of Directors 2023.08.09	Passed the Corporation's consolidated financial statements for fiscal year 2023. Passed the proposal for the appointment and remuneration of the Corporation's General Manager and the removal of non-competition restrictions. Passed the proposal for amendment to some articles in "Rules of Procedure for Shareholders' Meetings". Passed the formulation of the "Financial Transaction Regulations between Related Parties" for the Corporation.
5th Term 15th Meeting Board of Directors 2023.11.08	Passed the Corporation's consolidated financial statements for the third quarter of fiscal year 2023. Passed the Corporation's audit plan for fiscal year 2024. Passed the total loan amount proposal to financial institutions for the Corporation for fiscal year 2024.
5th Term 16th Meeting Board of Directors 2024.03.06	Reported on the internal assessment of the Board of Directors' performance for fiscal year 2023. Passed the self-closing individual and consolidated financial report for 2023. Passed the Corporation's assessment of CPA Independence and AQI for 2024. Approved the date and related matters for the Corporation's 2024 Annual General Meeting. Passed the proposed amendments to certain articles of the Corporation's "Board Meeting Rules." Passed the proposed amendments to certain articles of the Corporation's "Audit Committee Organization Regulations." Passed the formulation of the "Operational Procedures for the Compilation and Assurance of Sustainability Reports" of the Corporation.
5th Term 17th Meeting Board of Directors 2024.03.27	Passed the individual financial statements and consolidated financial statements of the Corporation for the year 2023. Passed the Corporation's 2023 Internal Control System Statement. Passed the 2023 earnings distribution proposal. Passed the proposal for the distribution of the remuneration to employees and Directors for 2023.

(XIV) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding key resolutions of the Directors' Meeting: None.

(XV) Summary of the resignation and dismissal of the Corporation's Chairman, President, Accounting Manager, Finance Manager, Head of Internal Audit and Head of Research and Development:

Title	Name	Commencement Date	Dismissal Date	Reason for Resignation or Dismissal
President	Fang-Hsin Lee	2019.06.20	2023.08.09	Position Adjustment

IV. Information on CPA Professional Fees

CPA Firm	Name of CPAs	Auditing Period	Audit fees	Non-audit fees	Total	Remarks
KPMG in Taiwan	Min-ju Chao Lily Lu	01.01.2023 to 12.31.2023	1,090	162	1,252	Non-audit fees primarily consist of expenses related to tax certifications and advances incurred for providing audit services.

(I) The Corporation has replaced accounting firms, and the annual audit shared expenses are less than that of the previous year prior to the replacement: None.

(II) Audit fees decreased by more than 10% compared with the previous year: Yes, due to the restructuring of the organizational framework in the audited consolidated entities, which differs from the previous year, resulting in a decrease in audit fees.

V. Replacement of CPAs: None.

VI. The Corporation's Chairperson, President, or any managerial officer in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated enterprise: of such accounting firm: None.

VII. Equity Transfer or Changes in Equity Pledge of Directors, Managers, and Shareholders with Shareholding Percentage of 10% or More

(I) Changes in equity ownership of directors (including independent directors), managers, and major shareholders:

Title	Name	2023		For the Year Ended March 31, 2024	
		Number of Shares Held Increase (Decrease)	Number of Shares Pledged Increase (Decrease)	Number of Shares Held Increase (Decrease)	Number of Shares Pledged Increase (Decrease)
Chairman	Fang-Hsin Lee	-	-	-	-
Director	Ling-Chin Lee	-	-	-	-
Director	Fang-Yu Lee	(100,000)	-	-	-
Director	Fang-Chen Lee	-	-	-	(1,000,000)
Director	Meng-Be Lin	-	-	-	-
Director	Chi-Li Lee	-	-	-	-
Independent Director	Shih-Kuang Tsai	-	-	-	-
Independent Director	Kun-Xian Lin	-	-	-	-
Independent Director	Hong-I Chen	-	-	-	-
President	Chih-Wei Chien	-	-	-	-
Accounting Manager	Yu-Yi Lee	-	-	-	-
Chief Corporate Governance Officer	I-Yun Wang	-	-	-	-

(II) Equity transfer involving related parties: None.

(III) Equity pledge involving related parties: None.

VIII. Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other

March 31, 2024

Name	Shares Held by Shareholders		Shares Held by Spouse and Minor Children		Total Shareholding through Nominees		Among Ten Largest Shareholders, Name and Relationship with Anyone Who Is a Related Party or a Relative within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or Name)	Relationship	
Fang-Jen Lee	11,775,595	4.42%	2,000	0.00%	-	-	Pao-Chen Lin Ling-Chin Lee Ling-Fen Lee Fang-Yu Lee Fang-Chen Lee Fang-Hsin Lee	Mother and son Sister and younger brother Sister and younger brother Brothers Brothers Brothers	-
TienTe Lee Biomedical Foundation	11,572,487	4.34%	-	-	-	-	-	-	-
Fang-Hsin Lee	11,260,832	4.23%	3,423	0.00%	-	-	Pao-Chen Lin Ling-Chin Lee Ling-Fen Lee Fang-Yu Lee Fang-Chen Lee Fang-Jen Lee	Mother and son Sister and younger brother Sister and younger brother Brothers Brothers Brothers	-
Ling-Chin Lee (Note)	10,401,368	3.90%	-	-	-	-	Ling-Fen Lee Fang-Yu Lee Fang-Chen Lee Fang-Jen Lee Fang-Hsin Lee	Sisters Sister and younger brother Sister and younger brother Sister and younger brother Sister and younger brother	-
Hsin Lin Chi Co., Ltd.	10,234,000	3.84%	-	-	-	-	Meng-Be Lin	Shares held through nominees	-
Ling-Fen Lee	8,875,768	3.33%	21,000	0.01%	-	-	Ling-Chin Lee Fang-Yu Lee Fang-Chen Lee Fang-Jen Lee Fang-Hsin Lee	Sisters Sister and younger brother Sister and younger brother Sister and younger brother Sister and younger brother	-

Name	Shares Held by Shareholders		Shares Held by Spouse and Minor Children		Total Shareholding through Nominees		Among Ten Largest Shareholders, Name and Relationship with Anyone Who Is a Related Party or a Relative within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or Name)	Relationship	
Pao-Chen Lin	7,910,681	2.97%	-	-	-	-	Fang-Jen Lee Fang-Hsin Lee	Mother and son Mother and son	-
Fang-Yu Lee	7,626,918	2.86%	2,858,682	1.07%	-	-	Ling-Chin Lee Ling-Fen Lee Fang-Chen Lee Fang-Jen Lee Fang-Hsin Lee	Sister and younger brother Sister and younger brother Brothers Brothers Brothers	-
Fuentes Investment Corporation	6,122,000	2.30%	-	-	-	-	Fang-Chen Lee	Shares held through nominees	-
Meng-Be Lin	5,929,326	2.23%	2,140,000	0.80%	10,234,000	3.84%	Hsin Lin Chi Co., Ltd.	Shares held through nominees	-

Note: Adding 4,000,000 shares of the trust that retains the right to exercise the decision, the total number of shares held is 14,401,368 (with a shareholding ratio of 5.41%).

IX. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Corporation, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Corporation

Total Equity Stake Held

December 31, 2023; Unit: Shares; %

Reinvestment Entities	Investment by the Corporation		Investment by Directors, Supervisors, Managerial Officers, and Entities either Directly or Indirectly Controlled by the Corporation		Total Investments	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Yung Shin Pharm. Ind. Co., Ltd.	98,166,613	100%	-	-	98,166,613	100%
YSP INTERNATIONAL COMPANY LIMITED	10,000	100%	-	-	10,000	100%
CARLSBAD TECHNOLOGY, INC.	7,502,874	74.65% (Note 1)	836,555	8.27%	8,339,429	82.92%
Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd., (Note 2)	-	100%	-	-	-	100%
YungShin Company Limited (HK) (Note 3)	7,720	96.5%	76	0.95%	7,796	97.45%
Angel Associates (Taiwan), Inc.	3,675	73.50%	621	12.42%	4,296	85.92%
CHEMIX INC.	192	100%	-	-	192	100%
Vetnostrum Animal Health Co., Ltd.	36,438,975	54.97%	3,912,129	0.59%	40,351,104	55.56%

Note 1: The Corporation and Yung Zip Chemical Ind. Co., Ltd. indirectly own 74.13% and 2.52% of Carlsbad Technology, Inc. Based on the shareholding status, the Corporation owns 74.65% of the shares.

Note 2: In June 2022, the Corporation underwent a reorganization to adjust the Group's holding structure, whereby YSP International Company Limited purchased from LTC Holding Company Limited (formerly Yung Shin China Holding Company Limited) all of its shares in Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd., increasing its shareholding ratio from 91.93% to 100.00%.

Note 3: In March 2022, the Corporation underwent a reorganization to adjust the Group's holding structure, whereby YSP International Company Limited purchased from LTC Holding Company Limited (formerly Yung Shin China Holding Company Limited) all of its shares in YungShin Company Limited (Yung Shin Hong Kong).

Chapter 4 Financing Status

I. Capital and Shares:

(I) Sources of capital:

1. Sources of capital

Year/Month	Offering Price	Authorized Capital		Paid-In Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Increased by Assets other Than Cash	Others
2010.12	10	310,000,000	3,100,000,000	253,736,175	2,537,361,750	Shares	None	Approved in the Jin-Guan-Zheng-Fa Zi No. 0990067926 dated December 8, 2010 and Tai-Zheng-Shang Zi No. 0990037208 dated December 8, 2010.
2015.10	10	310,000,000	3,100,000,000	266,422,983	2,664,229,830	Number of shares allotted for capital transferred from surplus	None	Approved in the Jin-Guan-Zheng-Fa Zi No. 1040030118 dated August 7, 2015, Jing-Shou-Shang Zi No. 10401199090 dated September 18, 2015, and Tai-Zheng-Shang-1 Zi No. 1040020648 dated October 8, 2015.
2022.07	10	610,000,000	6,100,000,000	266,422,983	2,664,229,830	-	None	Approved in the Jing-Shou-Shang Zi No. 11101100980 dated July 11, 2022

2. Authorized capital

Shares Category	Authorized capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Ordinary Share	266,422,983	343,577,017	610,000,000	Shares of publicly listed company

3. Information of shelf registration: Not applicable.

(II) Shareholder structure:

March 31, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individuals	Foreign Institutions and Natural Persons	Total
Number of Individuals	-	1	207	29,468	161	29,837
Number of Shares Held	-	50,000	41,588,989	194,641,003	30,142,991	266,422,983
Shareholding Ratio	-	0.02%	15.61%	73.06%	11.31%	100%

(III) Shareholding distribution status:

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1 to 999	16,783	1,002,103	0.38%
1,000 to 5,000	9,863	19,485,952	7.31%
5,001 to 10,000	1,525	11,439,142	4.29%
10,001 to 15,000	489	5,935,539	2.23%
15,001 to 20,000	311	5,606,811	2.10%
20,001 to 30,000	287	7,151,817	2.68%
30,001 to 40,000	121	4,311,340	1.62%
40,001 to 50,000	90	4,112,597	1.54%
50,001 to 100,000	149	10,672,052	4.01%
100,001 to 200,000	97	13,625,866	5.11%
200,001 to 400,000	50	13,962,007	5.24%
400,001 to 600,000	14	6,979,490	2.62%
600,001 to 800,000	12	8,550,834	3.21%
800,001 to 1,000,000	12	10,887,182	4.09%
1,000,001 above	34	142,700,251	53.57%
Total	29,837	266,422,983	100%

(IV) List of major shareholders:

March 31, 2024

Name of Major Shareholders	Shares	Number of Shares Held	Shareholding Ratio
Fang-Jen Lee		11,775,595	4.42%
TienTe Lee Biomedical Foundation		11,572,487	4.34%
Fang-Hsin Lee		11,260,832	4.23%
Ling-Chin Lee (Note)		10,401,368	3.90%
Hsin Lin Chi Co., Ltd.		10,234,000	3.84%
Ling-Fen Lee		8,875,768	3.33%
Pao-Chen Lin		7,910,681	2.97%
Fang-Yu Lee		7,626,918	2.86%
Fuentes Investment Corporation		6,122,000	2.30%
Meng-Be Lin		5,929,326	2.23%

Note: Adding 4,000,000 shares of the trust that retains the right to exercise the decision, the total number of shares held is 14,401,368 (with a shareholding ratio of 5.41%).

(V) Market price, net worth, earnings, dividends and other information in the most recent two fiscal years:

Item \ Year		2022	2023	Current Year as of March 31, 2024
Market Price Per Share	Maximum	52.30	48.85	48.60
	Minimum	37.20	41.65	45.80
	Average	41.68	44.39	47.20
Net Worth Per Share	Before Distribution	26.87	27.56	-
	After Distribution	24.57	25.26	-
Earnings Per Share	Weighted Average Number Of Shares (Thousand Shares)	266,365	266,365	-
	Earnings Per Share	3.15	3.11	-
Dividends Per Share	Cash Dividends	2.30	2.30	-
	Stock Grants	-	-	-
		-	-	-
	Accumulated Undistributed Dividends	-	-	-
Investment Return Analysis	Price/Earnings Ratio	13.23	14.30	-
	Price/Dividend Ratio	18.12	19.30	-
	Cash Dividend Yield	0.06	0.05	-

(VI) Dividend Policy and Implementation Status:

1. Dividend policy as set out in the Articles of Incorporation:

The Corporation's industry is susceptible to changes and the Corporation is in a stable growth phase. If earnings are present after the closing of the fiscal year, the Corporation shall distribute the earnings in the following order:

- (1) Tax payments in accordance with laws.
- (2) Offset prior years' losses.
- (3) 10% appropriation for statutory reserve.
- (4) Provision of reversal of special surplus reserves in accordance with laws and regulations.
- (5) Payment of dividends.
- (6) The Board of Directors shall propose the distribution of bonus for shareholders based on the remaining balance and the accumulated undistributed earnings of the previous year, and it shall be filed to the shareholders' meeting for distribution. The aggregate amount of the shareholders' bonus shall be 10% to 90% of the aforementioned accumulated undistributed earnings. For the distribution of shareholders' dividends and bonuses, the cash portion shall be at least 20% of the total shareholders' dividends and bonuses.
- (7) The distribution of dividends will be done in three ways: capital increase from earnings, capital increase from capital surplus, and cash dividends. In the event of an appropriate investment plan capable of increasing the Corporation's profitability, a low cash dividend ratio policy will be adopted, and either capital increase from earnings or capital increase from capital surplus will be adopted. In case capital expansion impacts the profitable standards, the ratio of cash dividend payment will be increased accordingly.

The distribution of dividends and bonuses, capital surplus, or statutory surplus, either in whole or in part, shall be made in cash, authorized by a resolution of the Board of Directors with the presence of two-thirds or more of the directors and the approval of a majority of the attending directors, and reported to the shareholders' meeting. When distributed by issuing new shares, it shall be proposed to the shareholders' meeting for resolution before distribution.

2. Distribution of dividends proposed in the shareholders' meeting:

The Board of Directors of the Corporation resolved on March 27, 2024 to propose the distribution of shareholders' dividends for 2023. The dividends shall be distributed as cash dividend of totaling 2.3 per share which shall be distributed after the resolution of the shareholders' meeting.

3. Any expected material changes in the dividend policy: None.

(VII) Effect of free allotment of shares proposed at this shareholders' meeting on the Corporation's business performance and earnings per share: NA.

(VIII) Remuneration of Employees, Directors, and Supervisors

1. Percentage or range of remuneration paid to employees and Directors and Supervisors as set forth in the Articles of Incorporation:

To motivate employees and the management team, the Corporation appropriates no less than 0.3% of any annual profits as employees' compensation and no more than 3% as remuneration for Directors and Supervisors. However, a sum shall be set aside in advance to pay for any outstanding cumulative losses. Directors' remuneration shall be distributed in cash and employees' remuneration may be distributed in stocks or cash. A resolution by a majority voting of the directors presents at a meeting of the Board of Directors attended by two-thirds or more of the Directors of the Corporation shall be obtained, and a report shall be submitted to the shareholders' meeting. The distribution of employee remuneration in stocks or cash shall include employees of affiliated companies that meet the criteria specified by the Board of Directors.

2. The basis for estimating the amount of remuneration for employees, Directors and Supervisors, basis for calculating the number of shares to be distributed as stock compensation, and remuneration for employees, Directors, and Supervisors are recognized as expenses and liability if such recognition is based on legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution. The Corporation's remunerations for employees, directors, and supervisors in 2023 are presented based on the profit up to the current period and in accordance with the articles of association of the Corporation. The estimated amount of employee remuneration in this period is NT\$2,707,910, and that of director remuneration is NT\$18,052,731. The estimation is based on the provisions of the articles of association of the Corporation and shall be recognized as operating costs and expenses of the current period, provided that if there is any discrepancy between the actual distribution amount and the estimated amount, it shall be recognized as the annual profit or loss of the year when the shareholders' meeting is held.

3. Information on any approval by the Board of Directors of distribution of remuneration:

- (1) Amount of remuneration distributed to employees and Directors in the form of cash or stock.

Remuneration for Employees, Directors, and Supervisors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

- (2) Amount of any employee remuneration distributed in stock, and its size as a percentage of the sum of net income after tax and total employee remuneration stated in the financial statements or individual financial statements for the current period: The Board has resolved to distribute remuneration for employees and Directors in cash. Therefore, the distribution of stock dividends does not apply.

4. The actual distribution of remuneration for employees and Director for the previous fiscal year (including number and amount of shares distributed, as well as share price), and, if there is any discrepancy between the actual distribution and the recognized remuneration for employees and Director, the discrepant amount, cause and treatment of such discrepancy shall be stated:

Distribution Status	Previous Year				
	Shareholders' Meeting on May 25, 2023 Resolved the Actual Distribution	Board Meeting on March 29, 2023 Passed the Proposed Distribution	Actual Cash Distribution Amount for 2023	Discrepancy	Cause of Discrepancy
1. Remuneration for employees	NT\$2,707,910	NT\$2,707,910	NT\$1,666,925	NT\$1,040,985	Note
2. Remuneration for Directors and Supervisors	NT\$18,052,731	NT\$18,052,731	NT\$18,052,731	NT\$0	None

Note: The variance in employee bonuses will be retained within the "Employee Remuneration Payable" in the financial statements.

(IX) Company share repurchase status: None.

- II. Issuance of Corporate Bonds, Special Shares, Overseas Depository Receipts, Employee Stock Option Certificates, Restrictions on Employee Warrants and Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies: None.
- III. Capital Utilization Plan and Its Implementation:
The Corporation does not have "previous issuance or private placement of marketable securities that have not been completed" or "completed issuance of securities without demonstrable benefits within the past three years".

Chapter 5 Operational Highlights

I. Business Activities

(I) Business scope:

1. YungShin Global Holding Corporation: The Corporation is an industrial investment holding company with general investment as its main business.
2. YungShin Pharm. Ind. Co. Ltd.:

(1) Principal business activities and revenue distribution:

- A. Manufacturing and trading of pharmaceutical products, agricultural industrial pharmaceutical products, animal drugs, food, Chinese medicine, agricultural products, chemical drugs, sanitation and medical products, environmental hygiene agents, cosmetics, toothpaste, soap, scented soap, detergent, shampoo, and other cleaning agents, spices, feed, feed additives, fertilizers, sports goods, decorations, science instruments, medical equipment, diagnostic reagents, diagnostic instruments, and biological preparation.
- B. C802120 industrial catalyst manufacturing.
- C. C801030 precision chemical materials manufacturing.
- D. Machinery and equipment repairs, manufacturing, and trading
- E. Import, export, and agency business of the aforementioned products.
- F. Commissioned construction of residential and commercial buildings for lease or sale, and commissioning of construction companies for development of industrial parks approved by industrial authorities.
- G. Publication and distribution of books or magazines.
- H. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- I. F401171 Alcohol drink import

The current main source of revenue of Yung Shin Pharmaceutical consists of pharmaceuticals and animal pharmaceutical businesses specified in Item A.

Main Products	Amount (NT\$1,000)	Percentage of Revenue
Pharmaceuticals for humans and animals	3,235,947	68.36%
Cosmetics	16,274	0.34%
Health food	581,519	12.29%
Product distribution	297,306	6.28%
OEM products	529,319	11.18%
Others	73,226	1.55%
Total	4,733,591	100.00%

(2) The main commodity items of YungShin Pharmaceutical:

- A. There are totally 801 licenses
 - a. Pharmaceuticals for human consumption
(including 13 permits for contracted production by other factories and 2 permits for drug import) 649 permits
 - b. Medical equipment 4 permits
 - c. Active pharmaceutical ingredients 28 permits
 - d. Health food 2 permits
 - e. Cosmetics that contain drugs 9 permits
 - f. Capsule and pill food 46 permits
 - g. Food import 6 permits
 - h. Drugs for animal use (OEM) 36 permits
 - i. Subsidies for feed 15 permits
 - j. Food additives 6 permits
- B. Totally 26 OEM licenses
 - a. Pharmaceuticals for human consumption 25 permits
 - b. Health food 1 permit
- C. Other products (no license required): 181 kinds
 - a. Regular cosmetics 44 types
 - b. Regular traded cosmetics 3 types

- c. Food 115 types
- d. Traded food 17 types
- e. Raw materials 2 types

※ The quantity listed above does not include masks, Omni-Skin, Food Solids, Hoba Blue, quick screening test, wet wipes

- D. Each preparation contains solid dosage forms: coated tablets (including tablets, granules, powder), pellet capsules (including capsules), pellets, suppositories, liquid (liquid dosage form, suspension dosage form, solution dosage form), semi-solid dosage form, injection (liquid dosage form, solid dosage form), and other dosage forms. In addition to producing general preparations, we also produce cytotoxic preparations, penicillin preparations, and cephalosporins with specific toxic and hazardous substances.
- E. The preparations include nervous system drugs, circulatory system drugs, respiratory system drugs, digestive system drugs, metabolic drugs, anti-tumor and immune mediators, genitourinary system drugs, antimicrobial drugs, external drugs, hormonal agents and so on.

(3) New products planned for development:

The Corporation invests 6% to 10% of annual average operating income in research and development expenses each year and with R&D expenditures amounting to NT\$200 million to NT\$300 million.

The pharmaceutical products developed by YungShin Pharmaceutical encompass multiple treatment categories. The development strategies of YungShin Pharmaceutical are as follows:

- A. We focus on satisfying market demands and use high-quality requirements and market penetration strategies to improve the Corporation's overall competitiveness.
- B. We shall conduct comprehensive research and development of pharmaceutical-related products, create market demand, and adjust research and development strategies based on the National Health Insurance system and market trends.
- C. We adopted a centralized and diversified business strategy to develop other products with market potential and high-quality standards. the Corporation's strong R&D team and the performance and integration of technology and marketing systems allow the Corporation to consolidate its specialization position in pharmaceutical industry and expands opportunities for success in new businesses.

3. CHEMIX INC. :

(1) Main businesses:

Chemix Inc. is a company that specializes in the sales of pharmaceutical products, pharmaceutical raw materials, and health food raw materials. The main products are injectable products for generic drugs, injectable antibiotic products, solvents for medical use, and oral tablets with antibiotics. the Corporation also distributes raw materials and health food products that meet Japanese GMP regulations from multiple overseas manufacturers of medical ingredients. It serves as the manager of drug permits in Japan and introduces drugs into Japan for sales and promotion.

In terms of sales of generic drugs, Chemix works with major Japanese pharmaceutical companies and retains a professional distribution sales team to establish independent sales channels for the sales of pharmaceutical products. The scope of product sales encompasses medical institutions across Japan and hundreds of local distributors.

(2) Percentage of Revenue:

Unit: JPY 1,000; %

Item	Year	2022		2023	
		Operating Income	Weight (%)	Operating Income	Weight (%)
Trading of Preparations		1,418,215	55%	2,238,206	68%
Trading of Raw Materials		1,166,856	45%	1,049,398	32%
Total		2,585,071	100%	3,287,604	100%

(II) Industry overview:

1. YungShin Global Holding Corporation:

(1) Status and Development of the Industry:

Global pharmaceutical market:

Looking at the world's overall environmental changes, due to the drug market being affected by the health care policies, budget and cost control of governments as well as the medical budget of consumers, the market fluctuations of new and generic drugs and drug price control measures will bring uncertainty to the global drug market size in the future. It is predicted that the global generic drug sales volume will reach US\$ 422.5 billion by 2024, with a CAGR of 5.0% from 2019 to 2024.

With the continuous decline in fertility and mortality rates across the world, the proportion of the young population continues to decrease as population aging accelerates. The population of the elderly surpassed 7.0% in 2005 and the global population structure officially entered that of an aging society. By 2040, the population aged 65 and above will surpass 1.3 billion as the globe becomes an aging society. The number of the elderly and young population will be equalized by 2075 and the elderly population will exceed the young population. By then, the world will face the impact of a more severe aging society and low birthrate. As the global population ages and the population with chronic diseases continue to increase, high-price and breakthrough drugs will enter the market and continue to power overall growth in the pharmaceutical market.

In the current global drug market, the United States, mainland China, Japan, Germany, and the United Kingdom are the top five drug markets in the world. Among them, the total drug market size of the US has reached approximately US\$373.3 billion, maintaining it as the top 1 market, mainland China's drug market size is about US\$140.37 billion, and the Japanese drug market is about US\$103 billion, which are the three countries that exceed US\$100 billion in annual drug market size worldwide. The global population growth and increased medical demand of an aging society means that the scale of the global pharmaceutical market will increase as emerging markets begin to provide more comprehensive healthcare systems and prices of cancer drugs and other new drugs increase.

North America and Europe have long been the main regional markets for global pharmaceutical sales. However, as they are considered mature markets, the growth rate of the pharmaceutical market is relatively slow due to the pressure of a slowed economic development and medical expenditures. Their share of the global market has gradually declined. Asia Pacific enjoys the advantages of rapid population growth and the increased demand for medical services powered by economic development. Countries such as Mainland China, India, Bangladesh, Iran, and Vietnam are still considered emerging markets and have high potential for high-speed growth in their pharmaceutical markets. As such, Asia Pacific's market share in the global pharmaceutical market has steadily increased each year.

In terms of treatment, cancer research remains the most popular field for research and development. Despite the advancement of innovative breakthrough therapy in recent years with substantial advancement for the treatment of certain cancers, many demands remain unmet. Therefore, research and development of cancer drugs continues to attract investments. Immunotherapy drugs have been proven to be effective for the treatment of certain cancers and applications have been expanded to treatments of infections and inflammation suppression. It is expected to be a key sector for the development of new drugs in the future.

The global pharmaceutical market is expected to benefit from global economic growth in the next five years. Although many political uncertainties still affect the development of economic or medical policies, the accelerated aging of the global population means a continuous increase of demand for medical services that must be met by innovative and breakthrough new drugs. The demand will be the main driver in the growth of the pharmaceutical market. The main factors limiting the growth of the pharmaceutical market will be medical expenditures, drug price controls, the wave of expiration of brand drugs due to expiration of patents and their replacement by generic drugs and biosimilars. According to the prediction of the market industry intelligence agency BMI, the usage amount of global drug market will continue to be amplified, but in the context of drug price control pressure, expected increase of the market acceptance for generic drugs and biologically similar drugs, the output is expected to reach 1.6 trillion USD by 2026.

(2) Product development trends and competition:

The following is a brief description of development trends and competition conditions of

biopharmaceuticals, generic drugs, and biosimilars.

A. Biopharmaceuticals market:

Biopharmaceuticals are manufactured using biotechnology methods such as genetic engineering to produce drugs with features including larger molecular size, higher complexity of structures, and higher production costs when compared with small molecule drugs. However, they generally have superior effects in treating cancers, autoimmune diseases, and other major diseases. They also have fewer side effects and are generally accepted by patients. As a result, despite the high production cost of biopharmaceuticals, their high market acceptance made them the items with the greatest potential in the pharmaceutical market. Their share of the pharmaceutical market has also increased each year.

The United States and Europe have expedited reviews of biosimilars for launch in the market and these measures have become the main obstacles for growth of the biopharmaceuticals market. Therefore, the number of innovative biopharmaceuticals launched still reached record highs and there are still many biopharmaceuticals with great market potential in research and development or clinical trials. They are expected to generate continuous growth in the biopharmaceuticals market and the compound annual growth rate (CAGR) from 2020 to 2025 may yet reach 9.%.

B. Generic drug market:

Generic drugs refer to drugs created based on the small-molecule patent drugs developed by the original manufacturer as reference drugs. They have identical usage, dosage, safety, therapeutic effects, method of delivery, quality, and pharmacodynamic properties as the patent drugs or are biological equivalent. Therefore, generic drugs and reference drugs have the same chemical contents, dosage and therapeutic effects.

As the global population ages and new drug prices become more expensive, leading to increasing medical expenditure, governments around the world are actively encouraging the use of generic drugs. Despite the restrictions imposed by the United States through the TPP and bilateral free trade agreements in the form of patent linkage and quality regulatory risks, the global generic drug market still continued its steady growth. The significance of the existence of generic drugs is to provide the public with drugs and treatment at affordable prices. The soaring medical expenditure has caused a heavy financial burden in many countries. Many countries have put forward encouraging policies to expand the popularization rate of generic drugs to reduce medical expenditures. For example, Japan's Ministry of Health and Welfare aims to achieve 85% for the consumption rate of generic drugs in 2022 and actively approve the launching of generic drugs; France has introduced a cost-control plan for health spending, aiming to reduce drug prices and increase the use of generic drugs. Advanced countries have adopted incentives and restrictions to continue to promote the growth of the generic drug market.

In terms of the global generic drug market, emerging countries such as China will continue to maintain two-digit high-speed growth due to their immense potential. The United States, Japan, and five countries in Western Europe will achieve 3-5% growth each year, the same rate as the population aging rate.

C. Biosimilar market:

Biosimilars refer to drugs developed and produced by biopharmaceutical companies based on biopharmaceutical products as references. However, due to the complex and unstable molecular structure of biosimilars, the products cannot be completely identical to the molecular characteristics of biopharmaceuticals created by the original manufacturer. They can only be described as similar, and the terms for biosimilars vary from country to country. For example, the US FDA refers to them as Follow-on Biologics; the EU EMA refers to them as biosimilars; they are referred to as biosimilar drugs in Taiwan.

The molecular characteristics Biosimilars are different from those of generic drugs and the review model of generic drugs thus cannot be used. Therefore, countries must establish dedicated legislation as the basis for reviews. The development cost of biosimilars is higher than that of generic drugs and the cost has increased the entry barrier for pharmaceutical companies. Therefore, they are less competitive than generic drugs and manufacturers can maintain a higher profit margin.

As biosimilars have superior therapeutic effects and can help reduce medical costs, many

countries have commenced the establishment of related regulations to promote the development of biosimilars. The EU EMA is the first region in the world to establish regulations for the review and approval of biosimilars and it authorized the launch of the first biosimilar product in 2006. As of 2017, the EU market, consisting mainly of the five countries in Western Europe, had accelerated the approval of 38 biosimilars. Following the European Union, the US FDA approved the regulation of biosimilars in 2012, the first biosimilar was approved in 2015, four biosimilars followed in 2016. As of May 2018, 10 products have entered the US market.

The approval of the US FDA for the launch of biosimilars and the expiration of many future biopharmaceutical patents have attracted many manufacturers to invest in the development of biosimilars. They aim to develop business opportunities in the biosimilar market after the expiration of the patents.

(3) Correlation between upstream, midstream, and downstream of the industry:

Taiwan's drug market: In Taiwan's drug market, due to the increase of aging population and demand for chronic medical treatment, the drug demand has been growing constantly. According to IQVIA's data and the estimation of the IT IS research team of DCB's Industry Information Department, by 2024, Taiwan's drug market will reach NT\$241.0 billion. In 2020, affected by the COVID-19 epidemic, the decrease of patients' willingness to seek medical treatment is expected to slow down the growth of Taiwan's drug market, which will gradually recover after 2021. However, affected by the health insurance drug price control, the overall Taiwan drug market is expected to see limited growth in the future. It is estimated that the CAGR of the Taiwan drug market in 2019-2024 will be 3.5%, which is slightly lower than the global rate of 4.3%.

To estimate the changes in the distribution of various drug categories in Taiwan's drug market in 2024, in the face of the aging population and the increasing demand for drugs for chronic diseases, which has caused the increasing rise in the expenditures of health insurance drugs, in order to reduce the continuously increasing medical burden, the future policy will continue to encourage the use of generic drugs and biologically similar drugs. It is predicted that the proportion of sales of generic drugs in Taiwan will rise slightly from 28.2% to 29.1%, and the proportion of sales of patented drugs in the overall pharmaceutical market will slightly decrease from 64.3% in 2019 to 63.6% in 2024, while the OTC medication will decline slightly.

A. Western medicine preparation market:

Western medicine preparation refers to the processing of active ingredients with active cost for the production of small molecule drugs with different preparations or dosage types and specific therapeutic effects. Western medicine preparations can also be divided into new drugs with patent protection or generic drugs developed based on ingredients or manufacturing methods of original pharmaceutical manufacturers whose patent protection has expired. In the early days, most of the western generic pharmaceutical preparation manufacturers in Taiwan engaged in the development of generic drugs. However, as the government began promoting the development of the biotech industry, the pharmaceutical industry was listed as a key sector and the government used measures such as subsidies for research and development to encourage academic and research institutions to work with pharmaceuticals companies to develop new small-molecule drugs. Although generic drugs remain the main source of revenue for Western medicine preparations in Taiwan, the industry has shifted toward the development of unique generic drugs.

In general, the western medicine preparations industry in Taiwan is currently led by generic drugs. Although it faces pressures such as an increase in production costs and reduced profit margins of pharmaceutical products, the manufacturers retain a certain level of competitiveness. Export volume of western medicine preparations has grown each year and the western medicine preparations industry has achieved steady growth in output value as a result of continuous expansion of export sales. The Japanese government also continues to increase the use of generic drugs and vigorously promoted their use. Most of the countries of Taiwan's "New Southbound Policy" use generic drugs. With rapidly aging population and increased burden on medical services, many governments across the world have encouraged the use of generic drugs to control medical costs. These policies are expected to bring forth opportunities for growth to the generic drug industry. OTC drugs will become increasingly important with economic development and popularization of education as people pay more attention to their own health. The austerity policies adopted by

governments of different countries for medical expenditures and the rise of self-medication will usher in more market opportunities.

In 2019, the output value of Western medicine preparations in Taiwan was NT\$47.61 billion, up 7.2% compared with 2018, but still lower than the overall growth rate of Taiwan's pharmaceutical industry of 7.6%, with a CAGR of 4.7% from 2015 to 2019. Taiwan's current western medicine preparations are mainly generic drugs and mainly sold in the Taiwan market, only a small number of them are exported, but in the policy context of lowering the drug price of the Taiwan government, the growth of generic drug market has been blocked in Taiwan, so the Taiwanese western medicine preparation manufacturers have been actively expanding overseas market in recent years in order to increase sales and expand market, and achieved sharp growth in export in 2019, making the output value growth rate of western medicine preparation show a three-year high. Most of the new ingredients for new drugs in Taiwan rely on imports from major pharmaceutical companies in Europe and the United States. In response to the aging population and progress in new treatment methods, the price of new drugs has increased significantly due to the rising cost of research and development expenses. These trends have caused the output to maintain a two-digit growth.

The Western medicine preparation manufacturers in Taiwan focus on the domestic market which includes prescription drugs that can only be described with prescriptions from doctors and over-the-counter drugs that require preparation by pharmacists. The National Health Insurance system has been implemented for many years and the NHI drug market has become the largest drug market in Taiwan. The introduction of new drugs has taken up significant segments of the NHI drug market and prompted domestic pharmaceutical manufacturers to seek expansion in overseas markets. YungShin Group has been deploying in the United States, mainland China, Southeast Asia, and Japan for many years. In addition to Taiwan, it has also set up factories and operating bases overseas and can sell products via local subsidiaries or via third parties.

B. Active pharmaceutical ingredients market:

Pharmaceutical manufacturers make use of active pharmaceutical ingredients or active ingredients and add excipients to produce products for sale. APIs are therefore crucial for the development of the pharmaceutical industry. To improve the quality of pharmaceutical raw materials, the government of Taiwan has implemented the GMP system for API manufacturing plants since January 1, 2016. The government requires API products used by Western medicine preparation to be provided with GMP certification documents issued by domestic and overseas competent authorities before they may be used.

The expiration of patents of Western medicine preparations and biopharmaceuticals around the world has brought forth new product development opportunities to API companies. Taiwan government has championed the New Southbound Policy. Southeast Asian countries produce less APIs and mostly rely on imports. The regulatory management of APIs is less regulated than drugs and presents lower entry barriers. Therefore, they offer higher possibilities of export sales and opportunities. In addition, the business model of outsourcing of APIs for OEM manufacturing has gradually taken shape in the international market. It helps domestic API manufacturers in obtaining OEM opportunities.

In recent years, due to the outbreak of the COVID-19 epidemic leading to the lockdown of cities and the shutdown of API manufacturers in mainland China as a main API exporter, affecting the global supply chain of APIs and the imbalance between supply and demand of APIs all over the world, in addition to the trade conflict between the United States and China, making the US and Europe actively looking for new sources of APIs, which derives new opportunities of API demand. As an API supplying country, India's government and policy encourage domestic firms to actively strive for new business opportunities for API production supply, and the US government is also actively promoting manufacturers to produce APIs at home. Taiwan can also seek new international business opportunities through niche topics actively with its own core technical competitiveness in APIs.

C. Biological preparation market:

Biological preparations include biopharmaceuticals, vaccines, blood preparations and drugs with allergen extracts. Due to the complex product molecular structure, the development process and R&D expenses are higher than those of small molecule new drugs. However,

biological preparations are highly effective and have minimal side effects. Its market growth rate is higher than that of small molecule drugs. They have become key sectors of development for manufacturers across the globe and many domestic manufacturers have also invested in the research and development of products such as biopharmaceuticals and vaccines.

Today, related domestic manufacturers of biopharmaceuticals, vaccines, and biosimilars have achieved growth. They have obtained drug permits for vaccine products in multiple countries, and they have been sold in domestic and export markets. The biopharmaceutical industry has entered a commercialization and production stage. In view of the small domestic demand market in Taiwan and the intense need to expand into global market in the face of future global opportunities and challenges, Taiwan's biopharmaceutical industry, due to its lack of international marketing experience, still needs to expand its product line and international markets through strategic alliances. In terms of the challenges in the research and development of innovative biopharmaceutical products, the speed of the development of immunotherapy and gene therapy for cancer treatment and other international R&D trends in Taiwan has been slower than competitors in Korea and Mainland China. It will affect the international competitiveness of emerging biopharmaceutical products in the future. The regulators have not yet established comprehensive regulations for innovative biopharmaceuticals such as RNA therapeutics and gene therapy, and they also lack review experience. Although biosimilars in Taiwan have been produced, entered clinical trials, and attracted major international partners, the intensification of the competition in the future will require strong market expansion strategies and cost control, which will be key for determining the success and profitability in the market.

2. YungShin Pharm. Ind. Co. Ltd.:

According to statistics from the Ministry of Health and Welfare, Taiwan's national healthcare expenditure grew from NT\$913.41 billion in 2011 to NT\$1.4 trillion in 2021. Per capita healthcare expenditure also increased from NT\$39,000 in 2011 to NT\$61,000 in 2021. The increasing healthcare expenditure in the country is a significant driver for the continuous growth of our pharmaceutical market. Due to factors such as inflation and an aging population, Taiwan's health insurance budget has been increasing annually. While the government has implemented measures such as adjusting insurance premiums and promoting the new partial burden system to control overall healthcare spending, the demand for healthcare services continues to expand. Additionally, many expensive emerging drugs and medical devices have been included in health insurance coverage, leading to the continuous growth of Taiwan's overall pharmaceutical market.

In 2022, Taiwan's pharmaceutical market reached NT\$213.85 billion, a 3.5% increase from 2021. The compound annual growth rate (CAGR) from 2018 to 2022 was 4.2%, indicating that our country's pharmaceutical market will continue to show stable growth in the future.



資料來源：MIDAS；DCB 產資組 ITIS 研究團隊 (2023.08)

The increasing demand for chronic disease patients and elderly care, coupled with the growth of the pharmaceutical market, has led to an annual rise in pharmaceutical expenditure, placing a burden on

government finances. Promoting generic drugs with similar efficacy and quality but relatively lower prices has become one of the key strategies. However, the implementation of the National Health Insurance (NHI) budget and drug price adjustment system, which adjusts NHI reimbursement prices every 1 or 2 years, has constrained the growth of the domestic generic drug market. According to analysis by the ITIS research team of DCB Asset Management based on MIDAS Taiwan pharmaceutical sales data, in 2022, the sales of generic drugs in Taiwan (including sales of original drugs after patent expiration) amounted to NT\$103.19 billion, accounting for approximately 48.3% of the overall pharmaceutical market in Taiwan, with a growth of 0.3% compared to 2021. This marginal growth is primarily attributed to the continued preference of domestic consumers and physicians for original drugs, lack of confidence in generic drugs, and high overlap of domestic generic drug product offerings, leading to intense competition among manufacturers and squeezing profit margins. Therefore, enhancing domestic market acceptance of generic drugs and increasing their utilization rate are critical for Taiwanese generic drug manufacturers to overcome existing challenges.

3. CHEMIX INC. :

Due the fiscal burden of the Japanese government and an aging population, the Japanese government has strongly encouraged and promoted the use of generic drugs in recent years to reduce medical expenses. The Ministry of Health, Labour and Welfare of Japan has set a target of 80% penetration rate of generic drugs by 2020 (by 2019, the penetration rate of generic drugs has exceeded 79%). Therefore, with the support of the policy, the point reward system for using generic drugs adopted by medical authorities, and the change of the overall habit of drug use, the usage of generic drugs in Japan has grown considerably in recent years. However, in promoting the usage of generic drugs, in addition to the fierce competition among generic drug suppliers and the participation of large drug companies into generic drug market, Japan's authorities have been imposing increasingly strict quality requirements and inspections for generic drugs, and have increased the supervision efforts on the quality and manufacturing responsibility of generic drugs and the legal compliance of pharmaceutical factories. In addition, in order to mitigate the financial burden of the Japanese government, the healthcare drug price of generic drugs is also affected by the annual price reduction measures. Therefore, the continuous development of new products and the maintenance of competitive advantages and quality of products have become the most important challenges for the generic drug industry.

(III) Overview of technology and R&D:

1. YungShin Global Holding Corporation:

(1) The Group's R&D investments in the most recent year:

Unit: NT\$1,000; %

Item \ Year	2022	2023
R&D Expenditure (NT\$1,000)	347,032	329,818
Percentage of Revenue (%)	4.75%	4.69%

Data source: 2023 Consolidated Financial Statements

(2) Technology and R&D projects:

- A. To obtain Taiwan drug license for APIs, expand the production scale and improve the production technology.
- B. To obtain the Japanese market license for generic drugs.
- C. To obtain the American market license for generic drugs.
- D. To obtain inspection registration and Taiwan license for medical devices.
- E. Animal drugs and feed additives.

(3) The Group's expected R&D expenditure: 3%-5%.

2. YungShin Pharm. Ind. Co. Ltd.:

(1) R&D investments in the most recent year:

Unit: NT\$1,000; %

Item \ Year	2022	2023
R&D Expenditure (NT\$1,000)	281,292	302,851
Percentage of Revenue (%)	6.30%	6.40%

(2) Technologies or products developed successfully:

- A. Active pharmaceutical ingredients used to treat osteoporosis, with process optimization and updating specifications according to the United States Pharmacopeia, have completed mass production trials and batch production.
- B. Active pharmaceutical ingredients used for migraine treatment have completed mass production trials.
- C. Active pharmaceutical ingredients with sedative effects for patients undergoing intubation and artificial respiration care have completed mass production trials.
- D. The laboratory process development of active pharmaceutical ingredients for treating gastroduodenal ulcers and reflux esophagitis with a new mechanism of action has been completed.
- E. The laboratory process development of active pharmaceutical ingredients for the treatment of chronic ferrosis caused by blood transfusion has been completed.
- F. The laboratory process development of active pharmaceutical ingredients for diabetes treatment has been completed.
- G. The anti-inflammatory drug "Youkoxia F.C. Tab. 60mg" has obtained a Taiwan drug certificate.
- H. The gout drug "Febuxostat 40 mg" has obtained a Taiwan drug certificate.
- I. The anti-inflammatory freeze-dried injection "Dycox 40mg Lyophilized Injection" has obtained a Taiwan drug certificate.
- J. The packaging specification of the systemic antibacterial drug dry powder injection "Burotam" has been increased to 4gm/vial.
- K. A medical device long-lasting one-shot semi-annual crosslinked hyaluronic acid joint cavity injection has been licensed in Taiwan.
- L. A medical device long-lasting one-shot annual crosslinked hyaluronic acid joint cavity injection has been licensed in Taiwan.

3. Chemix Inc.: Not applicable.

(IV) Short/long-term business development plans:

1. YungShin Global Holding Corporation:

- (1) Long term: YungShin has been committed to expanding the international market since 1985. At present, the Group has set up professional manufacturing plants in Taiwan, mainland China, the United States, Malaysia, and Vietnam to supply the needs of local and global markets; in addition to Taiwan, it has also set up sales points in mainland China, the United States, Southeast Asia, and Japan. In the future, it will evaluate the layout in Europe, South America, Africa, and other emerging markets.
- (2) Short term: In the intense cost competition of the generic drug market, the Group controls the R&D and supply of APIs, which are important elements for the survival and development of generic drug companies. YungShin Group had invested in R&D and production of APIs since the early stage of its development. Now, it has API R&D and production bases in both Taiwan Province and Mainland China and will continue to increase its API varieties and capacity expansion by means of cooperation, investment, merger, and acquisition.

2. YungShin Pharm. Ind. Co. Ltd.:

(1) Marketing strategy

- A. In the future, hospital channels will continue to play a leading role in the growth of Taiwan's drug market. Yung Shin Pharmaceutical will continue to create breakthrough performance and increase market share by organizing marketing activity planning, brand

image differentiation, building new sales team, project management for new product development, and cohesion of executive powers and team morale.

- B. The Corporation shall increase product profitability and market coverage by shifting the focus of disease treatment from acute and infectious diseases to treatment of chronic diseases such as hypertension, hyperlipidemia, diabetes, cardiovascular diseases, and cancer.
- C. The Corporation shall actively expand the self-paid medicine market for OTC drugs, healthcare products, and medical beauty products.
- D. The business model is also gradually moving towards international cooperation including mergers and acquisitions, technology transfer/authorization, sharing of marketing channels, research and development cooperation, supply of products or raw materials, with the aim of accelerating the time to market, enhancing research and development capacity, completing product lines, and expanding market share in international markets.

(2) R&D strategy

- A. The strategy for vertical integration of APIs and preparations to improve the quality and capability of R&D.
- B. Cooperation between industry, government, academia, and research to develop new models.
- C. Develop new dosage forms and new compound prescription drugs to create product differentiation, and strengthen the marketing map of special dosage forms, and accelerate the market development of domestic and foreign prescription drugs and OTC product lines in a broad and deep manner by establishing the professional image of marketing special dosage forms.

(3) Production strategy

- A. Develop segmented research and development technology for new prescription drug development, large-scale, automated, and specialized commissioned manufacturing development in order to integrate resources, improve competitiveness and reduce costs.
- B. Digital technology introduction is expected to reduce drug development costs and speed up development.
- C. Improve the quality and capacity of factories through the manufacturing line planning, production and marketing communication, and production management process.

3. CHEMIX INC. :

- (1) Short-term objectives: Increase the range of antibiotics and water solvent products to expand the generic drug market in Japan.
- (2) Medium-term (long-term) goal: Establish new business and production locations, and integrate the Group's production energy for pharmaceuticals, animal medicines, APIs and health products, diversifying the products in Japan.

II. Market and Production and Sales Overview

(I) Market Analysis:

- 1. YungShin Global Holding Corporation: The Corporation's main business is general investment, and it is therefore not applicable.
- 2. YungShin Pharm. Ind. Co. Ltd.:

(1) Sales area and market share of major commodities:

The sales regions of the main products of our company are mainly domestic sales, accounting for approximately 94% of individual business income, while export sales account for 6%.

According to analysis by the ITIS research team of DCB Asset Management on the sales of imported and domestic generic drugs, in 2021, domestic generic drug sales accounted for approximately 32.3% of total generic drug sales, while imported generic drug sales accounted for 67.7%, making the sales of imported generic drugs double that of domestic ones. The continuous increase in the aging population and chronic disease patients domestically poses a significant burden on the National Health Insurance system. Reducing drug prices serves as a crucial obstacle to market growth.

(2) Future supply and demand conditions and growth of the market:

The western pharmaceutical preparation industry in Taiwan mainly focuses on domestic sales. The COVID-19 epidemic in Taiwan in 2021 was more severe than that in 2020, and people avoided going to hospitals or clinics for treatment, which caused a significant impact on the

western pharmaceutical preparation industry in 2021. With the increase rate in vaccine injection, the public's attitude towards the epidemic has become normal, and it is estimated that the output value of the western pharmaceutical preparation industry will return to stability in the future.

- (3) Advantages and disadvantages of competitive niche and development prospects and countermeasures:

Yung Shin Pharmaceutical has always been recognized by both customers and competitors with "complete product line, high quality, and reasonable price". Although the non-free market competition factors such as the "Health Insurance Drug Use Regulations" affect the competition in the market, Yung Shin Pharmaceutical can still maintain its competitive advantages under the existing stable basis and with the development of new products and new dosage forms. In addition to its comprehensive system, YSP also won recognition for the quality of its products. In addition, the Corporation has established differentiated corporate and brand image in recent years to maintain its relative competitive advantages.

A. Favorable factors:

- a. Under the COVID-19 epidemic and the turbulent geographical relationship between China and the USA, manufacturers in the international pharmaceutical industry have reduced their dependence on the Chinese mainland in order to diversify risks and avoid concentrating their supply chains in specific countries. Taiwan has advantages in its geographical location, as well as excellent domestic pharmaceutical production technology. In addition, Taiwan has introduced PIC/S GMP for many years and became a full member of the International Association for Pharmaceutical Regulations in 2018. Taiwan can strive to become a part of the new supply chain under the trend of supply chain reshaping.
- b. The major drug markets in the United States and Japan have adopted policies for encouraging the use of generic drugs. Emerging markets in Southeast Asia also focus on the use of generic drugs which will create opportunities for growth to the generic drugs industry in Taiwan.
- c. The prolonged impact of the pandemic has also driven the demand for self-care at home, leading to growth in sales of over-the-counter (OTC) medications and products, thereby significantly boosting the global pharmaceutical market.

B. Unfavorable conditions

- a. The high repeatability of Chinese generic drug products has caused manufacturers to compete through price reductions and reduced profits, all of which have become challenges for the operation of Chinese generic drug factories.
- b. The low estimates for the prices of new drugs, long price approval period, and tightened funding have obstructed the development of new drugs.
- c. OTC drugs are determined by the public themselves, so brand trust and brand awareness have become key factors in the performance of product sales. However, compared with the brands of multinational pharmaceutical factories, domestic OTC drug brands have lower brand trust and awareness, and their marketing resources are inferior to international pharmaceutical factories, thus they also become a challenge for OTC drug manufacturers in Taiwan.

3. CHEMIX INC. :

Sales regions of major products:

Unit: JPY 1,000

Region	Amount	Percentage
Export Sales	52,705	1.6%
Domestic Sales	3,234,899	98.4%
Total	3,287,604	100%

(II) Usage and manufacturing processes for the Corporation's main products:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
2. YungShin Pharm. Ind. Co. Ltd.:

The main usage of major products includes nerve system drugs, circulation system drugs, respiratory system drugs, digestive system drugs, metabolic drugs, anti-cancer drugs, urogenital drugs, anti-microbial drugs, hormone preparations, and topical medication. The preparations include suppositories, capsules, granules, injections, ointments, powder, syrups, pills, etc. which must be manufactured in accordance with a PIC/S GMP quality management system. The granule manufacturing technology created in Taiwan not only enhances the effectiveness of in-vitro absorption, but also ensures the safety of medication for patients. It represents the advancement of pharmaceutical technology in Taiwan. In addition, the Company has established a comprehensive bacteria mutation screening system and bacteria preservation, fermentation, and recycling processes to produce related APIs, cosmetics, and animal feed ingredients as it expands into related fermentation products and technologies. In the field of medical equipment, in addition to multiple hyaluronic acid joint injections and medical beauty subcutaneous injections that have been launched successively, collagen-stimulating implantation agents are also under development to meet the diverse needs of consumers in the medical beauty market. Furthermore, expansion plans and export layouts have been initiated, with a planned increase in production capacity and the expansion of export opportunities.

3. CHEMIX INC. : Not applicable.

(III) Supply status of main raw materials:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment, and it is therefore not applicable.
2. YungShin Pharm. Ind. Co. Ltd.:

As countries gradually return to their pre-pandemic lifestyles from the COVID-19 pandemic, they are experiencing more vibrant community activities than before. However, the prolonged protective measures during the pandemic have weakened people's resistance to viruses, resulting in an increase in the number of cold infections. This has led to a surge in the market demand for medications for cold symptoms and an increase in demand for medical institutions to stock up. Consequently, there has been a situation where pharmaceutical manufacturers cannot meet the demand for medications needed in the post-pandemic era in various countries. To address this, the company maintains proactive communication and interaction with suppliers through its procurement policy, pre-purchasing raw materials according to sales needs, or procuring them in advance to ensure sufficient inventory. Additionally, the company closely monitors market conditions and coordinates with suppliers to mitigate the impact of external factors.

3. CHEMIX INC. : Not applicable.

(IV) Names of the customers accounting for more than 10% of total purchases (sales) in either of the most recent two years

1. YungShin Global Holding Corporation: The Corporation's main business is general investment, and it is therefore not applicable.
2. YungShin Pharm. Ind. Co. Ltd.:

- (1) Names of the customers accounting for more than 10% of total purchases in either of the most recent two years

Unit: NT\$1,000

Item	2022				2023				2024 up to the End of the Previous Quarter			
	Name	Amount	Percentage of Net Purchases of the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases of the Year (%)	Relationship with the Issuer	Name	Amount	Percentage Accounting for Net Purchase in Current Year as of the End of Last Quarter (%)	Relationship with the Issuer
1	-	-	-	-	-	-	-	-	LKB300058 Co., Ltd.	3,869	17.6%	None
	Net Purchases	-	-		Net Purchases	-	-		Net Purchases	21,932	-	

- (2) Names of the customers accounting for more than 10% of total purchases in either of the most recent two years: None.

3. CHEMIX INC. :

- (1) Names of the customers accounting for more than 10% of total purchases in either of the most recent two years

Unit: JPY 1,000

Item	2022				2023				2024 up to the end of the previous quarter			
	Name	Amount	Percentage of Net Purchases of the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases of the Year (%)	Relationship with the Issuer	Name	Amount	Percentage Accounting for Net Purchase in Current Year as of the End of Last Quarter (%)	Relationship with the Issuer
1	Company A	522,672	27.7%	None	Company A	1,336,011	54.7%	None	Company A	341,620	54.5%	None
2	Company B	218,738	11.6%	None	Company B	254,402	10.4%	None	Company B	51,456	8.2%	None
	Net Purchases	1,885,114	100%		Net Purchases	2,471,221	100%		Net Purchases	626,478	100%	

- (2) Names of the customers accounting for more than 10% of total sales in either of the most recent two years:

Unit: JPY 1,000

Item	2022				2023				2024 up to the end of the previous quarter			
	Name	Amount	Percentage of Net Sales in the Year (%)	Relationship with the Issuer	Name	Amount	Percentage Of Net Sales in the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales in the Current Year as of the End of Last Quarter (%)	Relationship with the Issuer
1	Company A	543,063	21.0%	None	Company A	455,371	13.9%	None	Company A	127,057	14.3%	None
2	Company B	314,744	12.2%	None	Company B	332,178	10.1%	None	Company B	82,117	9.2%	None
	Net sales	2,585,071	100.00%		Net sales	3,287,604	100.00%		Net sales	890,411	100.0%	

* Reasons for changes: The main changes were caused by variation in demands of the year due to inventory adjustments of specific drugs by main customers.

(V) Production table for the last two years:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
2. YungShin Pharm. Ind. Co. Ltd.:

Production table for the last two years

Unit: NT\$1,000

<div> <div>Year</div> <div>Production Volume</div> </div> <div>Primary Product</div>		2022			2023		
		Production Capacity (Note 1)	Production Volume	Production Value	Production Capacity (Note 1)	Production Volume	Production Value
Pharmaceuticals for Human Consumption:							
Suppository	thousand units	73,146	17,518	15,723	73,146	18,460	19,543
Capsules	thousand units	2,984,420	599,072	447,225	2,984,420	662,458	555,789
Granules and Powder	kg	128,032	15,629	27,987	128,032	24,274	44,976
Injections	thousand units	107,980	11,650	259,685	107,980	14,904	340,625
Ointment	kg	222,307	60,813	41,090	222,307	64,235	47,273
Solutions	liter	1,254,960	52,511	21,105	1,254,960	120,325	30,201
Pills	thousand units	7,263,040	1,193,245	609,749	7,263,040	1,376,927	770,593
Active Pharmaceutical Ingredients	kg	353,000	646	49,494	353,000	806	33,069
Animal Drugs:							
Powder	kg	1,685,000	82,094	12,697	1,685	195	14,310
Cosmetics:							
Solutions	liter	418,320	10,809	5,844	418,320	12,955	9,280
Powder	kg	54,382	1,531	4,278	54,382	2,876	3,561
Powder	thousand units	400	4	604	400	4	1,514
Active Pharmaceutical Ingredients	kg	1,000	-	-	1,000	3	2,124
Masks	thousand units	-	32	1,057	-	647	906
Others	thousand units	-	6	2,102	-	3	1,906
Food:							
Capsules	thousand units	287,480	69,767	175,250	287,480	55,957	137,707
Granules and Powder	kg	313,740	14,886	20,996	313,740	10,910	15,000
Solutions	liter	-	554	1,386	-	286	716
Pills	thousand units	499,970	108,830	143,942	499,970	94,199	130,177
Others	thousand units	-	3	552	-	6	337
Medical Equipment:							
Injections	thousand units	253	83	12,448	253	102	16,869
Powder	kg	2	1	3,559	2	1	5,708
OEM Products (Note 2):							
Capsules for Human Consumption	thousand units	-	2,826	3,850	-	5,172	7,871
Injections for Human Consumption	thousand units	-	444	23,588	-	432	22,640
Pills for Human Consumption	thousand units	-	4,440	3,839	-	4,451	4,513

Year Production Volume Primary Product		2022			2023		
		Production Capacity (Note 1)	Production Volume	Production Value	Production Capacity (Note 1)	Production Volume	Production Value
Animal Drugs Powder	tons	-	1,158	131,331	-	968	116,302
Cosmetic Solutions	liter	-	13,924	3,762	-	8,123	2,628
Cosmetic Creams	kg	-	1,208	1,370	-	953	906
Cosmetic Masks	thousand units	-	3,733	3,368	-	-	-
Food Powder	thousand units	-	29,700	69,168	-	29,142	65,442
Food Powder	kg	-	42,760	50,453	-	35,205	48,730
Food Pills	thousand units	-	43,603	71,452	-	43,789	83,174
Active Pharmaceutical Ingredients	kg	-	206	4,457	-	-	-
Total				2,223,411			2,534,390

Note 1 : The production capacity is estimated based on the maximum capacity in a three-shift system.

Note 2 : The production capacity of OEM products is incorporated into various dosage types of main products.

3. Chemix Inc.: Not applicable.

(VI) Sales volume and value in the most recent two years:

1. YungShin Global Holding Corporation: The Corporation's main business is general investment and it is therefore not applicable.
2. YungShin Pharm. Ind. Co., Ltd.:

Table of sales volume and value in the most recent two years

Unit: NT\$1,000

Sales Volume Primary Product		Year	2022				2023			
			Domestic Sales		Export Sales		Domestic Sales		Export Sales	
			Volume	Value	Volume	Value	Volume	Value	Volume	Value
Pharmaceuticals for Human Consumption:										
Suppository	thousand units		18,818	46,837	314	538	13,680	41,874	521	1,711
Capsules	thousand units		535,881	651,087	120,464	115,894	555,497	875,400	97,581	92,740
Granules	kg		802	4,353	9,586	21,818	707	3,395	5,093	12,336
Injections	thousand units		9,541	429,667	3,640	54,229	9,414	426,936	3,863	61,598
Ointment	kg		71,340	99,865	620	1,058	58,738	94,016	969	1,924
Powder	kg		360	2,153	3,590	10,685	409	2,803	17,057	34,920
Solutions	liter		116,330	60,581	-	-	114,073	59,133	-	-
Pills	thousand units		1,155,701	1,366,897	157,274	94,459	1,196,156	1,442,254	80,520	60,126
Active Pharmaceutical Ingredients	kg		1	36	-	-	-	-	1	34
Animal Drugs:										
Powder	kg		82,087	18,352	-	-	214	24,747	-	-
Cosmetics:										
Active Pharmaceutical Ingredient	kg		1	210	-	-	-	-	-	-
Solutions	liter		3,972	7,907	-	-	4,369	8,068	-	-
Powder	kg		1,204	6,142	-	-	1,192	5,567	-	-

Primary Product \ Sales Volume		Year		2022				2023			
				Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Masks	thousand units	19	232	-	-	45	396	-	-	-	-
Others	thousand units	5	2,043	-	-	3	2,243	-	-	-	-
Food:											
Capsules	thousand units	57,625	325,627	-	-	53,946	309,826	255	747		
Granules	kg	851	3,050	-	-	847	3,103	-	-		
Powder	kg	11,797	34,113	-	-	11,026	32,538	23	39		
Solutions	liter	173	813	-	-	272	1,289	-	-		
Pills	thousand units	93,273	232,732	-	-	85,268	233,339	53	217		
Others		2	869	-	-	1	421	-	-		
Medical Equipment:											
Medical Equipment	thousand units	74	34,977	-	-	71	35,102	-	-		
Product Distribution:											
Others		19,231	283,670	-	-	16,830	262,204	-	-		
OEM Products:											
Capsules for Human Consumption	thousand units	3,352	9,282	-	-	4,936	14,430	-	-		
Injections for human consumption	thousand units	31	9,266	375	31,849	47	13,746	350	28,259		
Pills for Human Consumption	thousand units	6,368	8,323	-	-	4,451	7,382	-	-		
Animal Drugs Powder	tons	1,129	173,813	-	-	1,090	177,102	-	-		
Solutions	liter	13,169	5,232	-	-	8,856	3,976	-	-		
Cosmetic Creams	kg	1,413	2,501	-	-	803	1,165	-	-		
Cosmetic Masks	thousand units	3,731	5,115	-	-	-	-	-	-		
Food Powder	thousand units	28,170	103,514	-	-	28,963	96,994	-	-		
Food Powder	kg	42,344	75,415	-	-	34,385	67,769	387	1,054		
Food Pills	thousand units	43,138	109,324	348	1,429	42,189	117,442	-	-		
Active Pharmaceutical Ingredients	kg	-	-	160	5,269	-	-	-	-		
Total			4,113,998		337,228		4,364,660		295,705		

3. CHEMIX INC. :

Table of sales volume and value in the most recent two years

Sales value unit: JPY 1,000

Primary Product \ Sales Volume		Year		2022				2023			
				Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Injection Solutions	EA	327,599	1,170,383	-	-	541,920	1,935,021	-	-	-	-
Other Non-Injection Solutions	EA	172,718	243,261	-	17,015	191,572	302,698	-	-	-	-
Raw Materials	KG	49,096	1,149,841	-	-	43,841	997,180	-	-	52,705	
Total		549,413	2,563,485		17,015	777,333	3,234,899			52,705	

III. Human Capital

(I) YungShin Global Holding Corporation:

Information on employees in the last two years and as of the published date of the annual report

Year		2022	2023	Current fiscal year up to March 31, 2024
Number of Employees		10	11	11
Average Age		42.2	42.8	43.55
Average Work Tenure		2.4	2.9	3.2
Education Distribution Ratio	PhD	11.1%	0%	0%
	Masters	22.2%	36.4%	36.4%
	University/College	66.7%	54.5%	54.5%
	Senior high school	11.1%	9.1%	9.1%

(II) YungShin Pharm. Ind. Co. Ltd.:

Year		2022	2023	Current fiscal year up to March 31, 2024
Number of Employees	Production personnel	626	638	618
	R&D personnel	136	140	141
	Sales personnel	358	355	351
	Administrative personnel	147	153	153
	Total	1,267	1,286	1263
Average Age		40.5	41.5	41.5
Average Work Tenure		12.6	13.6	13.6
Education Distribution Ratio	PhD	0.9	1.1	1.1
	Masters	15.4	15.1	15.2
	University / College	58.2	58.5	58.2
	Senior high school	22.7	22.3	22.4
	Below High School	2.8	3.0	3.1

(III) CHEMIX INC. :

Year		2022	2023	Current fiscal year up to March 31, 2024
Number of employees		67	67	69
Average age		48.1	49.1	49.8
Average work tenure		7.4	7.6	8.2
Education Distribution Ratio	PhD	4.5%	4.5%	4.3%
	Masters	23.9%	25.4%	26.1%
	University / College	49.3%	49.1%	50.7%
	Senior high school	22.4%	20.9%	18.8%

IV. Environmental Protection Expenditures

(I) YungShin Global Holding Corporation:

1. The corporation's pollution prevention measures: the corporation's main business is general investment and only conducts business operations in offices. It is therefore not applicable.
2. Protection measures for work environment and employees' personal safety:
The company only conducts business operations in offices and has enhanced related access security, fire safety, equipment safety, environmental security, and employee health examinations:
(1) Access security:

- A. To ensure the safety of our employees at the workplace, we installed access control card devices at all entrances. Main entrances are also equipped with security surveillance equipment to protect the personal safety of our employees.
 - B. Security guards are stationed at the office building 24 hours a day and security cameras are installed at each entrance.
 - (2) Fire safety and equipment safety:
 - A. The company carries out maintenance or repairs of all electrical and mechanical equipment at least once a year to ensure safety of the work environment.
 - B. Fire safety companies regularly conduct maintenance and repairs of fire safety equipment (e.g., fire alarms and fire extinguishers).
 - (3) Safe environment: To maintain the quality of drinking water and employees' health, we appointed vendors to monitor water quality every quarter and conduct regular office cleaning work to build a safe and comfortable working environment.
 - (4) Employee health examinations: Medical institutions are appointed every three years to conduct employee health examinations.
- (II) YungShin Pharm. Ind. Co. Ltd.:
1. Pollution prevention and control of YungShin Pharmaceutical:
 - (1) Wastewater treatment:
 - A. YungShin Pharmaceutical has set up sewage pretreatment equipment in accordance with regulations.
 - B. The corporation adheres to the idea of "caring for the planet and protecting the environment first" and adopted the upflow anaerobic sludge blanket (UASB) tank to strengthen the functions of the wastewater treatment system. The corporation uses various instruments to regularly control, inspect, and monitor the water quality of wastewater discharged by each unit and the effectiveness of treatment systems of each unit.
 - C. The wastewater processed in treatment plants meets the requirements of the Sewage Treatment Plant of Dajia Youth Industrial Park. The discharged wastewater is managed and processed by the Sewage Treatment Plant of the Industrial Park and the treatment fee is paid according to the discharge volume and wastewater quality.
 - (2) Waste disposal:

The business waste produced by YungShin Pharmaceutical can be divided into two categories:

 - A. Recyclable part: to be recycled by recycler.
 - B. Non-recyclable parts: to be cleared and disposed of by commissioned qualified environmental protection company.
 - (3) Air pollutant treatment:
 - A. The Corporation conducts regular exhaust pipe sampling inspections for production processes in each plant as required by laws and regulations.
 - B. The Corporation reports air pollutant emission volume online and pays the air pollution fees each quarter.
 - C. The Corporation complies with the government's policy for reducing air pollution emissions and converts the fuel of all boilers from heavy fuel oil to natural gas.
 - (4) Toxic chemical substance management:
 - A. The company fills out the operation records of toxic chemical substances and completes emergency response drills for toxic chemical substances in accordance with regulations.
 - B. The company reports the operation status of various toxic chemical substances online each month.
 2. Total losses (including compensation) and punishments due to environmental pollution in the most recent year and up to the publication date of the annual report:

Item \ Year	2022	2023	Current Fiscal Year up to March 31, 2024
Status of pollution (type and level)	Violation of the Air Pollution Control Act	None	None
Compensation claimed by/Penalty incurred by	Environmental Protection Bureau of Taichung Municipal Government	None	None
Amount of compensation or penalty	A fine of NT \$320,000	None	None
Other losses	None	None	None

3. Protection measures for work environment and employees' personal safety:

Yung Shin Pharmaceutical strengthens environment safety management, equipment safety management, operating environment safety management, fire safety management, employee health management, etc. in relevant workplaces:

(1) Workplace environment safety management

- A. the Corporation established the Occupational Safety and Health Work Rules which govern safety and health management items for compliance by employees.
- B. Yung Shin Pharmaceutical implements access control management. All visitors need to change their certificates, and visitors and employees entering the plant area need to show their cards for verification; the production site, laboratory, and important places are separately guarded with permission control.

(2) Equipment safety management

- A. Equipment exposed to suction hazards is subject to project inspections and provided with additional protective equipment such as reaction tanks and motor shafts.
- B. the Corporation conducts special inspections for the grounding systems of all equipment and devices in the plant such as equipment, instrumentation, and lightning arrestors.
- C. Equipment exposed to falling hazards is subject to project inspections and provided with additional protective equipment such as ladders and stepladders.
- D. Dangerous equipment (boilers, specific high-pressure equipment, and type 1 pressure vessels) is inspected by the legal verification unit commissioned by the Ministry of Labor each year.
- E. Qualified vendors are commissioned each month to perform maintenance for elevators. Regular inspections are conducted by the elevator association every year.

(3) Operating environment safety management

- A. the Corporation introduced the occupational safety information management system and established mechanisms for managing regular automatic inspections and professional certification.
- B. the Corporation conducts regular environmental monitoring of the general workplace (including onsite operations and offices) on items such as illumination, carbon dioxide, specific chemicals, organic solvents, and noise.
- C. The company appoints qualified professional monitoring companies to conduct onsite environmental inspection and monitoring and assessment team formulation every six months.

(4) Employee health management

- A. On-the-job health examinations are conducted for all employees every three years.
- B. Special operation health examinations and health promotion management are conducted annually for employees in special operation sites (mainly including operations involving organic solvents and operations in noisy environments).
- C. The company regularly assigns doctors of the plants to provide in-house labor health services.

(5) Contracting safety management

- A. The company established construction standards for contractors and related onsite construction guidelines.
- B. The company established written hazard notification and training mechanisms.
- C. The company has established a holiday construction and repair management system to provide various types of hazard notifications and precautions to reduce the occurrence and risks of hazards.

(6) Fire safety

- A. Yung Shin Pharmaceutical sets up a complete fire protection system according to laws and regulations, including alarm system, fire water system, escape system...etc.
- B. Yung Shin Pharmaceutical entrusts a qualified professional testing agency to test the functions of system units of its firefighting equipment and make complete reports.
- C. Yung Shin Pharmaceutical regularly conducts drills on firefighting equipment, such as the use of fire extinguishers and fire hoses and invites professionals to teach employees the skills of CPR and AED.

(7) Periodic report

- A. Environment: Yung Shin Pharmaceutical periodically reports the testing and operating results according to laws and regulations.
- B. Safety and health: Occupational hazard statistics are reported regularly.

(III) CHEMIX INC. :

1. Pollution control of Chemix: The operation is limited to the office, so it is not applicable.
2. Protection measures for the work environment and personal safety of employees: To ensure the safety of employees in the workplace, Chemix has card swiping access control devices at all entrances and exits to ensure the personal safety of employees.

V. Labor Management Relations

- (I) The Corporation's employee welfare policies, continuing education, training, retire systems and implementation status, the agreement between employees and employer and employees' rights and interests:

1. Employee welfare measures:
Since its establishment, the Corporation has provided employees with adequate care and respect by adopting humane management to pursue sustainability and growth of the Corporation. The Corporation organizes regular welfare activities to improve the welfare of the Corporation. We also provide holiday bonuses, relief funds, group insurance, scholarships for employees' children, and subsidies for employees' on-the-job education, etc. to provide employees with full care and build a happy and high-quality work environment.
2. Employee education and training:
Talent is an important asset of the Corporation and a key factor in determining the Corporation's competitive advantage. The Corporation provides information and channels for related education and training courses in accordance with the organization strategy and work requirements. The Corporation encourages employees to actively request training to improve motivation and satisfy their inner needs. With regard to new recruits, the Corporation aims to help them learn about their jobs and professional knowledge as quickly as possible. For senior employees, the Corporation enhances their professional knowledge and provides opportunities for rotations to increase employees' diverse capabilities. These measures allow employees to improve their work capabilities and help them fulfill their personal goals. In addition, the Corporation also actively trains in-house instructors with the aim of enhancing professional skills and experience. We also encourage employees to study by themselves and provide a system of incentives for on-the-job education with pay.

The Corporation's education and training plan implementation status in 2023

Course title	Annual education and training expenditures	Course enrollments	Average training hours per enrollment
(I) Pre-service education and training (II) On-the-job education and training (III) Manager cultivation training (IV) Self-development	NT\$96 thousand	23 person-times	13 hrs/person-time

3. Pension system and implementation status:
The retirement operations of the Corporation are handled in accordance with the relevant provisions of the Labor Standards Act and Labor Pension Act and monthly contributions are made to the labor pension program.
 4. Employee - employer agreements and measures taken to safeguard the employee interests:
All systems of the Corporation are established in accordance with the relevant labor laws and regulations. The Corporation organizes regular labor-management meetings to communicate, coordinate, and improve various administrative measures and maintain harmonious labor-management relations.
 5. Employee health management
The Corporation provides new employees with physical examinations in accordance with laws and regulations and organizes health examinations at regular intervals to protect the health of employees.
- (II) The losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report are listed, and the estimated amount for current and possible future occurrences and

response measures are disclosed. If the amount cannot be reasonably estimated, the reason should be clarified. None.

(III) Employee Code of Conduct and Ethics:

1. The Corporation has established the "Articles of Incorporation", "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Code of Ethical Conduct" as the guidelines for the conduct of Director, managerial officers, and employees.
2. The Corporation has established a code of conduct for employees for their services and development at the Corporation. The main contents include:
 - (1) Clearly separate public and private interests, give mutual respect, show sincerity, and collaborate to achieve the Corporation's business goals.
 - (2) Follow the guidance of management officers and may not disobey orders or express contempt.
 - (3) Employees must conduct themselves with honesty and integrity and stay away from derogatory, extravagant, promiscuous, gambling, and other actions that may damage the reputation of the Corporation.
 - (4) Employees are not permitted to hold concurrent positions in other companies or hold concurrent positions in business operations.
 - (5) Employees may not leak business and technical secrets of any unit.
 - (6) Employees may not access documents, correspondence, design drawings, or information that are not within the scope of their duties.
 - (7) Employees shall take care to all public properties and refrain from causing wastage.
 - (8) Take challenges and responsibilities and never procrastinate any tasks.
 - (9) Employees may not speak about their work as an individual or group without permission.
 - (10) Employees may not accept gifts in the exercise of their duties. They must recuse themselves if the execution of duties involves their personal interest or their families' interest.
 - (11) Employees may not post or distribute promotional documents within the Corporation without permission.
3. Employees must be notified of the reward and penalty regulations and evaluation guidelines so that they have a clear understanding of the code of conduct. Rewards and punishments are prescribed when employees have performed actions that merit encouragement or disciplinary actions.
4. The interactions between supervisors and employees at all levels of the Corporation shall be based on the principle of integrity and compliance which are also the Corporation's highest guiding principles of ethical conduct.
5. We do not accept any proprietary or confidential business information given to the Corporation by other companies or individuals except with the written approval of the data provider.
6. Every employee of the Corporation must understand that he/she may not use the Corporation's assets for the benefit of others in an illegitimate manner. Such conduct is a gross violation of the Corporation's policy and ethical standards.
7. All employees of the Corporation must abide by the principle of recusal for duties within the organization in matters that involve their personal interest or that of specific related parties.

VI. Information and Communication Security Management:

(I) Information and Communication Security Management Framework

The chairman's office (ministerial level) is the responsible unit for the information security of the Corporation, which is responsible for formulating internal information security policies, planning and implementing information security operations and the promotion and implementation of information security policies, and regularly reports the Corporation's information security governance status to the Chairman and President.

The Auditing Office of the Corporation is the audit unit of information security supervision, with an Audit Manager being set, who is responsible for checking the implementation status of internal information security. In case of any defect found, the Audit Manager will require the inspected unit

immediately to put forward relevant improvement plans and specific actions, and track the improvement results on a regularly basis to reduce risks of internal information security.

(II) Policy and specific management plan of information and communication security

1. The Corporation has established an information and communication security policy aiming to ensure the confidentiality, integrity and availability of information.
 - (1) Confidentiality : Ensure that only authorized persons have access to the information to avoid inappropriate information disclosure.
 - (2) Integrity : Ensure that information is protected from unauthorized tampering and information is processed in a correct manner.
 - (3) Availability : Ensure that authorized users have access to information and use related assets as required.

In addition to the above 3 basic principles, there are also other elements as follow:

- (1) Authenticity : Ensure that users log in with proper authentication procedures.
- (2) Accountability : Ensure that any action performed by the user is properly traced back to the performer.
- (3) Non-repudiation : Ensure that users cannot repudiate works done on the system.
- (4) Reliability : Ensure that all operations are performed with consistent results.

2. Specific management plan of information and communication security

Item	Execution status
Personnel safety management and education training	<ul style="list-style-type: none"> ■ The Corporation publishes information security articles on the employee website from time to time. ■ Send information security announcements by E-mail from time to time. ■ Conduct information security promotion for all new staff.
Computer system security management	<ul style="list-style-type: none"> ■ Change the password of employee's computer login account periodically. ■ Install legitimate enterprise antivirus software on all computers and servers, and update the virus protection code on a daily basis. ■ Install licensed software on employees' computers and system hosts, and patch the operating systems regularly with vulnerability fixes published by Microsoft. ■ X-fort waterproof wall is installed on all employees' computers to record the use of computers, strictly control the use of portable storage media such as USB&CD to write/burn the Corporation's internal data, and control the use of laptops out of the office. ■ Internet access of all employees requires to go through the Internet behavior management device to filter malicious and inappropriate web content, improve work efficiency, and prevent the enterprise's sensitive data from being uploaded to the external cloud through the network. ■ Use the email auditing system to strengthen the sensitive data control of the content and attachments of outgoing emails. ■ Important documents are encrypted and stored in the document management system, with appropriate access according to the level of confidentiality and business needs.
Network security management	<ul style="list-style-type: none"> ■ The network is physically controlled, and non-company-approved external information equipment is prohibited from accessing the corporate intranet. ■ Guests use the network to physically separate from the corporate intranet to ensure information and system security. ■ Internet access of all employees requires to go through the Internet behavior management device to block malicious and inappropriate web content and improve work efficiency. ■ Set up a firewall to separate the internal and external networks of the enterprise, and install an anti-intrusion detection system to prevent network attacks and unauthorized access to ensure the security of the corporate intranet. ■ Set up the website application firewall (WAF) in the front end of the enterprise website that provides services externally, strengthen the security protection of enterprise website, block common OWASP vulnerabilities, and avoid hacker attacks. ■ Hire vendors to perform security vulnerability scans for network services and patch critical vulnerabilities every year.

Item	Execution status
System access management	<ul style="list-style-type: none"> ■ Employees have to go through a VPN or Citrix system to access internal data. The above permissions must be applied for and moderately opened according to business needs. ■ Introduce the database audit system, and keep the activity details and behavior traces for important databases.
Server security management	<ul style="list-style-type: none"> ■ Important information systems and file servers are backed up on a daily basis, and disaster recovery drills are performed for critical systems such as ERP/ mail/network on a regular basis. ■ Both the servers and core routers are built with a hardware fault-tolerant mechanism to prevent hardware damage from affecting the operation of the information system. ■ Set up UPS and environment monitoring system in information room, aiming at close monitoring of power, temperature and humidity, firefighting, etc. In case of abnormal situation, the computer room manager will be notified by text message and email to eliminate the abnormal situation.

(III) Information and communication security notification

1. Notification of abnormal information and communication security

(1) Definition of information and communication security abnormal incidents:

- A. Internal hazards: Suspected incidents such as artificial malicious destruction and damage, careless operation and other incidents.
- B. External intrusion incidents: Suspected computer virus infection incidents, etc.
- C. Natural disasters: Typhoons, floods, earthquakes, etc.
- D. Emergencies: Fires, explosions, major building disasters, and interruption of the backbone of the information network system (backbone broadband)., etc.
- E. Device fault incidents: For example, a host device fault, etc.

(2) Hierarchy of impact of abnormal incidents about information on confidentiality, integrity, and availability:

Hierarchy of impact Classification of abnormal information and communication incidents		Nature	Low	Medium	High
Abnormal Information and Communication Incident 1	Internal hazards: Suspected incidents such as artificial malicious destruction and damage, careless operation and other incidents.	Confidentiality	The Corporation's non-confidential data is leaked.	The Corporation's sensitive data is leaked.	The Corporation's confidential data is leaked.
Abnormal Information and Communication Incident 2	External intrusion incidents: Suspected computer virus infection incidents, etc.	Integrity	The Corporation's non-core business and confidential data is tampered with.	The Corporation's core business systems or data is slightly tampered with.	The Corporation's core business systems or data is seriously tampered with.
Abnormal Information and Communication Incident 3	Natural disasters: Typhoons, floods, earthquakes, etc.	Availability	The operation of the Corporation's non-confidential systems or data is affected or temporarily suspended.	The operation of the Corporation's core business is affected, or the system efficiency is reduced, and normal operations can be resumed within the tolerable interruption time.	The operation of the Corporation's core business is affected, or the system efficiency is reduced, cannot and normal operations cannot be resumed within the tolerable interruption time.
Abnormal Information and Communication Incident 4	Emergencies: Fires, explosions, major building disasters, and interruption of the backbone of the information network system (backbone broadband), etc.				
Abnormal Information and Communication Incident 5	Device fault events: For example, a host device fault.				

2. Notification procedure

- (1) When a suspected information communication abnormal event occurs, the discoverer shall notify the information unit by telephone.
- (2) Related information personnel preliminarily determine whether it is an information and communication abnormal event:
 - A. When it is determined to be a non-abnormal event of information and communication, the result will be feedback to the discoverer.
 - B. When it is determined to be an abnormal event of information and communication, estimate the processing time of the event, report the judgment result to the information supervisor by phone first, and continuously report the processing status, notify all colleagues by E-mail announcement, and start the abnormality notification process.
- (3) In case of abnormal information and communication event 1~5 with a [low] impact: Report to the head of department, who will organize a meeting to discuss the way to deal with, submit to the head of department the investigation results and suggestions, and implement upon the review of the head of department.
- (4) In case of abnormal information and communication event 1~5 with a [medium] impact, and abnormal information and communication event 3~5 with a [high] impact: Report to the President, the head of the department shall set up a team to conduct an internal investigation, submit the investigation results and suggestions to the President, and implement upon the review of the President.

- (5) In case of abnormal information and communication event 1~2 with a [high] impact: In addition to reporting to the chairman of the board immediately and reporting to the police, the chairman shall appoint dedicated personnel according to the circumstances, and the information unit shall establish a dedicated team to assist in the police investigation, submit the investigation results, and implement upon the review of the chairman.

(IV) Information and communication security risks and countermeasures:

1. Risks and management measures of information technology security

The Corporation has established a sound network and developed computer-related information security protection measures, but is yet not able to guarantee that its computer systems that the computer systems that control or maintain critical corporate functions such as manufacturing operations and accounting of the Corporation will completely avoid cyber-attacks from any third party's system crashes.

Such attacks are illegal intrusions into the Corporation's internal network system to conduct activities that disrupt the Corporation's operations and damage the Corporation's goodwill. In the event of a serious cyber-attack, the Corporation's systems could lose important company data and production lines may come to a halt.

Cyber-attacks may also attempt to steal company trade secrets and other confidential information, such as the proprietary information of other stakeholders and the personal data of employees.

Malicious hackers may also attempt to introduce computer viruses, destructive software or ransomware into the Corporation's network system to interfere with company operations, blackmail or extort money from YungShin, gain control of computer systems, or snoop on confidential information.

Such attacks may result in the Corporation being liable to compensate customers for delayed or disrupted orders; Or having to incur costly remedial and improvement measures to strengthen the Corporation's network security system; It may also cause the Corporation to bear significant legal liability for related legal cases or regulatory investigations resulting from information leakage of employees, customers or third parties to which the Corporation is obligated to keep confidential.

The Corporation continuously reviews and evaluates its information security policies and procedures to ensure their adequacy and effectiveness but is yet not able to guarantee that the Corporation will not be affected by emerging risks and attacks amid the ever-changing information security threats.

2. Status of Information and Communication Technology Security Management in 2023

- (1) Appointment of one Information Security Officer and one dedicated personnel.
- (2) Participation in one external cybersecurity education/training seminar to enhance personnel's cybersecurity capabilities.
- (3) Joined the Taiwan Computer Emergency Response Team Coordination Center (TWCERT) in 2023 to periodically receive threat intelligence and promptly patch vulnerabilities with threats.
- (4) Conducting regular internal and external cybersecurity audits annually.
- (5) Establishment of an information security awareness zone, with periodic information security advocacy to enhance employee responsiveness and awareness of information security risks.
- (6) Execution of disaster recovery tests for ERP/email/network systems once a year.
- (7) Annual maintenance of vendor collaboration to conduct vulnerability scans and patch medium to high-risk areas to ensure system security.
- (8) Educational training: Newly hired employees are required to undergo basic training on email and information security to ensure the integration of security concepts into daily operations.
- (9) Installation of antivirus software on all personal computers used in the office, with regular system and virus code updates to reduce the risk of hacker attacks and ransomware threats.
- (10) Strict control over external transmission channels for files, including portable devices (such as USB drives), cloud drives, file transfer protocols (FTP), and email transmission mechanisms.

(V) The losses suffered as a result of major information security incidents in the most recent fiscal year up to the publication date of this Annual Report, possible impacts and the corresponding countermeasures. If it cannot be reasonably estimated, facts of which estimation cannot be made shall be explained: None.

VII. Important Contracts

(I) YungShin Global Holding Corporation:

Nature of contract	Contracting Parties	Commencement and Expiration Date	Major Content	Restrictions
Investment	Anrui Management Consulting Co., Ltd.	2022/11/30~2029/11/29	Investment	None

(II) YungShin Pharm. Ind. Co. Ltd.:

Nature of contract	Contracting Parties	Commencement and Expiration Date	Major Content	Restrictions
Commissioned research (OEM)	TAISHO Pharmaceutical (Taiwan) Co., Ltd.	2010/12/15~9999/12/31	OEM contract	None
	Taiwan Liposome Co., Ltd.	2021/06/28~2033/06/27	OEM contract	None
Commissioned research	National Taiwan University	2022/07/01~2024/06/30	Commissioned clinical trials	None
	Novotech Laboratory Services (Taiwan) Co., Ltd.	2023/11/10~2024/11/09	Commissioned bioequivalence tests	None
	Protech Pharmservices Corporation Renamed as Novotech Laboratory Services (Taiwan) Co., Ltd.	2023/12/25~2025/06/30	Commissioned to conduct human clinical trials.	None
	Mithra Biotechnology Inc.	2024/03/15~2025/03/14	Commissioned bioequivalence tests	None
	Intertek Testing Services Taiwan Ltd.	2024/03/18~2024/12/31	Commissioned analysis method development	None
Lease	Kuang Cheng Biotech Service Co., Ltd.	2023/12/11~2024/12/10	Lease of analytical instruments	None
Technology transfer	Y.S.P.Industries (M) Sdn. Bhd. Y.S.P.Southeast Asia Holding Berhad	1998/09/18~2033/08/14	Technology transfer	None
Sales contract	Y.S.P.Industries (M) Sdn. Bhd. Y.S.P.Southeast Asia Holding Berhad	2020/03/25~2025/03/24	Distribution contract	None
	Chemix Inc.	2016/12/30~2026/12/29	Distribution contract	None
	Company S	2022/09/22~2027/09/21	Distribution contract	None

(III) CHEMIX INC. :

Nature of contract	Contracting Parties	Commencement and Expiration Date	Major Content	Restrictions
Loan Capital Loan	MUFG Bank, Ltd.	2022/9/20~2027/09/20	Short-term loan contract	None
Loan Capital Loan	Mizuho Bank	2016/09/02 automatic renewal each year	Short-term loan contract	None
Loan Capital Loan	Japan Finance Corporation	2008/12/29~2025/03/20	Long-term loan contract	None

Chapter 6 Financial Overview

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

(I) Condensed Balance Sheets - Consolidated

Unit: NT\$1,000

Year		Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Item							
Current assets		5,687,775	6,454,840	6,387,283	6,686,787	6,441,928	Related information not yet available
Property, plant and equipment		4,441,706	4,459,976	4,204,912	3,697,322	3,537,720	
Intangible assets		45,977	64,886	45,240	20,740	8,547	
Other assets		1,590,191	1,632,190	1,371,831	1,447,863	1,524,239	
Total assets		11,765,649	12,611,892	12,009,266	11,852,712	11,512,434	
Current liabilities	Before Distribution	4,693,383	4,305,130	3,654,975	3,018,838	2,427,920	
	After Distribution	5,279,514	4,837,976	4,107,894	3,631,611	3,040,693	
Non-current liabilities		872,837	1,730,500	1,566,192	1,130,723	1,169,551	
Total liabilities	Before Distribution	5,566,220	6,035,630	5,221,167	4,149,561	3,597,471	
	After Distribution	6,152,351	6,568,476	5,674,086	4,762,334	4,210,244	
Equity attributable to owners of parent company		6,083,742	6,403,322	6,537,968	7,159,892	7,342,674	
Capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230	
Capital surplus		2,143,919	2,146,301	2,152,909	2,340,374	2,339,474	
Retained earnings	Before Distribution	1,709,371	1,898,235	2,113,430	2,469,556	2,690,452	
	After Distribution	1,123,241	1,365,389	1,660,511	1,856,783	2,077,679	
Other equity		(265,965)	(304,005)	(391,162)	(312,829)	(350,043)	
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	
Non-controlling Interests		168,709	172,940	250,131	543,259	572,289	
Total equity	Before Distribution	6,418,825	6,576,262	6,788,099	7,703,151	7,914,963	
	After Distribution	5,832,695	6,043,416	6,335,180	7,090,378	7,302,190	

Note 1 As of the date of the publication of the Annual Report, no CPA-audited financial data for 2024 Q1 was available.

(II) Condensed Statements of Comprehensive Income - Consolidated

Unit: NT\$1,000

Item	Year	Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Operating income		8,191,531	8,084,664	7,805,055	7,311,769	7,027,937	Related information not yet available
Gross profit		3,807,772	3,682,119	3,723,246	3,141,336	2,977,313	
Operating profit or loss		891,904	961,106	957,629	757,272	929,613	
Non-operating income and expenses		119,994	63,384	40,917	306,510	207,872	
Net profit before tax		1,011,898	1,024,490	998,546	1,063,782	1,137,485	
Net income (loss) from continuing operations Net profit for the current period		754,011	781,134	756,293	852,093	871,171	
Loss from discontinued operations		-	-	-	-	-	
Net profit (loss) for the current period		754,011	781,134	756,293	852,093	871,171	
Other comprehensive income (loss) for the current period (net after tax)		(14,394)	(54,335)	(78,367)	59,548	(31,142)	
Total comprehensive income for the period		739,617	726,799	677,926	911,641	840,029	
Net income attributable to owners of parent company		748,601	791,720	736,622	839,035	827,304	
Net income attributable to non-controlling interests		5,410	(10,586)	19,671	13,058	43,867	
Total composite profit / loss attributable to owners of parent company		727,251	736,954	660,884	887,378	796,455	
Total composite profit / loss attributable to non-controlling interests		12,366	(10,155)	17,042	24,263	43,574	
Earnings Per Share		2.81	2.97	2.77	3.15	3.11	

Note 1 As of the date of the publication of the Annual Report, no CPA-audited financial data for 2024 Q1 was available.

(III) Condensed Balance Sheets - Parent Company Only

Unit: NT\$1,000

Year		Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Item							
Current assets		83,539	74,666	63,028	1,085,284	896,873	Not applicable
Property, plant and equipment		2,037	1,517	850	461	316	
Intangible assets		4,119	1,948	1,530	1,298	1,069	
Other assets		6,838,446	7,013,346	7,177,969	6,444,520	6,841,608	
Total assets		6,928,141	7,091,477	7,243,377	7,531,563	7,739,866	
Current liabilities	Before Distribution	498,820	44,528	41,391	147,035	34,820	
	After Distribution	1,084,950	577,374	494,310	759,808	647,593	
Non-current liabilities		179,205	643,627	664,018	224,636	362,372	
Total liabilities	Before Distribution	678,025	688,155	705,409	371,671	397,192	
	After Distribution	1,264,155	1,221,001	1,158,328	984,444	1,009,965	
Equity attributable to owners of parent company		6,250,116	6,403,322	6,537,968	7,159,892	7,342,674	
Capital		2,664,230	2,664,230	2,664,230	2,664,230	2,664,230	
Capital surplus		2,143,919	2,146,301	2,152,909	2,340,374	2,339,474	
Retained earnings	Before Distribution	1,709,371	1,898,235	2,113,430	2,469,556	2,690,452	
	After Distribution	1,123,241	1,365,389	1,660,511	1,856,783	2,077,679	
Other equity		(265,965)	(304,005)	(391,162)	(312,829)	(350,043)	
Treasury stock		(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	
Non-controlling Interests		-	-	-	-	-	
Total equity	Before Distribution	6,250,116	6,403,322	6,537,968	7,159,892	7,342,674	
	After Distribution	5,663,986	5,870,476	6,085,049	6,547,119	6,729,901	

Note 1 As of the publication date of the annual report, the Corporation has not issued a quarterly financial report as of Thursday, March 31, 2024.

(IV) Condensed Statements of Comprehensive Income - Parent Company Only

Unit: NT\$1,000

Item	Year	Financial Data for the Most Recent Five Fiscal Years					Financial Data in the Current Year up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Operating income		917,231	855,830	814,729	936,956	891,412	Not applicable
Gross profit		917,231	855,830	814,729	936,956	891,412	
Operating profit or loss		830,032	807,678	771,118	885,936	839,930	
Non-operating income and expenses		(58,524)	(1,528)	(3,443)	(4,060)	37,838	
Net profit before tax		771,508	806,150	767,675	881,876	877,768	
Net income (loss) from continuing operations		748,601	791,720	736,622	839,035	827,304	
Net profit for the current period							
Loss from discontinued operations		-	-	-	-	-	
Net profit (loss) for the current period		748,601	791,720	736,622	839,035	827,304	
Other comprehensive income (loss) for the current period (net after tax)		(21,350)	(54,766)	(75,738)	48,343	(30,849)	
Total comprehensive income for the period		727,251	736,954	660,884	887,378	796,455	
Net income attributable to owners of parent company		748,601	791,720	736,622	839,035	827,304	
Net income attributable to non-controlling interests		-	-	-	-	-	
Total composite profit / loss attributable to owners of parent company		727,251	736,954	660,884	887,378	796,455	
Total composite profit / loss attributable to non-controlling interests		-	-	-	-	-	
Earnings Per Share		2.81	2.97	2.77	3.15	3.11	

Note 1: As of the publication date of the annual report, the Corporation has not issued a quarterly financial report as of Thursday, March 31, 2024.

(V) Names of CPA and Audit Opinions

Year	Name of Accounting Firm	CPA	Audit Opinion
2019	PwC Taiwan	Chien-Yeh Hsu and Yu-Chuan Wang	Unqualified opinion
2020	Deloitte & Touche	Tung-Feng Li, Chih-Yuan Chen	Unqualified opinion
2021	Deloitte & Touche	Chih-Yuan Chen, Han-Ni Fang	Unqualified opinion
2022	Deloitte & Touche	Chih-Yuan Chen, Han-Ni Fang	Unqualified opinion
2023	KPMG in Taiwan	Min-ju Chao, Lily Lu	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis for the Last Five Years and Reasons for Various Financial Ratios Changes in the Last Two Years

1. Consolidated

Year		Financial Analysis for the Most Recent Five Years					Financial Data in the Current Year up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Analysis Item (Note 2 to Note 5)							
Financial structure	Debt-to-asset ratio	48.07	47.86	43.48	35.01	31.25	Related information not yet available
	Ratio of long-term capital to property, plant and equipment	160.51	186.25	198.68	238.93	256.79	
Solvency (%)	Current ratio	118.99	149.93	174.76	221.50	265.33	
	Quick ratio	65.86	79.47	85.10	125.91	145.10	
	Interest coverage ratio	1,531.74	2,349.45	3,427.49	3,337.12	3,324.44	
Operating Ability	Receivables turnover ratio (times)	4.19	4.46	4.54	4.19	4.12	
	Average collection days	87.11	81.83	80.39	87.11	88.59	
	Inventory turnover ratio (times)	1.82	1.65	1.38	1.43	1.48	
	Payables turnover ratio (times)	9.34	9.00	8.09	8.87	8.06	
	Average days for sale	200.54	221.21	264.49	255.24	246.62	
	Property, plant, and equipment turnover ratio (times)	1.82	1.80	1.80	1.85	1.94	
	Total asset turnover ratio (times)	0.68	0.65	0.63	0.61	0.60	
Profitability	Return on assets (%)	6.72	6.55	6.34	7.36	7.70	
	Return on equity (%)	11.95	12.02	11.32	11.76	11.16	
	PBT to pay-in capital (%)	37.98	38.45	37.48	39.93	42.69	
	Net profit margin (%)	9.20	9.66	9.69	11.65	12.40	
	Earnings per share (NT\$)	2.81	2.97	2.77	3.15	3.11	
Cash Flow	Cash flow ratio (%)	19.44	28.46	26.49	32.04	48.62	
	Cash flow adequacy ratio (%)	57.14	66.90	73.36	89.25	100.70	
	Cash flow reinvestment ratio (%)	3.01	4.37	2.88	3.32	3.40	
Leverage	Operating leverage	7.43	7.05	6.64	8.09	6.60	
	Financial leverage	1.09	1.05	1.03	1.05	1.04	
Please explain the reasons for the changes in each financial ratio in the past two years. (If the increase or decrease does not reach 20%, there is no need to analyze)							
1. Current ratio: The decrease in current liabilities result in an increase in current ratio.							
2. Quick ratio: The decrease in current liabilities result in an increase in current ratio.							
3. Cash flow ratio: The increase in operating cash flow and the decrease in current liabilities result in an increase in the cash flow ratio.							
4. Operating leverage ratio: The increase in operating profit leads to a decrease in the operating leverage ratio.							

Note 1: As of the date of the publication of the Annual Report, no CPA-audited financial data for 2024 Q1 was available.

Note 2 - Note 5: Please refer to page 107-108 for details.

2. Parent Company Only

Year		Financial Analysis for the Most Recent Five Years					Financial Data in the Current Year up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Analysis Item (Note 2 to Note 5)							
Financial structure	Debt-to-asset ratio	9.79	9.70	9.74	4.93	5.13	Not applicable
	Ratio of long-term capital to property, plant and equipment	315,626.95	464,531.91	847,292.47	1,601,849.89	2,438,305.70	
Solvency (%)	Current ratio	16.75	167.68	152.27	738.11	2,575.74	
	Quick ratio	16.48	162.80	151.05	737.91	2,568.33	
	Interest coverage ratio	11,611.61	16,905.29	20,870.43	17,840.41	46,641.25	
Operating Ability	Receivables turnover ratio (times)	-	-	-	-	-	
	Average collection days	-	-	-	-	-	
	Inventory turnover ratio (times)	-	-	-	-	-	
	Payables turnover ratio (times)	-	-	-	-	-	
	Average days for sale	-	-	-	-	-	
	Property, plant, and equipment turnover ratio (times)	203.08	481.62	688.41	1,429.38	2,294.50	
	Total asset turnover ratio (times)	0.13	0.12	0.11	0.13	0.12	
Profitability	Return on assets (%)	10.92	11.35	10.32	11.41	10.85	
	Return on equity (%)	12.14	12.51	11.38	12.25	11.41	
	PBT to pay-in capital (%)	28.96	30.26	28.81	33.10	32.95	
	Net profit margin (%)	81.62	92.51	90.41	89.55	92.81	
	Earnings per share (NT\$)	2.81	2.97	2.77	3.15	3.11	
Cash Flow	Cash flow ratio (%)	132.33	1,266.93	1,274.15	472.24	1,236.53	
	Cash flow adequacy ratio (%)	113.91	108.74	111.45	116.86	103.69	
	Cash flow reinvestment ratio (%)	1.15	(0.31)	(0.08)	3.29	(2.39)	
Leverage	Operating leverage	1.08	1.05	1.05	1.04	1.05	
	Financial leverage	1.01	1.01	1.00	1.01	1.00	

Reasons for the changes in each financial ratio in the past two years: (If the increase or decrease does not reach 20%, there is no need to analyze)

1. The ratio of long-term funds to real estate, plant and equipment: The increase in total equity results in the increase in the ratio of long-term funds to real estate, plant and equipment.
2. Current ratio: The decrease in current liabilities result in an increase in current ratio.
3. Quick ratio: The decrease in current liabilities result in an increase in current ratio.
4. Interest Coverage Ratio: The reduction in loans leads to an increase in the interest coverage ratio.
5. Turnover rate of real estate, plant and equipment: The decrease in real estate, plant and equipment at the beginning and end of the period results in an increase in the turnover rate of real estate, plant and equipment.
6. Cash flow ratio: The decrease in current liabilities results in the increase in cash flow ratio.
7. Cash reinvestment ratio: The decrease in net cash flow from operating activities results in the decrease in cash reinvestment ratio.

Note 1: As of the publication date of the annual report, the Corporation has not issued a quarterly financial report as of Thursday, March 31, 2024.

Note 2 - Note 5: Please refer to page 107-108 for details.

Note 2: Formula for calculating the financial analysis

1. Financial structure
 - (1) Debt-to-assets ratio = Total liabilities / Total assets.
 - (2) Ratio of long-term funds to real estate, plant and equipment = (Total equity + Non-current liabilities) / Net amount of real estate, plant and equipment.
2. Solvency
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses / Interest expenses.
3. Operating Ability
 - (1) Turnover rate of receivables (including accounts receivable and notes receivable arising from the operation) = Net sales / Average balance of receivables (including accounts receivable and notes receivable arising from the operation) for each period.
 - (2) Average collection days = 365 / Receivables turnover ratio.
 - (3) Inventory turnover ratio = Cost of goods sold / Average inventory.
 - (4) Payables (including accounts payable and notes payable due to business operations) turnover ratio = Cost of goods sold / Balance of average payables (including accounts payable and notes payable due to business operations).
 - (5) Average days for sale = 365 / Inventory turnover ratio.
 - (6) Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment.
 - (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
 - (1) Return rate on assets = [After-tax profit or loss + Interest expense \times (1 - tax rate)] / Average total assets.
 - (2) Return on equity = Net income after tax / Average total equity.
 - (3) Net profit margin = Net income after tax / Net sales.
 - (4) Earnings per share = (Net income attributable to owners of parent company - Dividends on preferred shares) / Weighted average number of shares issued. (Note 3)
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 five years / (Capital expenditures + Inventory increase + Cash dividends) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)
6. Leverage:
 - (1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit. (Note 5)
 - (2) Financial leverage = Operating interest / (Operating interest - Interest expense).

Note 3: Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:

1. Based on the weighted average number of common shares, not on the year-end number of outstanding shares.
2. In case of capital increase in cash or treasury share transactions, the weighted average number of shares shall be calculated, taking into account the period in circulation.
3. In the case of conversion of earnings to capital increase or conversion of capital reserve to the capital increase, the calculation

of earnings per share of previous years and semi-years shall be adjusted retroactively according to the proportion of capital increase, without taking into account the issuing period of such capital increase.

4. If the preferred stocks are non-convertible cumulative, the dividend of the current year (whether paid or not) shall be deducted from the net profit after tax or increase the net loss after tax. If preferred stocks are non-cumulative in nature, where net income after tax is available, dividends on preferred shares shall be deducted from net income after tax. No adjustment is required if the Corporation has loss after tax.

Note 4: Special attention shall be paid to the following matters for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investments.
3. The inventory increase is only taken into account when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include cash dividends of common shares and preferred stocks.
5. The gross amount of real estate, plant, and equipment means the total value of real estate, plant, and equipment before accumulated depreciation.

Note 5: The issuer shall classify operating costs and operating expenses as fixed or variable by their nature. If estimation or subjective judgment is involved, attention shall be paid to its reasonableness and consistency.

III. Audit Committee's Review Report for the Financial Report for the Most Recent Fiscal Year

YungShin Global Holding Corporation

Audit Committee's Review Report

The Board of Directors prepared the Corporation's 2023 Business Report, financial statements (including parent company only and consolidated) and proposal for earnings distribution, among which the financial statements have been audited by Accountants Min-Ju Chao and Lily Lu from KPMG Taiwan, by whom an audit report has been issued accordingly. The said business report, financial statements, and the proposal for earnings distribution have been audited by the Audit Committee and determined to be in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To

2024 Shareholders' Meeting

Convener of the Audit Committee: Shih-Kuang Tsai

March 27, 2024

IV. Financial Reports for the Most Recent Fiscal Year

REPRESENTATION LETTER

The Group's financial year 2023 (from January 1 to December 31, 2023) requires the preparation of consolidated financial statements for affiliated companies in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission. The same applies to the companies for which consolidated financial statements and subsidiary companies are prepared. Furthermore, the relevant information disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the consolidated financial statements of YungShinGlobal Holding Corporation and Subsidiaries; hence, separate preparation of consolidated financial statements for affiliated enterprises is not required.

Hereby declare

Name: YungShin Global Holding Corporation

Chairman: Fang-Hsin Lee

Date: March 27, 2024

V. Financial Reports and Auditors' Report

Independent Auditors' Report

The Board of Directors and Shareholders YungShin Global Holding Corporation,

Opinion

We have audited the consolidated financial statements of YungShin Global Holding Corporation and its subsidiaries (collectively, the Group), which comprise the consolidated statements of balance sheet as of December 31, 2023 and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and other auditors' reports (refer to the Other Matters section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations, as well as related guidance endorsed and published by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and General Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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. The key audit matters to be communicated in the audit report are as follows:

Revenue Recognition

Please refer to Notes 4(15) and 6(22) for disclosures related to revenue recognition.

Explanation of Key Audit Matters:

Revenue recognition is a key audit matter due to its significance as a primary indicator of the financial or business performance of the Group, which inherently carries a higher risk of material

misstatement given the Group's status as a listed company. Hence, judgment regarding revenue recognition and the timing of control transfer is crucial to the financial statements and is considered as key audit matter.

Audit procedures performed in response:

- Testing the effectiveness of internal controls design and execution in relation to revenue recognition.
- Conducting trend analysis on the top ten sales customers, comparing customer lists and sales revenue amounts for the year against prior year to assess any significant anomalies and investigate their causes.
- Sampling sales transactions throughout the year to assess the authenticity of sales transactions, the accuracy of revenue recognition amounts, and the reasonableness of the timing of recognition.
- Cut off test on sales transactions before and after the year-end to assess the appropriateness of revenue recognition.

Other Matters

The consolidated financial statements of the Group for the year 2022 were audited by other auditors, and an unqualified opinion with an emphasis of matter paragraph was issued on March 29, 2023.

YungShin Global Holding Corporation has prepared financial statements for the years 2023 and 2022, each accompanied by an unqualified opinion with an emphasis of matter paragraph issued by both the Corporation's auditor and other auditors, respectively, for reference.

Additionally, in certain subsidiaries included in the Group's consolidated financial statements, the financial statements of some subsidiaries have not been audited by the Corporation's auditor but by other auditors. Therefore, the amounts presented in the consolidated financial statements of the aforementioned companies in the consolidated financial statements audited by the Corporation's auditor are based on the audit reports of other auditors. The total assets of these subsidiaries as of December 31, 2023, amounted to NT\$1,275,229 thousand, accounting for 11.08% of the total consolidated assets, and the net operating revenue for the period from January 1, 2023, to December 31, 2023, was NT\$1,254,488 thousand, representing 17.85% of the total consolidated net operating revenue.

Included in the consolidated financial statements, the financial statements of some associates were audited by other auditors. Therefore, the amounts presented in the financial statements of these equity method investments in the consolidated financial statements audited by other auditor are based on the audit reports. As of December 31, 2023, the amount of equity method investments was NT\$112,072 thousand, accounting for 0.97% of the total assets, and the share of profit or loss from equity method investees recognized for the period from January 1, 2023, to December 31, 2023, was NT\$13,589 thousand, representing 1.19% of the profit before tax.

Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for maintaining such internal procedures as it deems necessary for the preparation thereof, to ensure the consolidated financial statements are free of material

misrepresentation, whether due to fraud or mistake.

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

The governing bodies of the Group, including the Audit Committee, are responsible for overseeing its financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of our audit of the consolidated financial statements are to obtain reasonable assurance whether the consolidated financial statements as a whole are free of material misrepresentation, whether due to fraud or mistake, and to issue a report on our findings and opinion. Reasonable assurance denotes a high level of assurance, but is not a guarantee that an audit conducted in accordance to the Standards on Auditing will always detect a material misstatements when it exists. Misstatements may arise from fraud or mistake. Which are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and professional skepticism throughout the audit. In addition, we also:

1. Identified and assessed potential material misrepresentations in the consolidated financial statements, whether due to fraud or mistake; planned and executed responsive procedures to the potentials thus identified; and deduced valid and sufficient evidence to form the bases for our opinion. Because fraud involves conspiracy, forgery, intentional omissions, deceitful representation, and/or matters beyond internal control, the probability of failing to identify a material misrepresentation as a result of fraud is higher than that as a result of mistake.
2. Obtained an understanding of internal controls 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 controls of the Group.
3. Evaluated the adequacy of the accounting policies and the reasonableness of the accounting estimates and relevant disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we believed such a material uncertainty existed, we were required in the auditors' report to draw the attention of the users of the consolidated financial statements to the relevant disclosures made therein, or, in the case that the disclosures were inadequate, to modify our opinion. Our conclusions are based on evidence obtained up to the date of this auditors' report. Future events or conditions might nevertheless affect the ability of the Group to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements fairly represent the

underlying transactions and matters.

6. Expressed our opinion concerning the consolidated financial statements upon obtaining adequate and sufficient audit evidence on the financial status of the investees in investments accounted for using the equity method. We were responsible for the direction, supervision and execution of the audit activities and for deriving an opinion therefrom about the Group.

We communicate discussed with the governing bodies include the planned scope and timing of the audit and important audit findings, including significant deficiencies in the internal procedures identified during the course of the audit.

We also provided the governing bodies with a statement that we have complied with relevant ethical requirement regarding independence, and communicated to the governing bodies all the relationships and other matters that might be deemed to affect the independence of the auditors, including relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year 2023 and are therefore the key audit matters. We discuss these matters in the auditors' report unless disclosure of the matters is forbidden by law or regulations or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report, because the adverse consequences of doing so would reasonably be expected to outweigh the Public Interest benefit of such communication.

KPMG Taiwan

CPA: Min-Ju Chao

Lily Lu

Competent Securities
Authority's Approval
Document No.

March 27, 2024

Financial-Supervisory-Securities-
Auditing No.1050036075
Financial-Supervisory-Securities-
Sixth No.0940100754

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF BALANCE SHEET

December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
ASSETS		Amount	%	Amount	%	LIABILITIES AND EQUITY		Amount	%	Amount	%
11xx	CURRENT ASSETS					21xx	CURRENT LIABILITIES:				
1100	Cash and cash equivalents (Note 6(1))	\$ 1,486,926	13	1,956,548	16	2100	Short-term borrowings (Notes 6(10), (14) and 8)	\$ 977,411	9	1,554,511	13
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	63,482	1	63,482	1	2130	Contract liabilities - current (Note 6(22))	239	-	8,912	-
1136	Financial assets at amortized cost - current (Note 6(4))	257,646	2	2,000	-	2150	Notes payable	1,514	-	677	-
1150	Notes receivable, net (Note 6(5) and (22))	316,890	3	318,498	3	2170	Accounts payable	545,488	5	424,785	4
1170	Accounts receivable, net (Note 6(5) and (22))	1,315,362	11	1,337,037	11	2181	Accounts payable to related parties (Note 7)	11,757	-	21,030	-
1180	Accounts receivable from related parties (Notes 6(5), (22) and 7)	51,004	1	75,411	1	2200	Other payables (Note 7)	709,102	6	673,407	6
1200	Other receivables (Note 7)	26,392	-	32,677	-	2230	Current tax liabilities	121,241	1	143,690	1
1220	Current tax assets	-	-	95	-	2280	Lease liabilities - Current (Note 6(16) and 7)	8,545	-	14,322	-
130x	Inventories (Note 6(6))	2,773,031	24	2,719,323	23	2322	Long-term borrowings due within one year (Note 6(10), (15) and 8)	1,551	-	113,328	1
1410	Prepayments	146,105	1	166,374	1	2365	Refund liabilities - current (Note 6(22))	31,567	-	34,108	-
1470	Other current assets	5,090	-	15,342	-	2399	Other current liabilities	19,505	-	30,068	-
	Total current assets	6,441,928	56	6,686,787	56		Total current liabilities	2,427,920	21	3,018,838	25
15xx	NON-CURRENT ASSETS:					25xx	NON-CURRENT LIABILITIES:				
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))	42,000	-	-	-	2527	Contract liabilities - non-current (Note 6(22))	359,482	3	350,933	3
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(3))	66,069	1	51,556	1	2540	Long-term borrowings (Notes 6(10), (15) and 8)	241,996	2	133,683	1
1550	Investments accounted for using the equity method (Note 6(7))	1,088,916	10	1,074,868	9	2550	Provision employee benefits - Non-current (Note 6(17))	64,116	1	57,885	1
1600	Property, plant and equipment (Note 6(10), (13). (14). (15), 7 and 8)	3,537,720	31	3,697,322	31	2570	Deferred tax liabilities (Note 6(18))	391,534	3	356,424	3
1755	Right-of-use assets (Note 6(11))	28,675	-	40,506	-	2580	Lease liabilities -non-current (Note 6(16) and 7)	8,408	-	13,918	-
1760	Investment properties, net (Note 6(12))	30,782	-	32,420	-	2640	Net defined benefit liability - Non-current (Note 6(17))	28,188	-	75,084	1
1780	Intangible assets (Note 6(10) and (13))	8,547	-	20,740	-	2675	Refund liabilities - non-current (Note 6(22))	75,557	1	142,772	1
1840	Deferred tax assets (Note 6(18))	157,718	1	162,048	2	2670	Other non-current liabilities	270	-	24	-
1900	Other non-current assets (Note 6(5), (10), (22) and 8)	110,079	1	86,465	1		Total non-current liabilities	1,169,551	10	1,130,723	10
	Total non-current assets	5,070,506	44	5,165,925	44	2xxx	TOTAL LIABILITIES	3,597,471	31	4,149,561	35
						31xx	Equity attributable to owners of the Corporation (Note 6(7), (8), (9), (17), (18), (19) and (20)):				
						3110	Share capital	2,664,230	23	2,664,230	22
						3200	Capital surplus	2,339,474	20	2,340,374	20
							Retained earnings:				
						3310	Legal reserve	881,899	8	800,994	7
						3320	Special reserve	312,829	3	391,162	3
						3350	Unappropriated earnings	1,495,724	13	1,277,400	11
							Total retained earnings	2,690,452	24	2,469,556	21
						3400	Other equity	(350,043)	(3)	(312,829)	(3)
						3500	Treasury shares	(1,439)	-	(1,439)	-
							Total Equity attributed to the owners of the corporation	7,342,674	64	7,159,892	60
						36xx	Non-controlling Interests (Note 6(9))	572,289	5	543,259	5
						3xxx	Total Equity	7,914,963	69	7,703,151	65
						2-3xxx	TOTAL LIABILITIES AND EQUITY	\$ 11,512,434	100	11,852,712	100
1xxx	TOTAL ASSETS	\$ 11,512,434	100	11,852,712	100						

(Please refer to the accompanying notes to the consolidated financial statements for details)

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(22) and 7)	\$ 7,027,937	100	7,311,769	100
5000	Operating Costs (Note 6(6), (16), (17), 7 and 12)	4,050,624	58	4,170,433	57
5900	Gross profit	2,977,313	42	3,141,336	43
6000	OPERATING EXPENSES (Notes 6(5), (10), (16), (17), (20), (23), 7 and 12):				
6100	Selling and marketing expenses	1,224,686	17	1,545,825	21
6200	General and administrative expenses	492,606	7	490,599	7
6300	Research and development expenses	329,818	5	347,032	5
6450	Expected credit loss	590	-	608	-
	Total operating expenses	2,047,700	29	2,384,064	33
6900	Income from Operations	929,613	13	757,272	10
7000	NON-OPERATING INCOME AND EXPENSES (Notes 6(7), (8), (16), (24) and 7):				
7100	Interest income	54,357	1	14,291	-
7010	Other income	82,305	1	36,859	-
7020	Other gains and losses	(2,103)	-	188,161	3
7050	Finance costs	(35,277)	(1)	(32,862)	-
7060	Share of profit or loss of associates accounted for using the equity method	108,590	2	100,061	1
	Total non-operating income and expenses	207,872	3	306,510	4
	Profit before income tax of continuing operations	1,137,485	16	1,063,782	14
7950	Less: Tax expenses (Note 6(18))	266,314	4	211,689	3
	Net profit for the year	871,171	12	852,093	11
8300	Other Comprehensive Income (Note 6(7), (9), (17) and (18)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation	7,850	-	(37,327)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	14,723	-	3,759	-
8320	Share of other comprehensive income of associates accounted for using the equity method	(1,375)	-	7,014	-
8349	Less: Income tax relating to items that will not be reclassified to profit or loss	2,085	-	(7,618)	-
	Total items that will not be reclassified subsequently to profit or loss	19,113	-	(18,936)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operations	(24,236)	-	40,189	-
8370	Share of other comprehensive income of associates accounted for using the equity method	(38,572)	(1)	55,171	1
8399	Less: Income tax relating to items that may be reclassified to profit or loss	(12,553)	-	16,876	-
	Total items that may be reclassified subsequently to profit or loss	(50,255)	(1)	78,484	1
8300	OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(31,142)	(1)	59,548	1
8500	Total comprehensive income for the year	\$ 840,029	11	911,641	12
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the Corporation	\$ 827,304	11	839,035	11
8620	Non-controlling interests	43,867	1	13,058	-
		\$ 871,171	12	852,093	11
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the Corporation	\$ 796,455	11	887,378	12
8720	Non-controlling interests	43,574	-	24,263	-
		\$ 840,029	11	911,641	12
	Earnings Per Share (Note 6(21))				
9710	Basic earnings per share (Unit: New Taiwan Dollars)	\$ 3.11		3.15	
9810	Diluted earnings per share (Unit: New Taiwan Dollars)	\$ 3.11		3.15	

(Please refer to the accompanying notes to the consolidated financial statements for details)

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

	Equity Attributed to the Owners of the Corporation												
	Retained Earnings						Other equity items		Total	Treasury Shares	Total Equity Attributed to the Owners of the Corporation	Non-Controlling Interests	Total Equity
							Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
Balance on January 1, 2022	\$ 2,664,230	2,152,909	726,190	304,005	1,083,235	2,113,430	(403,587)	12,425	(391,162)	(1,439)	6,537,968	250,131	6,788,099
Appropriation of earnings:													
Recognition of Legal reserve	-	-	74,804	-	(74,804)	-	-	-	-	-	-	-	-
Recognition of Special reserve	-	-	-	87,157	(87,157)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(452,919)	(452,919)	-	-	-	-	(452,919)	-	(452,919)
Changes in other capital surplus:													
Changes in capital surplus from investments in associates accounted for using the equity method	-	(380)	-	-	-	-	-	-	-	-	(380)	-	(380)
Net profit for the year	-	-	-	-	839,035	839,035	-	-	-	-	839,035	13,058	852,093
Other comprehensive income (loss) for the year	-	-	-	-	(29,990)	(29,990)	67,503	10,830	78,333	-	48,343	11,205	59,548
Total comprehensive income for the year	-	-	-	-	809,045	809,045	67,503	10,830	78,333	-	887,378	24,263	911,641
Subsidiary capital reduction in cash	-	-	-	-	-	-	-	-	-	-	-	(28,961)	(28,961)
Adjustment to capital surplus from dividends paid to subsidiary	-	73	-	-	-	-	-	-	-	-	73	-	73
Disposal of subsidiaries	-	194,909	-	-	-	-	-	-	-	-	194,909	243,252	438,161
Changes in ownership interests in subsidiaries	-	(7,137)	-	-	-	-	-	-	-	-	(7,137)	12,435	5,298
Cash dividends of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(10,858)	(10,858)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	52,997	52,997
Balance on December 31, 2022	2,664,230	2,340,374	800,994	391,162	1,277,400	2,469,556	(336,084)	23,255	(312,829)	(1,439)	7,159,892	543,259	7,703,151
Appropriation of earnings:													
Recognition of Legal reserve	-	-	80,905	-	(80,905)	-	-	-	-	-	-	-	-
Reversal of Special reserve	-	-	-	(78,333)	78,333	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(612,773)	(612,773)	-	-	-	-	(612,773)	-	(612,773)
Net profit for the year	-	-	-	-	827,304	827,304	-	-	-	-	827,304	43,867	871,171
Other comprehensive income (loss) for the year	-	-	-	-	6,365	6,365	(50,212)	12,998	(37,214)	-	(30,849)	(293)	(31,142)
Total comprehensive income for the year	-	-	-	-	833,669	833,669	(50,212)	12,998	(37,214)	-	796,455	43,574	840,029
Adjustment to capital surplus from dividends paid to subsidiary	-	98	-	-	-	-	-	-	-	-	98	-	98
Changes in capital surplus from investments in associates accounted for using the equity method	-	(12,550)	-	-	-	-	-	-	-	-	(12,550)	-	(12,550)
Changes in ownership interests in subsidiaries	-	15,684	-	-	-	-	-	-	-	-	15,684	25,514	41,198
Cash dividends of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(37,258)	(37,258)
Decrease in non-controlling interests	-	(4,132)	-	-	-	-	-	-	-	-	(4,132)	(2,800)	(6,932)
Balance on December 31, 2023	\$ 2,664,230	2,339,474	881,899	312,829	1,495,724	2,690,452	(386,296)	36,253	(350,043)	(1,439)	7,342,674	572,289	7,914,963

(Please refer to the accompanying notes to the consolidated financial statements for details)

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows January 1 to December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	\$ 1,137,485	1,063,782
Adjustments for:		
Profit and loss items		
Depreciation	280,737	353,488
Amortization	13,795	22,373
Expected credit loss	590	608
Interest expenses	35,277	32,862
Interest income	(54,357)	(14,291)
Dividend income	(830)	(659)
Share-based remuneration payment cost	-	5,298
Share of profit or loss of associates accounted for using the equity method	(108,590)	(100,061)
Gain (loss) on disposal or retirement of property, plant and equipment	(281)	51
Property, plant and equipment transferred to expenses	2,599	-
Lease modification loss	-	10
Gain on disposal of non-current assets held for sale	-	(7,823)
Unrealized profit on foreign exchange	-	(6,582)
Write-downs and disposal of inventories	-	35,046
Gain on disposal of subsidiaries	-	(109,706)
Total profit and loss items	168,940	210,614
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Notes receivable	1,786	(36,392)
Accounts receivable	20,887	(147,242)
Accounts receivable from related parties	24,407	(53,430)
Other receivables	8,178	(24,491)
Inventories	(53,708)	79,974
Prepayments	(3,731)	(47,381)
Other current assets	10,252	(509)
Total net changes in operating assets	8,071	(229,471)
Net changes in operating liabilities:		
Contract liabilities	(124)	(3,202)
Notes payable	837	(1,386)
Accounts payable	120,703	(10,230)
Accounts payable to related parties	(9,273)	(2,831)
Other payables	34,281	37,125
Provisions for liabilities	6,231	5,542
Other current liabilities	(13,104)	(32,635)
Net defined benefit liabilities	(39,046)	(26,606)
Other non-current liabilities	(67,215)	142,395
Total net changes in operating assets and liabilities	33,290	108,172
Total net changes in assets and liabilities related to operating activities	41,361	(121,299)
Total adjustments	210,301	89,315
Cash generated from operations	1,347,786	1,153,097
Interest received	52,464	14,291
Dividends received	42,045	29,135
Interest paid	(35,679)	(30,278)
Income tax paid	(226,201)	(199,000)
Net cash generated from operating activities	1,180,415	967,245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at fair value through other comprehensive income	(212)	(230)
Acquisition of financial assets at amortized cost	(499,452)	-
Disposal of financial assets at amortized cost	248,091	-
Acquisition of financial assets at fair value through profit or loss (FVTPL)	(18,000)	-
Disposal of subsidiaries	-	527,911
Proceeds from disposal of non-current assets held for sale	-	55,637
Acquisition of property, plant and equipment	(82,790)	(149,684)
Proceeds from disposal of property, plant and equipment	502	1,357
Decrease (increase) in refundable deposits	(9,648)	30,415
Purchase of intangible assets	(1,324)	(1,394)
Decrease (increase) in other non-current assets	(37,353)	2,012
Increase in prepayments for equipment	(3,529)	(19,654)
Increase in Prepaid Investments	-	(24,000)
Dividends received	830	659
Net cash (used in) generated from investing activities	(402,885)	423,029
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings	262,210	1,076,144
Decrease in short-term borrowings	(831,253)	(1,461,383)
Proceeds from long-term borrowings	110,388	796,660
Repayments of long-term borrowings	(113,181)	(1,245,523)
Decrease in guarantee deposits	246	10,006
Repayment of the principal portion of lease liabilities	(14,263)	(16,283)
Cash dividends paid	(649,933)	(463,704)
Subsidiary capital reduction in cash	-	(28,961)
Disposal of equity in subsidiaries	39,927	585,617
Changes in non-controlling interests	(5,661)	45,248
Net cash used in financing activities	(1,201,520)	(702,179)
Effects of exchange rate changes on cash and cash equivalents	(45,632)	82,244
Net increase (decrease) in cash and cash equivalents	(469,622)	770,339
Balance of cash and cash equivalents at the beginning of year	1,956,548	1,186,209
Balance of cash and cash equivalents at the end of the year	<u>\$ 1,486,926</u>	<u>1,956,548</u>

(Please refer to the accompanying notes to the consolidated financial statements for details)

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

YUNGSHIN GLOBAL HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 1 to December 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General Information

YungShin Global Holding Corporation (the "Corporation") was established in January 2011. The Corporation and its subsidiaries (collectively hereinafter referred to as the "Group") are mainly engaged in investing, manufacturing and selling medicines, animal drugs, agricultural chemicals, industrial medicine, and cosmetics.

The Corporation was incorporated on January 3, 2011, through a share swap with YungShin Pharmaceutical Industrial Company Limited (hereafter referred to as "YungShin Pharmaceutical"), and the Corporation's shares have been traded on the Taiwan Stock Exchange in the Republic of China since January 3, 2011. YungShin Pharmaceutical is a wholly-owned subsidiary of the Corporation.

2. Approval of Financial Statements

The consolidated financial statements have been approved for issuance by the Board of Directors on March 27, 2024.

3. Application of New and Amended Standards and Interpretations

- (1) Effect of adopted newly issued and amended standards and interpretations endorsed by the Financial Supervisory Commission (hereafter referred to as the "FSC")

The Group has applied the following newly amended IFRS effective January 1, 2023, which have not caused any material impact on its consolidated financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The Group has applied the following new amendments to International Financial Reporting Standards (IFRS) since May 23, 2023, and have no significant impact on the consolidated financial statements:

- Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

- (2) The impact of IFRS issued by the FSC but not yet effective

The Group expects that the following amendments to IFRS issued into effect on January 1, 2024 will not have significant impact on the consolidated financial statements.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

current”

- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) New and amended standards and interpretations not yet endorsed by the FSC

The International Accounting Standards Board (IASB) has issued and amended standards and interpretations that have not yet been endorsed by the Financial Supervisory Commission (FSC), which may be relevant to the Group as follows:

Newly Issued or Amended Standards	Significant Amendments	Effective Date of the Standards Issued by the IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Clarification that when an investor transfers its subsidiary to an associate or joint venture, if the assets sold or contributed constitute a business, the investor is deemed to lose control of the business and should recognize all gains or losses; if it does not constitute a business, the unrealized gains or losses should be deferred and recognized proportionately based on the ownership interest.	To be determined by IASB

The Group is currently assessing the impact of the aforementioned standards and interpretations on its financial position and operating results. The related impacts will be disclosed upon completion of the assessment.

The Group anticipates that the following newly issued and amended standards to be determined will not have significant impact on the consolidated financial statements.

- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to “Initial application of IFRS 17 and IFRS 9 Comparative information”
- Amendments to IAS 21: “Lack of Exchangeability”

4. Summary of Significant Accounting Policies

A summary of significant accounting policies adopted in the consolidated financial statements is as follows. The following accounting policies have been consistently applied to the consolidated financial statements.

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and the International Financial Reporting Standards, International Accounting Standards, interpretations, and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC-endorsed International Financial Reporting Standards").

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(2) Basis for Preparation

1) Basis of Measurement

Apart from financial assets measured at fair value through profit or loss, the consolidated financial statements of the entity are prepared on a historical cost basis.

- a. Financial assets measured at fair value through profit or loss are measured at fair value;
- b. Financial assets measured at fair value through other comprehensive income are measured at fair value.
- c. The net defined benefit liability is measured by deducting the fair value of retirement fund assets from the present value of defined benefit obligations, and is subject to the limit impact measure as disclosed in Note 4(17).

2) Functional and Presentation Currency

The Group's financial statements are presented in New Taiwan Dollars, which is the company's functional currency. All financial statements are presented in New Taiwan Dollars and has been rounded to the nearest thousand, unless otherwise stated.

(3) Basis of Consolidation

1) Principles Preparation of Consolidated Financial Statements

The consolidated financial statements include the Group and entities controlled by the Group (i.e., subsidiaries).

From the date control is obtained over a subsidiary, its financial statements are included in the consolidated financial statements until the date when control is lost. Intercompany transactions, balances, and unrealized gains and losses have been fully eliminated in the preparation of the consolidated financial statements. The total comprehensive income of subsidiaries is attributed to the owners of the Group and non-controlling interests, even if non-controlling interests result in a deficit balance.

The accounting policies of subsidiaries are consistent with those used by the Group. Intercompany transactions, balances, and unrealized gains and losses have been eliminated upon preparation of the consolidated financial statements.

Changes in the Group's ownership interests of subsidiaries that do not result in loss of control are accounted for as transactions with equity transactions.

2) The subsidiaries included in the consolidated financial statements.

The subsidiaries included in the consolidated financial statements are listed as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION

Notes to Consolidated Financial Statements (Continued)

Investor Company	Subsidiary Name	Business Activities	Proportion of Ownership (%)		Remark
			Dec 31, 2023	Dec 31, 2022	
The Corporation	YungShin Pharmaceutical Industrial Co., Ltd.	Manufacturing and sale of medicine and cosmetics	100.00%	100.00%	
The Corporation	Chemix Inc. (Chemix)	Sale of medicine	100.00%	100.00%	
The Corporation	YSP International Company Limited (YSP INC)	Trade, investment, and other related businesses	100.00%	100.00%	
The Corporation	Vetnostrum Animal Health Co., Ltd.	Manufacturing and sale of medicine	54.97%	57.04%	Note 1
YungShin Pharm. Ind. Co., Ltd.	Angel Associates (Taiwan), Inc.	Import and export trading	73.50%	73.50%	
YSP INC	Carlsbad Technology, Inc. (CTI)	Manufacturing and sale of medicine	74.13%	74.13%	
YSP INC	YungShinTiente(Shanghai) Pharmaceutical Trading CO., LTD.	Import and export trading	100.00%	100.00%	Note 2
YSP INC	Yung Shin Company Limited (YHK)	Sale of medicine	96.50%	96.50%	

Note 1. On May 24, 2022, the Group passed a resolution of the shareholders' meeting to release the shares of Vetnostrum Animal Health Co., Ltd. As of September 30, 2023, a total of 26,736 thousand shares have been released for approximately NT\$625,544 thousand. Additionally, Vetnostrum Animal Health issued 3,212 thousand new shares to employees exercising stock options on December 30, 2022, in which the consolidated company did not participate based on its shareholding percentage. Furthermore, in August 2023, the consolidated company issued 77 thousand new shares due to the exercise of employee stock options. Moreover, the Group purchased 175 thousand shares of Vetnostrum Animal Health in December 2023. Following the aforementioned transactions, the consolidated company's ownership percentage in Vetnostrum Animal Health adjusted from 100.00% to 54.97%.

Note 2. Shanghai Yung Zip Pharmaceutical Trading Co., Ltd. changed its name to YungShinTienTe (Shanghai) Pharmaceutical Trading Co., Ltd. on August 2, 2023.

3) Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign Currency

1) Foreign currency transactions

Transactions using foreign currencies are recognized in NTD at the exchange rates prevailing on the dates of the respective transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the exchange rates prevailing on the reporting period's end date ("the reporting date").

Non-monetary items measured at fair value that are denominated in foreign currencies are translated into NTD at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated at the exchange rates on the dates of the respective transactions. Foreign exchange differences arising from translation are recognized in profit or loss, except for those arising from the translation of equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

2) Overseas Operations

Assets and liabilities of overseas operations, including goodwill generated from acquisitions and fair value adjustments, are translated into the reporting currency of the entity at the exchange rates prevailing on the reporting date. Income and expenses are translated into the reporting currency of the entity at the average exchange rate for the reporting period, and the resulting exchange differences are recognized in other comprehensive income.

When the disposition of an overseas operation results in the loss or share of control or in serious consequences, the cumulative exchange differences related to said overseas operation are reclassified into profit or loss. Upon partial disposition of a subsidiary which has units operating overseas, the relevant cumulative exchange differences are re-attributed proportionally to non-controlling interests.

(5) Guidelines for classification of Assets and Liabilities into Current and Non-current

Assets that meet any of the following criteria are classified as current, other assets that are not current are classified as non-current assets:

- 1) The asset is expected to be realized in the normal operating cycle or intended to be sold or consumed within the Group.
- 2) The asset is held primarily for trading purposes.
- 3) The asset is expected to be realized within 12 months of the reporting period.
- 4) The asset is cash or cash equivalent, unless it is otherwise restricted from being traded or used to settle a liability for at least twelve months after the reporting period.

Liabilities that meet any of the following criteria are classified as current liabilities, other liabilities that are not current are reclassified as non-current liabilities.

- 1) The liability is expected to be settled in the normal operating cycle;
- 2) It is held primarily for trading purposes.
- 3) The liability is expected to be settled within 12 months of the reporting period.
- 4) The Group's liability does not have an unconditional right to defer settlement for at least 12 months after the reporting period. The classification is not affected if the terms of the liability may, at the option of the counterparty, be settled through the issuance of equity instruments.

(6) Cash and Cash Equivalents

Cash includes cash on hand, checking deposits, and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into cash and subject to a

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

minimal risk of value variation. Term deposits meeting the above definition and held for the purpose of fulfilling short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(7) Financial Instruments

Accounts receivable are recognized at the time they originated. All other financial assets and financial liabilities are recognized when initially the Group becomes a party to the contractual provisions of the financial instruments, financial assets (other than accounts receivable which do not involve a significant financial element) or financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance thereof. Accounts receivable that does not involve significant financial elements are measured initially at their transaction prices.

1) Financial Assets

For the purchase or sale of financial assets consistent with customary trading practices, the Group categorically accounts for all purchases and sales of the financial assets that are classified in the same manner on the date of the transaction or settlement.

Financial assets are classified on initial recognition as financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The Group will reclassify all the affected financial assets effective the first day of the next reporting period when the Group changes its operating models for managing financial assets.

a. Financial assets at amortized cost

A financial asset is measured at amortized cost if it is not designated as measured at fair value through profit or loss and meets both of the following criteria:

- The financial asset is held pursuant to an operating model which purpose is to receive cash flow under the contractual terms.
- The financial asset under the contractual terms is to generate cash flow on specific date and solely for the purpose of repaying the principal and interest on the outstanding sum of principal.

These assets are subsequently measured at their initially recognized values plus or minus the cumulative amortization using the effective interest method, adjusted for the amortized cost of any loss allowances. Interest income, foreign currency exchange gains or losses and impairment losses are recognized in profit or loss. Upon derecognition, the gains or losses are recognized in profit or loss.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

b. Financial Assets at FVTOCI

Upon initial recognition, the Group may make an irrevocable election to report subsequent fair value changes of equity instruments not held for trading in other comprehensive income. Such an election is made on an instrument-by-instrument basis.

Equity instruments are subsequently measured at fair value. Dividend income (unless representing a recovery of part of the investment cost) is recognized in profit or loss. Any remaining net profit or loss is recognized in other comprehensive income and not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date the consolidated company has the right to receive the dividend (typically the ex-dividend date).

c. Financial Assets at FVTPL

Financial assets not measured at amortized cost as described above are measured at fair value through profit or loss, including derivative financial assets. Upon initial recognition, the Group may irrevocably designate such financial assets, which qualify as measured at amortized cost or at fair value through other comprehensive income, as financial assets measured at fair value through profit or loss, for the purpose of eliminating or significantly reducing accounting mismatches.

These assets are subsequently measured at fair value, which net gains or losses (including any dividends and interest income) are recognized in profit or loss.

d. Impairment of financial assets

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

On each reporting date, the Group assesses financial assets and significant components of accounts receivable, considering reasonable and verifiable information (obtained without undue cost or effort), including qualitative and quantitative information, as well as analysis based on the Group's historical experience, credit evaluations, and forward-looking information. For those with low credit risk or where the credit risk has not significantly increased since initial recognition, expected credit losses over twelve months are recognized. If it is determined that the credit risk has significantly increased since initial recognition, credit losses are measured over the remaining period of exposure. For accounts receivable that do not contain significant financial components, expected credit losses are measured using the lifetime expected credit loss method.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

For financial assets measured at amortized cost, the allowance for credit losses is deducted from the carrying amount of the asset. The amount of the provision for credit losses or reversals thereof is recognized in the income statement.

The Group reduces the total carrying amount of a financial asset when it cannot reasonably expect to recover all or part of the financial asset. However, financial assets that have been written off are still enforceable to comply with the Group's procedures for recovering past due amounts.

e. Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

2) Financial liabilities and equity instruments

a. Classification as debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreements and the definition of financial liabilities.

b. Equity transactions

An equity instrument is any contract that recognizes the Group's remaining interest in an asset from which all of its liabilities are deducted. Equity instruments issued by the Group are recognized at the acquisition price less direct issue costs.

c. Financial Liabilities

Financial liabilities not designated as held for trading and not measured at fair value through profit or loss upon initial recognition are initially measured at fair value plus directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method. Interest expense that has not been capitalized as part of asset cost is reported under operating income and expenses.

d. Derecognition of financial liabilities

The Group derecognizes a financial liability when the contractual obligations pertaining thereto expire or are discharged or cancelled. When the terms of a financial liability are amended and the cash flows per the liability are materially different upon amendment, the pre-amendment financial liability is derecognized,

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

and the amended liability is recognized at fair value based on the amended terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

e. **Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities are offset and presented as a net amount on the balance sheet when the Group currently has legally enforceable rights to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

The original cost of inventory is the necessary expenditure incurred to bring the inventory to a saleable or producible condition and location, with variable production costs allocated based on actual output; fixed production costs are allocated to finished goods and work in progress based on normal production capacity of production equipment, with any unallocated fixed production costs due to lower capacity or idle equipment recognized as cost of goods sold in the period incurred. Any excess of actual output over normal capacity is treated as a reduction in the cost of goods sold. Cost is calculated using the weighted average method on a monthly basis.

Subsequent measurement of inventory is based on the lower of cost and net realizable value for each category of inventory, with net realizable value calculated as the estimated selling price in the ordinary course of business on the balance sheet date, less the cost of completion and sales expenses. When the cost of inventory exceeds its net realizable value, the inventory cost is written down to the net realizable value, with the written-down amount recognized as cost of goods sold. If the net realizable value increases in subsequent periods, the reversal of the previously recognized write-down is limited to the amount of the original write-down, and the increase is recognized as a reduction in the cost of goods sold for the period.

(9) Investments in Associates

An associate is an entity on which the Group has significant influence, but not control or joint control, in its financial and operating policies.

The Group's equity interest in an associate is accounted for using the equity method. Under the equity method, the acquisition is recognized at cost, and the cost of investment includes the transaction cost. The carrying amount of an investment in an associate includes the goodwill recognizable at the time of investment, less any accumulated impairment loss.

Consolidated financial statements include the recognition of the profit and loss and other comprehensive income of each investee associated company in accordance with the equity

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

method from the date of significant influence to the date of loss of significant influence, after adjusting for consistency with the accounting policies of the Group. When there is a change in equity in an associate not recognized as profit or loss nor other comprehensive income that does not proportionally affect the Group's share in the associate, the Corporation recognizes the change in equity corresponding to its equity interest in the associate as capital surplus in proportion to its holdings.

Unrealized gains and losses arising from transactions between the Group and its associates are recognized in its financial statements to the extent of equity interest in the associates not owned by the Corporation. The Group ceases to recognize an associate's losses when its share of such losses equals or exceeds its equity interest in the associate. Thereafter the Group recognizes additional losses and associated liabilities to the extent of any legal or constructive obligations incurred or of any payments made on behalf of the investee.

When an associated company issues new shares and the Group does not subscribe to them in proportion to its ownership, resulting in a change in the ownership percentage and subsequently causing fluctuations in the equity value of the investment, such fluctuations adjust the capital reserve and the investment under the equity method; if this adjustment offsets the capital reserve, but the balance of the capital reserve generated by the investment under the equity method is insufficient, the difference is debited to retained earnings. However, if the Group's ownership interest in the associated company decreases due to not subscribing to shares in proportion, any amounts previously recognized in other comprehensive income related to that associated company are reclassified proportionally to the decrease, following the same accounting treatment as if the associated company were to directly dispose of the related assets or liabilities.

(10) Investment properties

Investment properties refer to properties held for earning rentals, for capital appreciation, or for both, rather than for use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with depreciation methods, useful lives, and residual values are in accordance with the provisions as property, plant, and equipment.

Gains or losses on the disposal of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are recognized in profit or loss.

Rental income from investment properties is recognized on a straight-line basis over the lease term as other income. Lease incentives granted are recognized as a part of lease income over the lease term.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(11) Property, Plant and Equipment

1) Recognition and measurement

Items of property, plant and equipment are measured at cost, including capitalized borrowing costs, less accumulated depreciation and any accumulated impairment.

If the major components of property, plant and equipment have different service lives, they are deemed separate items (primary components) of property, plant and equipment.

Gain or loss upon disposal of property, plant and equipment is recognized in profit or loss.

2) Subsequent costs

Subsequent expenditures are capitalized if it is likely that future economic benefits will flow into the Group.

3) Depreciation

Depreciation is calculated as the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful lives of each component using the straight-line method.

Land is not subject to depreciation and is not depreciated in the financial statements of the Group.

The estimated useful lives for the current and comparative periods are as follows:

Buildings and structures	1~45 years
Machinery and equipment	1~20 years
Transportation equipment	4~6 years
Office equipment	2~12 years
Other equipment	1~11 years

The Group reviews the depreciation method, useful life and residual value at each reporting and makes appropriate adjustments as necessary.

(12) Lease

1) Assessment of Leases

The Group assesses, on the date a contract is entered into, whether a contract is a lease or includes a lease.

2) Lessee

The Group recognizes a right-of-use asset and a lease liability on the commencement date of the lease. A right-of-use asset is measured initially at cost, which comprises

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

the initial measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the initial direct costs incurred and the estimated costs for dismantling and removing and restoring the subject asset, whether by itself or to its location, and less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to either the end of the useful life or the end of the lease term, whichever is earlier. In addition, the Group periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred and, when lease liability is remeasured, adjusts the right-of-use asset accordingly.

Lease liabilities are measured initially at the present value of lease payments outstanding on the date the lease is entered into, using the incremental borrowing rate. Subsequently, interest is accrued using the effective interest method. When there are changes in lease payments and lease terms during the lease term, the lease liability is remeasured. The carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

For leases of low-value assets, the Group chooses not to recognize the right-of-use asset and lease liability. Instead, the lease payments are recognized as an expense on a straight-line basis over the lease term.

3) Lessor

Transactions of the Group acting as the lessor are classified on the lease inception date based on whether substantially all of the risks and rewards incidental to ownership of the leased asset are transferred; if so, they are classified as finance leases, otherwise they are classified as operating leases.

(13) Intangible Assets

1) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment.

2) Subsequent Expenditures

Subsequent expenditures are capitalized to the extent that they will enhance the future economic benefits of the specific asset to which they relate.

3) Amortization

Amortization is calculated by deducting the estimated residual value from the cost of the asset and is recognized in profit or loss on a straight-line basis over its estimated useful life from the date the intangible asset is available for use.

The estimated useful lives for the current and comparative periods are as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

Computer software	3~5 years
Trademark	1~14 years
Others	3~19 years

The Group reviews the amortization method and the useful lives and residual values of intangible assets at each reporting, and makes appropriate adjustments as necessary.

(14) Impairment of Non-Financial Assets

For inventories and non-financial assets other than deferred tax assets, the Group assesses at each reporting date whether there are indications of impairment and estimates the recoverable amount for assets with impairment indicators. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated for impairment assessment.

In detecting impairment, a group of assets with cash inflows that are predominantly independent of other individual assets or groups of assets is treated as the smallest identifiable group of assets.

The recoverable amount is the fair value of an individual asset or cash-generating unit less its value in use or costs to sell, whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the book value of the individual asset or cash-generating unit is adjusted to its recoverable amount, and an impairment loss is recognized for the difference. Impairment losses are recognized immediately in profit or loss.

(15) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable for goods or services transferred. The Group recognizes revenue when control of goods or services is transferred to customers, satisfying performance obligations.

Revenue is recognized by the Group upon transfer of control of the product. Transfer of control of the product occurs when the product is delivered to the customer, the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the product, and the Group has no remaining obligations to the customer that would significantly affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specified destination, the risks and rewards of ownership have transferred to the customer, and the customer has accepted the product in accordance with the sales contract.

The Group recognizes accounts receivable upon delivery of goods because it has an unconditional right to receive consideration at that point.

(16) Government Grants

The Group recognizes non-refundable government grants related to its operations as other

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

income when they are receivable without conditions attached. Government grants compensating the Group for expenses or losses are recognized systematically on a basis that matches the grant with the related costs in the periods in which the costs are incurred.

(17) Employee Benefits

1) Defined Contribution Plans

The obligation to make contributions to a retirement benefit plan is recognized as an expense during the period in which the employees provide services.

2) Defined Benefit Plans

The Group determines the net obligations for defined benefit plans separately for each plan by discounting the future benefit amounts earned by employees in the current or prior periods of service to their present value. This is reduced by any fair value of plan assets.

The defined benefit obligations are actuarially determined annually by qualified actuaries using the projected unit credit method. When the calculation results in a potential benefit to the Group, assets are recognized up to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. In determining the present value of economic benefits, any minimum funding requirements are taken into consideration.

Changes in the remeasurement of the net defined benefit liability (asset), including actuarial gains and losses, the return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) based on the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. The net interest expense on the defined benefit plan and other expenses are recognized in profit or loss.

When there are plan amendments or curtailments, the resulting changes in benefits related to past service costs or reductions in benefits are immediately recognized in profit or loss. The Group recognizes the settlement gain or loss of defined benefit plans when the settlement occurs.

3) Short-Term Employee Benefits

Short-term employee benefits are measured on an undiscounted basis and recognized as expenses when the related services are provided. The amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation resulting from past service provided by employees and the obligation can be reliably estimated, is recognized as a liability.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(18) Share-Based Payment Transactions

Equity-settled share-based payment arrangements are measured at the fair value at the grant date, and expenses are recognized over the vesting period with a corresponding increase in equity. The recognized expense is adjusted for the expected quantity of awards that will ultimately vest, based on both service and non-market vesting conditions. The final recognized amount is measured based on the quantity of awards that ultimately vest as of the vesting date.

Non-market vesting conditions for share-based payment awards are reflected in the fair value of share-based payments at the grant date, and any differences between expected and actual outcomes do not require adjustment.

(19) Income Tax

Income tax consists of the current and deferred income taxes. The current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations or items directly recognizable in equity or in other comprehensive income.

The Group determines that interest or penalties related to income taxes (including uncertain tax treatments) do not meet the definition of income taxes and therefore apply the accounting treatment under IAS 37.

The current income tax includes the estimated income tax payable or tax refund receivable based on the current year taxable income (or loss), with any adjustments for the preceding year's income tax payable or tax refund receivable. The amount is determined as the best estimate of the amount expected to be paid or received pursuant to the statutory tax rate or rate prescribed by substantive legislation as of the reporting date.

Deferred income tax is recognized for temporary differences between the carrying amount of assets and liabilities and their tax bases as of the reporting date. Deferred income tax is not recognized for temporary differences arising from the following:

- 1) Assets or liabilities not initially recognized in a transaction that is not a business combination and at the time of the transaction (i) do not affect accounting profit or taxable income (loss) and (ii) do not give rise to equal taxable and deductible temporary differences;
- 2) Temporary differences arising from investments in subsidiaries, associates and joint ventures where the Group can control the timing of the reversal of the temporary difference and where it is most likely that the temporary difference will not reverse in the foreseeable future; and
- 3) Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax is measured based on the tax rate at the time the temporary difference is expected to be reversed, using the statutory tax rate or rate prescribed by substantive

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

legislation.

The Group offsets deferred income tax assets and deferred income tax liabilities are offset if both of the following conditions are met:

- 1) There is a right by law to offset the period's income tax assets and income tax liabilities; and
- 2) the deferred tax assets and deferred tax liabilities pertain to one of the following taxable entities which are subject to income taxation by the same taxing authority:
 - a. the same taxable entity; or
 - b. different taxable entities, provided that each entity intends to settle each period's income tax liabilities with the period's income tax assets on a net basis, or to realize such assets and settle such liabilities at the same time, in each future period in which significant amounts of deferred income tax assets and significant amounts of deferred tax liabilities are expected to be recovered and settled respectively.

Unused tax losses and unused tax credits carried forward, and deductible temporary differences, are recognized as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. They are reassessed at each reporting date, and any related tax benefits that are not considered probable of being realized are reduced; or the amount of any reduction is reversed if it becomes probable that sufficient taxable profit will be available.

(20) Earnings Per Share

The Group accounts for the basic and diluted earnings per share attributable to equity holders of the Corporation's common stock. The basic earnings per share for the Group is calculated by dividing the profit or loss attributable to equity holders of the Corporation's common stock by the weighted-average number of common shares outstanding. The diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Corporation's common stock by the weighted-average number of common shares outstanding, adjusting for the impact of all potential dilutive common shares. The potential dilutive common shares for the Corporation include stock options granted to employees.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(21) Segment Information

Operating segments are components of the Group engaged in activities that may earn revenue and incur expenses (including revenue and expenses related to transactions with other components of the Group), and they each have separate financial information. The operating results of all operating segments are regularly reviewed by the primary operating decision-maker of the Group to make decisions about allocating resources to the segments and to assess their performance.

5. Critical accounting Judgments and Key Sources of Estimation Uncertainty and Assumptions

When preparing these consolidated financial statements, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from original estimates.

Management reviews estimates and underlying assumptions on an ongoing basis and recognizes changes in accounting estimates in the period of change and in the future periods affected.

Accounting policies involve significant judgments, and information that has a significant impact on the amounts recognized in the financial statements of the Group is as follows:

The Group holds 36.92% of the voting rights in YSP SAH Company and is its single largest shareholder. Although the remaining ownership is not concentrated in specific shareholders, the Group is still unable to obtain the majority of the board seats in YSP SAH, therefore, the Group cannot exert control over the significant activities of YSP SAH. The Group's management believes that it has significant influence over YSP SAH, and thus classifies it as an associate of the Group.

Regarding uncertainties related to assumptions and estimates, there is no significant risk of material adjustments expected in the next fiscal year.

6. Descriptions of Material Accounting Items

(1) Cash and Cash Equivalents

	Dec 31, 2023	Dec 31, 2022
Cash on hand	\$ 820	325
Demand deposits and check deposits	1,482,106	1,952,223
Time deposits	4,000	4,000
	<u>\$ 1,486,926</u>	<u>1,956,548</u>

Please refer to Note 6(25) for disclosure on the interest rate risk and sensitivity analysis.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(2) Financial Assets at fair value through profit or loss - current and non-current

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Financial assets mandatorily at FVTPL :		
Product development investment agreements	\$ 63,482	63,482
Private equity funds	42,000	-
Total	<u>\$ 105,482</u>	<u>63,482</u>

The Group and other companies signed an investment agreement for product development cooperation. The agreement stipulates that when the product development results are authorized and the authorization fee is obtained, the royalties will be distributed in a certain proportion.

Please refer to Note 6(25) for credit risk and market risk information.

(3) Financial assets at fair value through other comprehensive income - non-current

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Equity instruments measured at fair value through other comprehensive income:		
Listed shares:		
Sawai Pharmaceutical Co., Ltd.	\$ 6,532	5,305
Ana Holding Inc.	664	651
	<u>7,196</u>	<u>5,956</u>
Unlisted shares:		
Missioncare Co., Ltd.	44,466	33,634
Missioncare Asset Management Co., Ltd.	14,387	11,949
Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	7	6
International Green Handle Co., Ltd.	13	11
	<u>58,873</u>	<u>45,600</u>
Total	<u>\$ 66,069</u>	<u>51,556</u>

Equity instruments held by the Group are strategic long-term investments, instead of trading purposes. Therefore, they have been designated to be measured at fair value through other comprehensive income.

The Group did not have any disposal of strategic investments in the fiscal years 2023 and 2022, and there were no transfers of accumulated profits and losses within equity during this period.

Please refer to Note 6(25) for credit risk and market risk information.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(4) Financial assets at amortized cost - current

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Time deposits with original maturities of more than 3 months	<u>\$ 257,646</u>	<u>2,000</u>
Interest Rate Range (%)	<u>1.45~5.57</u>	<u>1.20</u>

The Group assesses that the asset is held to maturity to receive contractual cash flows. The asset is classified as financial assets at amortized cost because the cash flows from the financial asset are solely the payment of principal and interest on the outstanding principal amount.

(5) Notes receivable and accounts receivable

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Notes receivable	\$ 317,520	319,306
Accounts receivable	1,321,397	1,344,014
Accounts receivable from related parties	51,004	75,411
Overdue receivable (classified as other non-current assets)	70	-
Less: Loss allowance - notes receivable	(630)	(808)
Loss allowance - accounts receivable	(6,035)	(6,977)
Loss allowance - overdue receivable (classified as other non-current assets)	(70)	-
	<u>\$ 1,683,256</u>	<u>1,730,946</u>

None of the Group's notes receivable and accounts receivable are discounted or provided as collateral.

The Group adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable (including related parties), that is, using the lifetime expected credit loss. For this purpose, these notes receivable and accounts receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information. Due to the historical experience of credit losses of the Group, there is no significant difference in the loss patterns of different client groups. Therefore, the provision matrix does not further distinguish the customer base.

The expected credit loss analysis of the Group's notes receivable and accounts receivable was as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	Dec 31, 2023		
	Carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate(%)	Allowance for expected credit losses during the period
Not past due	\$ 1,381,433	0.41	5,617
1 ~ 30 days past due	193,251	0.37	717
31 ~ 60 days past due	29,017	0.65	190
61 ~ 90 days past due	22,724	0.42	95
91 ~ 120 days past due	24,326	0.16	39
121 ~ 180 days past due	39,139	0.01	3
181 ~ 270 days past due	31	12.90	4
	<u>\$ 1,689,921</u>		<u>6,665</u>

The above accounts receivable amount does not include NT\$70 thousand owed by a single sales customer to the Group. Due to the unstable assessment of the receivables' collectability from this customer, a full provision for loss has been made against the aforementioned amount, and therefore, it is not included in the calculation of the Group's expected credit losses for the remaining period.

	Dec 31, 2022		
	Carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate(%)	Allowance for expected credit losses during the period
Not past due	\$ 1,700,764	0.30	5,069
1 ~ 30 days past due	23,525	1.85	436
31 ~ 60 days past due	5,555	2.97	165
61 ~ 90 days past due	458	12.45	57
91 ~ 120 days past due	728	1.92	14
121 ~ 180 days past due	1,144	1.66	19
181 ~ 270 days past due	3,438	7.16	246
271 ~ 365 days past due	1,340	-	-
Over 365 days past due	1,779	100.00	1,779
	<u>\$ 1,738,731</u>		<u>7,785</u>

Changes in allowance for loss on notes receivable and accounts receivable of the Group are as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	2023	2022
Balance on January 1	\$ 7,785	20,726
Impairment loss recognition	590	608
Uncollectible amounts written off for the period	(1,660)	(4)
Disposal of subsidiaries	-	(14,009)
Difference of foreign exchange	20	464
Balance at end of period	<u>\$ 6,735</u>	<u>7,785</u>

(6) Inventories

	Dec 31, 2023	Dec 31, 2022
Finished goods	\$ 973,271	1,011,157
Work in process (include semi-finished products)	295,035	296,061
Raw materials	1,299,045	1,222,491
Supplies	181,459	142,378
Inventory in transit	24,221	47,236
	<u>\$ 2,773,031</u>	<u>2,719,323</u>

The Group transferred the inventory from normal sales to operating costs. In addition, it includes other expenses and losses directly in operating costs as follows:

	2023	2022
Inventory write-down and obsolescence reversal gains	\$ (546)	(42,085)
Loss for inventory obsolescence	61,347	77,131
Gain on physical inventories	(1,578)	(541)
Revenue from sale of scraps	(510)	(484)
Total	<u>\$ 58,713</u>	<u>34,021</u>

The Group did not pledge any inventories as collateral.

(7) Investments accounted for using equity method

Investments of the Group under equity method at reporting date are listed as below:

	Dec 31, 2023	Dec 31, 2022
Associate	<u>\$ 1,088,916</u>	<u>1,074,868</u>

1) Associate

Relevant information on the associates that are material to the Group is as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

Name of Associate	Nature of Relationship with the Group	Principal Place of Business/Country of Registration	Proportion of Ownership and Voting Rights	
			Dec 31, 2023	Dec 31, 2022
YSP SAH	Biopharmaceutical research and technical services	Malaysia	36.92%	37.13%

The fair values of the associates as listed companies that are material to the Group were as follows:

	Dec 31, 2023	Dec 31, 2022
YSP SAH	<u>\$ 806,689</u>	<u>935,394</u>

Summary financial information on the associates that are material to the Group was as follows:

	Dec 31, 2023	Dec 31, 2022
Current assets	\$ 2,368,749	2,340,256
Non-current assets	1,119,063	980,427
Current liabilities	(458,688)	(460,409)
Non-current liabilities	<u>(341,789)</u>	<u>(212,560)</u>
Net assets	<u>\$ 2,687,335</u>	<u>2,647,714</u>
Net assets attributable to non-controlling interests	<u>\$ 41,316</u>	<u>40,739</u>
Net assets attributable the owners of investee	<u>\$ 2,646,019</u>	<u>2,606,975</u>
	2023	2022
Operating revenue	<u>\$ 2,425,790</u>	<u>2,262,256</u>
Net profit of continuing operations for the period	\$ 256,744	232,469
Other comprehensive income	<u>(118,571)</u>	<u>148,109</u>
Total comprehensive income	<u>\$ 138,173</u>	<u>380,578</u>
The Group's shares of associates' net assets at the beginning of the period	\$ 967,957	855,280
Total comprehensive income attributable to the Group for the period	56,428	141,311
Cash dividends of associates	<u>(34,991)</u>	<u>(28,254)</u>
The Group's share of associates' net assets at the end of the period	989,394	968,337
Less: Capital surplus	<u>(12,550)</u>	<u>(380)</u>
The Group's carrying amount of the	<u>\$ 976,844</u>	<u>967,957</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

associates interest at the end of the period

2) **Guarantee**

As of December 31, 2023, and December 31, 2022, the investments accounted for using the equity method by the Group were not pledged as collateral.

(8) **Disposal of subsidiaries**

1) Globecare Trading (Shanghai) Co., Ltd. completed the liquidation process in January 2022, and its profits on disposal of subsidiaries amounted to NT\$226 thousand which was the cumulative difference on translation arising from reclassification of equity to profit or loss.

2) In December 2021, the Group entered into an agreement to dispose of its holding equity of LTC Holding Company Limited (formerly known as YungShin China Holding Company Limited, hereinafter referred to as “LTC Holding”) and its subsidiary, TC Pharmaceuticals (Jiangsu) Co., Ltd. (formerly known as YungShin Pharmaceutical Ind. (Kunshan) Co., Ltd., hereinafter referred to as “TC Pharmaceuticals”). The Group completed the disposal of the subsidiaries on June 30, 2022 and lost control over the subsidiaries.

a. **Consideration received**

Cash and cash equivalents

LTC Holding and TC Pharmaceuticals
<u>\$ 695,145</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

b. Analysis of assets and liabilities over which the Group lost control

	<u>LTC Holding and TC Pharmaceuticals</u>
Current assets	
Cash and cash equivalents	\$ 167,234
Accounts receivable, net	264,137
Other receivables	31,003
Current tax assets	11,779
Inventories	265,383
Prepayments	80,466
Non-current assets	
Investments accounted for using equity method	9,907
Property, plant and equipment	353,035
Right-of-use assets	34,966
Intangible assets	3,864
Deferred tax assets	3,623
Other non-current assets	7,772
Current liabilities	
Short-term borrowings	(123,550)
Contract liabilities - current	(15,668)
Accounts payable	(35,501)
Other payables	(259,581)
Current tax liabilities	(7,617)
Lease liabilities - current	(1,073)
Other current liabilities	(4,994)
Non-current liabilities	
Lease liabilities - non-current	(603)
Other non-current liabilities	<u>(67,487)</u>
Net assets disposed	<u>\$ 717,095</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

c. Gain on disposal of subsidiaries

	LTC Holding and TC Pharmaceuticals
Consideration received	\$ 695,145
Net assets disposed	(717,095)
Non-controlling interests	139,707
Exchange differences on translating foreign operations	2,114
Gain on disposal	<u><u>\$ 119,871</u></u>

d. Net cash inflow on disposal of subsidiaries

	LTC Holding and TC Pharmaceuticals
Consideration received in cash and cash equivalents	\$ 695,145
Less: Balance of cash and cash equivalents disposed	(167,234)
	<u><u>\$ 527,911</u></u>

3) Antec Farms Inc. completed deregistration in August 2022, with a loss from disposal of subsidiaries amounting to NT\$10,391 thousand.

(9) Subsidiaries with significant non-controlling interests

The non-controlling interests of subsidiaries that are significant to the Group are as follows:

Subsidiary Name	Principal Place of Business/Country of Registration	Proportion of Non-Controlling Interests in Ownership Interests and Voting Rights	
		Dec 31, 2023	Dec 31, 2022
Vetnostrum Animal Health Co., Ltd.	Taiwan	45.03%	42.96%

The summary financial information of the above subsidiaries is stated as follows, prepared in accordance with IFRS endorsed by the FSC and reflecting adjustments made by the Group to the fair value and differences in accounting policies on the acquisition date, with the amount before elimination of the transactions between the Group, is as follows:

	Dec 31, 2023	Dec 31, 2022
Current assets	\$ 677,904	716,742
Non-current assets	1,102,059	1,155,590
Current liabilities	(310,324)	(411,241)
Non-current liabilities	(103,099)	(107,840)
Net assets	<u><u>\$ 1,366,540</u></u>	<u><u>1,353,251</u></u>
Net assets attributable to non-controlling interests	<u><u>\$ 478,223</u></u>	<u><u>451,034</u></u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	2023	2022
Operating revenue	<u><u>\$ 1,207,507</u></u>	<u><u>1,185,358</u></u>
Net profit for the period	\$ 92,690	107,608
Other comprehensive income (loss) for the period	(555)	522
Total comprehensive income for the period	<u><u>\$ 92,135</u></u>	<u><u>108,130</u></u>
Net profit for the period attributable to non-controlling interests	<u><u>\$ 40,962</u></u>	<u><u>7,474</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ 40,712</u></u>	<u><u>7,698</u></u>
	2023	2022
Cash flows from operating activities	\$ 235,490	127,563
Cash flows from investing activities	(15,780)	(17,829)
Cash flows from financing activities	(207,402)	(97,922)
Increase in cash and cash equivalents	<u><u>\$ 12,308</u></u>	<u><u>11,812</u></u>

On May 24, 2022, the shareholders' meeting of the Group resolved to release the shares of Vetnostrum Animal Health Co., Ltd. The shares were released in 3 phases with 15,673 thousand shares, 3,902 thousand shares, and 5,660 thousand shares at NT\$22, NT\$24 and NT\$26, respectively, totaling 25,235 thousand shares at NT\$585,617 thousand. As of September 30, 2022, the first and second releases of shares were fully paid (recognized as investment income received in advance), with October 7, 2022 as the record date; the third release of shares stated October 26, 2022 and October 31, 2022 as the record date, respectively. The aforementioned transactions resulted in the Group's shareholding in Vetnostrum Animal Health Co., Ltd. to adjust from 100.00% to 59.94%. In addition, Vetnostrum Animal Health Co., Ltd. issued 3,212 thousand new shares to employees on December 30, 2022 to execute stock options, and the Group did not participate in proportion to the shareholding. After the aforementioned transaction, the Group's shareholding percentage in Vetnostrum Animal Health Co., Ltd. was adjusted from 59.94% to 57.04%.

In the year 2023, the Group reduced its stake in Vetnostrum Animal Health due to share issuance matters and the exercise of employee stock options, resulting in a decrease in ownership percentage from 57.04% to 54.71%.

As the above transaction did not change the Group's control over the subsidiary, it shall be treated as an equity transaction.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	2023
Consideration received in cash	\$ 41,198
Carrying amount of the subsidiary's net assets transfer to non-controlling interest based on relative changes in equity.	(25,514)
Differences arising from equity transactions (recognized as capital surplus)	<u>\$ 15,684</u>

Additionally, in December 2023, the Group purchased 175 thousand shares of Vetrinum Animal Health at a price of NT\$6,932 thousand, and reduced the capital surplus by NT\$4,132 thousand. As a result, the ownership percentage was adjusted from 54.71% to 54.97%.

(10) Property, Plant and Equipment

The changes in costs, depreciation and impairment loss of the Group's property, plant and equipment were as follows:

	Land	Buildings and Structures	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Process	Total
Cost or deemed cost:								
Balance on January 1, 2023	\$ 2,176,957	3,294,449	3,777,621	43,730	176,776	709,903	100,600	10,280,036
Additions	-	20,044	32,872	801	4,181	10,527	16,181	84,606
Disposal	-	(1,013)	(22,118)	(821)	(2,746)	(4,268)	-	(30,966)
Reclassification (Note I)	-	32,314	35,046	-	190	1,294	(44,880)	23,964
Effect of changes in exchange rate	(1,688)	(5,099)	(2,078)	(59)	(26)	-	-	(8,950)
Balance on December 31, 2023	<u>\$ 2,175,269</u>	<u>3,340,695</u>	<u>3,821,343</u>	<u>43,651</u>	<u>178,375</u>	<u>717,456</u>	<u>71,901</u>	<u>10,348,690</u>
Balance on January 1, 2022	\$ 2,168,487	3,733,456	4,005,380	45,288	188,285	797,267	57,852	10,996,015
Additions	-	16,738	23,772	1,708	2,490	12,308	92,668	149,684
Disposal	-	(5,754)	(16,771)	(710)	(357)	(5,559)	-	(29,151)
Reclassification (Note II)	-	16,120	26,120	710	-	4,690	(47,907)	(267)
Disposal of subsidiaries	-	(508,615)	(297,772)	(3,453)	(15,340)	(102,967)	(2,068)	(930,215)
Effect of changes in exchange rate	8,470	42,504	36,892	187	1,698	4,164	55	93,970
Balance on December 31, 2022	<u>\$ 2,176,957</u>	<u>3,294,449</u>	<u>3,777,621</u>	<u>43,730</u>	<u>176,776</u>	<u>709,903</u>	<u>100,600</u>	<u>10,280,036</u>
Depreciation and impairment loss:								
Balance on January 1, 2023	\$ -	2,500,767	3,243,639	33,172	163,321	641,815	-	6,582,714
Depreciation	-	96,381	130,018	3,376	4,312	30,526	-	264,613
Disposal	-	(1,013)	(22,118)	(600)	(2,746)	(4,268)	-	(30,745)
Reclassification (Note)	-	(63)	-	-	-	-	-	(63)
Effect of changes in exchange rate	-	(3,213)	(2,253)	(49)	(27)	(7)	-	(5,549)
Balance on December 31, 2023	<u>\$ -</u>	<u>2,592,859</u>	<u>3,349,286</u>	<u>35,899</u>	<u>164,860</u>	<u>668,066</u>	<u>-</u>	<u>6,810,970</u>
Balance on January 1, 2022	\$ -	2,658,406	3,260,130	31,094	165,807	675,666	-	6,791,103
Depreciation	-	118,904	160,058	4,338	6,334	43,530	-	333,164
Disposal	-	(5,754)	(16,389)	-	(317)	(5,283)	-	(27,743)
Reclassification	-	(73)	(126)	-	-	199	-	-
Disposal of subsidiaries	-	(299,383)	(189,783)	(2,403)	(9,947)	(75,664)	-	(577,180)
Effect of changes in exchange rate	-	28,667	29,749	143	1,444	3,367	-	63,370
Balance on December 31, 2022	<u>\$ -</u>	<u>2,500,767</u>	<u>3,243,639</u>	<u>33,172</u>	<u>163,321</u>	<u>641,815</u>	<u>-</u>	<u>6,582,714</u>
Carrying amount:								
Balance on December 31, 2023	<u>\$ 2,175,269</u>	<u>747,836</u>	<u>472,057</u>	<u>7,752</u>	<u>13,515</u>	<u>49,390</u>	<u>71,901</u>	<u>3,537,720</u>
Balance on December 31, 2022	<u>\$ 2,176,957</u>	<u>793,682</u>	<u>533,982</u>	<u>10,558</u>	<u>13,455</u>	<u>68,088</u>	<u>100,600</u>	<u>3,697,322</u>

Note 1. The Group transferred amounts of NT\$27,003 thousand into prepaid equipment, NT\$290 thousand into intangible assets, recognized expenses of NT\$2,599 thousand, and transferred costs and depreciation of deposits and guarantees totaling NT\$150 thousand and NT\$63 thousand respectively.

Note 2. Additionally, NT\$267 thousand was transferred to intangible assets.

Details of borrowings and financing facilities guaranteed as of December 31, 2023, and December 31, 2022, are provided in Note 8.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(11) Right-of-use assets

The changes in the costs, depreciation, and impairment loss of land, buildings and structures, transportation equipment and machinery equipment leased by the Group were as follows:

	<u>Land, Buildings and Structures</u>	<u>Transportation Equipment</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance on January 1, 2023	\$ 46,255	29,709	4,375	80,339
Additions	-	2,957	-	2,957
Decrease in the period	-	-	(3,759)	(3,759)
Effect of changes in exchange rate	(51)	-	(264)	(315)
Balance on December 31, 2023	<u><u>\$ 46,204</u></u>	<u><u>32,666</u></u>	<u><u>352</u></u>	<u><u>79,222</u></u>
Balance on January 1, 2022	\$ 106,859	32,824	4,162	143,845
Additions	16,489	1,672	353	18,514
Decrease in the period	(2,545)	(2,829)	-	(5,374)
Disposal of subsidiaries	(78,428)	(1,958)	-	(80,386)
Effect of changes in exchange rate	3,880	-	(140)	3,740
Balance on December 31, 2022	<u><u>\$ 46,255</u></u>	<u><u>29,709</u></u>	<u><u>4,375</u></u>	<u><u>80,339</u></u>
Depreciation and impairment losses of right-of-use assets:				
Balance on January 1, 2023	\$ 18,659	17,239	3,935	39,833
Depreciation	6,360	8,205	218	14,783
Decrease in the period	-	-	(3,759)	(3,759)
Effect of changes in exchange rate	(56)	-	(254)	(310)
Balance on December 31, 2023	<u><u>\$ 24,963</u></u>	<u><u>25,444</u></u>	<u><u>140</u></u>	<u><u>50,547</u></u>
Balance on January 1, 2022	\$ 55,962	11,033	3,155	70,150
Depreciation	8,258	8,523	869	17,650
Decrease in the period	(2,545)	(1,610)	-	(4,155)
Disposal of subsidiaries	(44,713)	(707)	-	(45,420)
Effect of changes in exchange rate	1,697	-	(89)	1,608
Balance on December 31, 2022	<u><u>\$ 18,659</u></u>	<u><u>17,239</u></u>	<u><u>3,935</u></u>	<u><u>39,833</u></u>
Carrying amount:				
Balance on December 31, 2023	<u><u>\$ 21,241</u></u>	<u><u>7,222</u></u>	<u><u>212</u></u>	<u><u>28,675</u></u>
Balance on December 31, 2022	<u><u>\$ 27,596</u></u>	<u><u>12,470</u></u>	<u><u>440</u></u>	<u><u>40,506</u></u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(12) Investment properties

Investment properties are self-owned assets held by the Group. Details of the cost, depreciation, and impairment loss changes for investment properties for the years ended 2023 and 2022 are as follows:

	Land, Buildings and Structures
Cost or deemed cost:	
Balance on January 1, 2023	\$ 81,611
Effect of changes in exchange rate	(1,036)
Balance on December 31, 2023	<u>\$ 80,575</u>
Balance on January 1, 2022	\$ 80,663
Effect of changes in exchange rate	948
Balance on December 31, 2022	<u>\$ 81,611</u>
Depreciation and impairment loss:	
Balance on January 1, 2023	\$ 49,191
Depreciation for the period	1,341
Effect of changes in exchange rate	(739)
Balance on December 31, 2023	<u>\$ 49,793</u>
Balance on January 1, 2022	\$ 45,887
Depreciation for the period	2,674
Effect of changes in exchange rate	630
Balance on December 31, 2022	<u>\$ 49,191</u>
Carrying Amount:	
Balance on December 31, 2023	<u>\$ 30,782</u>
Balance on December 31, 2022	<u>\$ 32,420</u>
Fair value:	
Balance on December 31, 2023	<u>\$ 111,828</u>
Balance on December 31, 2022	<u>\$ 81,675</u>

The fair value of investment properties of the Group is assessed by the Group with reference to market evidence from similar real estate transactions.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(13) Intangible assets

Details of the cost, amortization, and impairment losses changes for intangible assets of the Group are as follows:

	Computer software	Trademark	Others	Total
Cost:				
Balance on January 1, 2023	\$ 132,616	41,053	33,594	207,263
Acquired separately	-	1,324	-	1,324
Transferred from property, plant, and equipment	290	-	-	290
Effect of changes in exchange rate	(139)	-	(8)	(147)
Balance on December 31, 2023	\$ 132,767	42,377	33,586	208,730
Balance on January 1, 2022	\$ 138,803	40,921	33,535	213,259
Acquired separately	135	1,259	-	1,394
Transferred from property, plant, and equipment	267	-	-	267
Disposal	-	(1,127)	-	(1,127)
Disposal of subsidiaries	(6,604)	-	-	(6,604)
Effect of changes in exchange rate	15	-	59	74
Balance on December 31, 2022	\$ 132,616	41,053	33,594	207,263
Amortization and impairment losses:				
Balance on January 1, 2023	\$ 119,795	33,643	33,085	186,523
Amortization	12,018	1,444	333	13,795
Effect of exchange rate changes	(135)	-	-	(135)
Balance on December 31, 2023	\$ 131,678	35,087	33,418	200,183
Balance on January 1, 2022	\$ 103,713	33,224	31,082	168,019
Amortization	18,824	1,546	2,003	22,373
Disposal	-	(1,127)	-	(1,127)
Disposal of subsidiaries	(2,740)	-	-	(2,740)
Effect of exchange rate changes	(2)	-	-	(2)
Balance on December 31, 2022	\$ 119,795	33,643	33,085	186,523
Carrying amount:				
Balance on December 31, 2023	\$ 1,089	7,290	168	8,547
Balance on December 31, 2022	\$ 12,821	7,410	509	20,740

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

As of December 31, 2023, and December 31, 2022, the Group's intangible assets were not pledged as collateral.

The amortization expenses for intangible assets for the years ended December 31, 2023, and December 31, 2022, are detailed in the income statement as follows:

	2023	2022
Operating Costs	<u><u>\$ 644</u></u>	<u><u>2,391</u></u>
Operating expenses	<u><u>\$ 13,151</u></u>	<u><u>19,982</u></u>

(14) Short-term borrowings

The details, terms, and conditions of the Group's short-term borrowings are as below:

	Dec 31, 2023	Dec 31, 2022
Secured bank loans	\$ 427,411	514,511
Unsecured bank loans	550,000	1,040,000
Total	<u><u>\$ 977,411</u></u>	<u><u>1,554,511</u></u>
Unutilized amount	<u><u>\$ 2,325,793</u></u>	<u><u>2,083,775</u></u>
Interest Rate Range(%)	<u><u>0.47~6.56</u></u>	<u><u>0.48~5.48</u></u>

Please refer to Note 8 for the Group's pledged assets as collaterals for bank borrowings.

(15) Long-term borrowings

The details, terms, and conditions of the Group's long-term borrowings are as below:

Dec 31, 2023			
	Interest Rate Range(%)	Year of maturity	Amount
Secured bank loans	0.85~1.10	2025	\$ 1,947
Unsecured bank loans	1.05~1.76	2025~2026	241,600
Subtotal			243,547
Less: due within one year			(1,551)
			<u><u>\$ 241,996</u></u>
Unutilized amount			<u><u>\$ 1,135,613</u></u>

Dec 31, 2022			
	Interest Rate Range(%)	Year of maturity	Amount
Secured bank loans	0.85~1.10	2025	\$ 5,411
Unsecured bank loans	0.93~1.38	2023~2026	241,600
Subtotal			247,011
Less: due within one year			(113,328)
			<u><u>\$ 133,683</u></u>
Unutilized amount			<u><u>\$ 1,175,501</u></u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

Please refer to Note 8 for the Group's pledged assets as collaterals for bank borrowings.

(16) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	Dec 31, 2023	Dec 31, 2022
Current	\$ 8,545	14,322
Non-current	8,408	13,918
Total	<u>\$ 16,953</u>	<u>28,240</u>

Please refer to Note 6(25) Financial instruments for maturity analysis.

The amounts of leases recognized in profit or loss are as follows:

	2023	2022
Interest expense of lease liabilities	<u>\$ 568</u>	<u>780</u>
Expenses for short-term leases	<u>\$ 1,763</u>	<u>1,521</u>
Expenses related to low-value lease assets	<u>\$ 6,257</u>	<u>5,447</u>

The amounts of leases recognized in the cash flow statement are as follows:

	2023	2022
Total cash outflow for leases	<u>\$ 22,851</u>	<u>24,031</u>

1) Lease of Land, Buildings, and Construction

Prior to commencement of the lease, a subsidiary in the mainland region leased land for the use of plants from the People's Republic of China under prepaid rent with terms of 41 years, the right-of-use assets are transferred upon obtaining the land certificate with fixed amortization of installments during the lease period.

The Group also leases a number of land and buildings for use as plants and offices. The lease terms range from 2 to 10 years. At the end of the lease term, the Group has no preferential right to acquire the leased building.

2) Other Lease

The Group leases a number of machines and transportation equipment for business use, and their lease terms range from 2 to 4 years. At the end of the lease term, the lease agreement do not entitle the Group to renew the lease agreements or acquire the assets.

The Group elects to apply the recognition exemptions to leases of various office equipment and other equipment that qualify as low-value asset leases, and thus did not recognize right-of-use assets and lease liabilities for these leases.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(17) Employee benefits

1) Defined Benefit Plans

The adjustment between the Group's present value of defined benefit obligations and the fair value of plan assets is as follows:

	Dec 31, 2023	Dec 31, 2022
Defined benefit obligation	\$ 491,425	500,847
Fair value of plan assets	(463,237)	(425,763)
Net defined benefit assets	<u>\$ 28,188</u>	<u>75,084</u>

The Group's defined benefit plan contributions are deposited into the retirement reserve account at Taiwan Bank. The retirement payouts for each employee subject to the Labor Standards Act are calculated based on their years of service and average salary over the six months prior to retirement.

a. Composition of Plan Assets

The retirement fund allocated by the Group in accordance with the Labor Standards Act is managed collectively by the Bureau of Labor Funds, Ministry of Labor, Taiwan (hereafter referred to as the Labor Funds Bureau). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum return on investment for the fund's annual distribution must not be lower than the return calculated based on the two-year fixed deposit interest rate of local banks.

As of the reporting date in 2023, the balance in the Group's retirement reserve account at Taiwan Bank amounted to NT\$463,237 thousand. Information on the utilization of labor retirement fund assets includes fund yield and asset allocation, as disclosed on the website of the Bureau of Labor Funds, Ministry of Labor, Taiwan.

b. Changes in the Present Value of Defined Benefit Obligations

Changes in the present value of defined benefit obligations for the Group are as follows:

	2023	2022
Defined benefit obligations at January 1	\$ 500,847	443,541
Current service cost and interest expense	7,317	4,129
Re-measurement of net defined benefit liability		
— Actuarial gains or losses due to experience adjustments	(4,258)	90,305
— Actuarial gains or losses due to changes in financial assumptions	72	(24,044)
Benefits pay out	(12,553)	(13,084)
Defined benefit obligations at December 31	<u>\$ 491,425</u>	<u>500,847</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

c. Changes in the Fair Value of Plan Assets

Changes in the fair value of plan assets for the Group's defined benefit plan are as follows:

	2023	2022
The fair value of plan assets as of January 1	\$ 425,763	379,178
Interest income	5,493	2,570
Re-measurement of net defined benefit liability		
— Plan assets return (excluding interest revenue)	3,664	28,934
The amount allocated to the plan	37,438	27,337
Benefits paid out	(9,121)	(12,256)
The fair value of plan assets as of December 31	<u>\$ 463,237</u>	<u>425,763</u>

d. Expensed to the income statement

	2023	2022
Current service cost	\$ 1,046	1,243
The net interest expense of the net defined benefit liability	778	316
Operating costs and expenses	<u>\$ 1,824</u>	<u>1,559</u>

e. The remeasurement amount of the net defined benefit liability recognized in other comprehensive income

The accumulated remeasurement amount of the net defined benefit liability recognized in other comprehensive (loss) income by the Group is as follows:

	2023	2022
Accumulated balance as of January 1	\$ 230,484	193,157
Current period recognition	(7,850)	37,327
Accumulated balance as of December 31	<u>\$ 222,634</u>	<u>230,484</u>

f. Actuarial assumptions

The significant actuarial assumptions used by the Group to determine the present value of the defined benefit obligation as of the reporting date are as follows:

	Dec 31, 2023	Dec 31, 2022
Discount rate	1.20~1.25%	1.25~1.40%
Future salary increases	2.00%	2.00%

The Group expects to contribute NT\$37,561 thousand to the defined benefit plans within one year after the reporting date in 2023.

The weighted average duration of the defined benefit plans is 10 years.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

g. Sensitivity analysis

The impact on the present value of the defined benefit obligation due to changes in the major actuarial assumptions used as of December 31, 2023, and December 31, 2022, is as follows:

	Impact on the Defined Benefit Obligation	
	Additions	Decrease
December 31, 2023		
Discount rate (variation of 0.25%)	\$ (8,430)	8,739
Future salary increase rate (variation of 1.00%)	35,883	(31,731)
Future salary increase rate (variation of 0.25%)	79	(77)
December 31, 2022		
Discount rate (variation of 0.25%)	(9,366)	9,726
Future salary increase rate (variation of 1.00%)	39,866	(34,963)
Future salary increase rate (variation of 0.25%)	131	(128)

The sensitivity analysis above analyzes the impact of a single assumption change while keeping other assumptions constant. In practice, changes in many assumptions may be interrelated. The sensitivity analysis is consistent with the method used to calculate the net retirement benefit liability on the balance sheet. The method and assumptions used in the sensitivity analysis for the current period are the same as those used in the prior period.

The Group's appointed managers contribute 1% of their total salary monthly to retirement pension reserves. The retirement pension costs recognized by the Group according to this scheme for the years 2023 and 2022 were NT\$6,231 thousand and NT\$5,542 thousand, respectively. As of December 31, 2023, and December 31, 2022, the provisions for other employee benefit liabilities for appointed managers amounted to NT\$64,116 thousand and NT\$57,885 thousand, respectively.

2) Defined Contribution Plans

The Group's defined contribution plan is based on the regulations of the Labor Retirement Pension Act, under which a contribution rate of 6% of the monthly salary of employees is remitted to individual accounts managed by the Labor Insurance Bureau for retirement pensions. Under this plan, once the Group contributes a fixed

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

amount to the Labor Insurance Bureau, there are no additional statutory or implied obligations to pay.

The retirement pension expenses under the Group's defined contribution retirement plan for the years 2023 and 2022 were NT\$48,936 thousand and NT\$50,422 thousand, respectively, and have been remitted to the Labor Insurance Bureau.

(18) Income Tax

1) Details of income tax expenses (benefits) for the years 2023 and 2022 for the Group are as follows:

	<u>2023</u>	<u>2022</u>
Current tax expenses		
Current income tax expenses	\$ 213,740	229,974
Current income tax from adjustment of prior period	(7,024)	(14,997)
Tax on unappropriated earnings	<u>9,685</u>	<u>6,658</u>
	<u>216,401</u>	<u>221,635</u>
Deferred tax expenses (profit)		
Origination and reversal of temporary differences	<u>49,913</u>	<u>(9,946)</u>
Tax expenses	<u>\$ 266,314</u>	<u>211,689</u>

The details of income tax (expense) benefit recognized in other comprehensive income for the years 2023 and 2022 for the Group are as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	\$ (1,570)	7,466
Others	<u>(515)</u>	<u>152</u>
	<u>\$ (2,085)</u>	<u>7,618</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<u>\$ 12,553</u>	<u>(16,876)</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

The reconciliation of income tax expense to profit before tax for the years 2023 and 2022 for the Group is as follows:

	2023	2022
Profit before income tax	<u>\$ 1,137,485</u>	<u>1,063,782</u>
Income tax based on the Group's respective domestic tax rate	\$ 392,250	353,913
Tax-exempt income	(145,425)	(140,484)
Non-deductible expenses	16,595	6,753
Current income tax from adjustment of prior period	(7,024)	(14,997)
Tax on unappropriated earnings	9,685	6,658
Unrecognized temporary differences	-	(154)
Others	233	-
Total	<u>\$ 266,314</u>	<u>211,689</u>

2) **Deferred tax assets and liabilities**

The changes in deferred tax assets and liabilities for the years 2023 and 2022 are as follows:

Deferred tax assets:

	Defined Benefit Plans	Refund Liabilities	Provision for other employee benefits liability	Inventory provision	Translation adjustment amount	Others	Total
January 1, 2023	\$ 46,095	34,479	12,491	9,706	40,406	18,871	162,048
Credit (Debit) in income statement	-	(13,055)	1,267	(621)	-	(2,351)	(14,760)
Debit in other comprehensive income statement	(1,570)	-	-	-	12,553	(515)	10,468
Exchange differences on translating foreign operations	-	-	-	-	-	(38)	(38)
December 31, 2023	<u>\$ 44,525</u>	<u>21,424</u>	<u>13,758</u>	<u>9,085</u>	<u>52,959</u>	<u>15,967</u>	<u>157,718</u>
January 1, 2022	\$ 38,629	4,766	11,375	8,996	57,282	19,830	140,878
Credit in income statement	-	29,713	1,116	710	-	2,612	34,151
Credit (Debit) in other comprehensive income	7,466	-	-	-	(16,876)	-	(9,410)
Exchange differences on translating foreign operations	-	-	-	-	-	52	52
Disposal of subsidiaries	-	-	-	-	-	(3,623)	(3,623)
December 31, 2022	<u>\$ 46,095</u>	<u>34,479</u>	<u>12,491</u>	<u>9,706</u>	<u>40,406</u>	<u>18,871</u>	<u>162,048</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

Deferred tax liabilities:

	Share of Profit or Loss from Investments Accounted for Using the Equity Method	Defined Benefit Plans	Others	Total
January 1, 2023	\$ 221,083	32,077	103,264	356,424
Debit (Credit) in income statement	28,676	7,144	(667)	35,153
Exchange differences on translating foreign operations	-	-	(43)	(43)
December 31, 2023	\$ 249,759	39,221	102,554	391,534
January 1, 2022	\$ 204,019	26,748	101,588	332,355
Debit in income statement	17,064	5,329	1,812	24,205
Credit in other comprehensive income statement	-	-	(152)	(152)
Exchange differences on translating foreign operations	-	-	16	16
December 31, 2022	\$ 221,083	32,077	103,264	356,424

3) Income tax assessment status

The Corporation has submitted tax return applications until the year 2020, as prescribed by the tax authority, upon settlement and audit.

(19) Capital and other equities

1) Issuance of Common Stock

As of December 31, 2023, and December 31, 2022, the authorized capital of the Corporation amounted to NT\$3,100,000 thousand with a par value of NT\$10 per share. The issued shares totaled 266,423 thousand shares.

2) Capital surplus

The Corporation's capital surplus comprises the following:

	Dec 31, 2023	Dec 31, 2022
Undistributed earnings before stock conversion	\$ 829,732	829,732
Premium on issuance of shares	1,282,635	1,282,635
Difference between the actual disposal or acquisition price of subsidiary shares and their book value	194,909	194,909
Changes in equity of subsidiaries and associated companies recognized under the equity method	31,318	32,316
Donated assets	530	530
Transactions involving treasury stocks	350	252
	\$ 2,339,474	2,340,374

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

According to the Company Law, capital surplus must first offset losses before new shares or cash may be issued based on the proportion of existing shareholders' shares using realized capital surplus. Realized capital surplus referred to in the preceding paragraph includes surplus from the issuance of shares above par value and income received from donations. According to the Regulations Governing the Offering and Issuance of Securities by Issuers, capital surplus may be allocated to capital replenishment, with the total annual allocation not exceeding ten percent of the paid-in capital.

3) Retained earnings

According to the Corporation's articles of association, in the annual financial statements, any surplus shall first be used to pay taxes and donations, make up for previous losses, set aside ten percent as statutory surplus reserves, and then make provisions or reversals for special surplus reserves in accordance with laws or regulations or by competent authorities. However, when the statutory surplus reserves have reached the paid-in capital, further contributions are not required.

The remaining and undistributed earnings of the previous year shall be proposed by the board of directors for distribution and submitted to the shareholders' meeting for approval. The total amount of dividends to shareholders shall be between ten and ninety percent of the accumulated undistributed earnings mentioned above. The distribution of shareholder dividends and bonuses, of which at least twenty percent should be in cash.

The distribution of dividends will be handled through three methods: surplus capitalization, capital surplus capitalization, and cash dividends. If there are suitable investment plans to increase the company's profitability rate, a low cash dividend rate policy will be adopted, with surplus capitalization or capital surplus capitalization as appropriate. When the capital expansion affects the profit level, a high cash dividend policy will be adopted to cope with it.

According to the resolution passed by the shareholders' meeting on May 24, 2022, to amend the Corporation's articles of association, dividends, bonuses, capital surplus, or statutory surplus reserves may be distributed in full or in part in cash. The board of directors is authorized to make decisions with the attendance of at least two-thirds of the directors and a majority vote of the attending directors, and to report to the shareholders' meeting. Distribution shall be made after obtaining approval from the shareholders' meeting if distribution is made by issuing new shares.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

a. Legal Reserve

According to the Company Law, the Company shall set aside ten percent of its after-tax net income as statutory surplus reserves until it equals the total capital. When the Company has no losses, the shareholders' meeting may decide to issue new shares or cash from the statutory surplus reserves, provided that such reserves do not exceed twenty-five percent of the paid-in capital.

b. Special Reserve

According to the regulations of the Financial Supervisory Commission, when the Corporation distributes distributable profits, it shall set aside an amount equal to the net amount of reductions in other shareholders' equity during the year from the current period's profit or loss and the undistributed earnings of previous periods as special surplus reserves. If it belongs to the accumulated amount of reductions in other shareholders' equity from previous periods, then an equal amount of special surplus reserves shall be set aside from the undistributed earnings of the previous periods, and this special surplus reserve may not be distributed. Subsequently, when the amount of reductions in shareholders' equity is reversed, earnings may be distributed for the reversed portion.

c. Earnings Distribution

The Corporation passed the 2022 profit distribution proposal by the board of directors on March 29, 2023. According to the Corporation's articles of association, the cash dividend is authorized to the board of directors to make a special resolution. In addition, the remaining part has been resolved by the shareholders' meeting on May 25, 2023. On May 24, 2022, the shareholders' regular meeting resolved the 2021 earning distribution proposal. The dividends distributed to owners are as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to owners of ordinary shares:		
Cash	<u>\$ 612,773</u>	<u>452,919</u>
Distribution ratio (NT\$)	<u>\$ 2.30</u>	<u>1.70</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

The Corporation resolved to distribute dividends to shareholders for the fiscal years 2023 at the Board of Directors held on March 27, 2024. The amounts distributed to shareholders as dividends are as follows:

	2023	
	Earnings Per Share (EPS)	Amount
Dividends to common shareholders:		
Cash	\$ 2.30	<u><u>612,773</u></u>

Information related to earning distribution approved and resolved by the Corporation's Board of Directors and shareholders' meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

4) **Treasury shares**

YungShinPharm's subsidiary, Angel Associates (Taiwan), Inc. (hereinafter referred to as Angel Associates), acquired 55 thousand shares of YungShin Pharm. before the amendment to the Company Act on November 12, 2001. The purpose of holding shares is solely for investing.

On January 3, 2021, YungShin Pharm. Ind. Co., Ltd. was established by the Corporation through share swap and YungShin Pharm. Ind. Co., Ltd. became a wholly-owned subsidiary of the Corporation. According to Order Tai-Cai-Zheng-3-Zi No. 0920124301, the shares of YungShin Pharm. Ind. Co., Ltd. held by Angel Associates (Taiwan), Inc. were exchanged into the shares of the Corporation through share swap.

Angel Associates acquired new shares issued from the Corporation's capitalization of retained earnings on September 5, 2015. As of December 31, 2023, and December 31, 2022, Angel Associates held 58 thousand shares of the Corporation.

The book value of the Corporation's shares held by Angel Associates is NT\$1,958 thousand and the market prices as of December 31, 2023, and December 31, 2022, were NT\$2,700 thousand and NT\$2,671 thousand respectively.

The subsidiaries holding treasury shares are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

(20) **Share-based payments**

Vetnostrum Animal Health, a subsidiary, passed a board resolution on January 18, 2021, for the issuance and terms of employee stock options, with March 1, 2021, set as the actual issuance date, issuing 5,000 thousand new shares. Upon the issuance of the stock options, the exercise price is adjusted according to the specified formula when changes occur in the common stock.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

As of December 31, 2023, and December 31, 2022, Vetnostrum Animal Health had the following stock-based payment transactions:

	Equity-Settled Employee Stock Options
Grant Date	2021.3.1
Number of shares granted (thousands)	5,000
Contract period (years)	5
Eligible recipients	Employees meeting specific criteria
Vesting conditions	Future two years of service

Employees holding stock options can exercise them according to the following schedule after two years from the grant date:

<u>Vesting Period of Stock Options</u>	<u>Cumulative Exercisable Proportion of Stock Option</u>
At the End of Two Years	60%
At the End of Three Years	80%
At the End of Four Years	100%

Additionally, according to the terms of the first issuance and exercise of employee stock options of Vetnostrum Animal Health in 2021, holders of options may exercise all granted options before the completion of the public offering, without being subject to application time limits.

1) Parameters for measuring the fair value on the grant date include:

Vetnostrum Animal Health adopts the Binomial options pricing model to estimate the fair value of equity-based compensation granted on the grant date. The input parameters of this model are as follows:

	<u>Stock Options Granted to Employees</u>
Fair Value on Grant Date (in currency units)	2.95
Exercise Price (in currency units)	18.90
Expected Volatility(%)	39.80
Option Term (in years)	5.00
Expected Dividend Yield Rate(%)	7.00
Risk-Free Interest Rate(%)	0.37
Early Exercise Factor	2.20

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

- 2) Detailed information on the employee stock option plan is provided below:

	2023		2022	
	Weighted Average Exercise Price (In Currency Units)	Quantity of Stock Option	Weighted Average Exercise Price (In Currency Units)	Quantity of Stock Option
Outstanding as of January 1	\$ 16.50	193	18.90	4,625
Quantity of options granted	16.50	(77)	16.50	(3,212)
Quantity of options lost	-	<u>(15)</u>	-	<u>(1,220)</u>
Outstanding as of December 31	16.50	<u>101</u>	16.50	<u>193</u>
Exercisable as of December 31	16.50	<u>101</u>	16.50	<u>193</u>

Employees of Vetnostrum Animal Health exercised 77 thousand shares in the year 2023 at a subscription price of NT\$16.5 per share, collecting proceeds of NT\$1,271 thousand, with NT\$770 thousand allocated to share capital and the difference of NT\$501 thousand booked to additional paid-in capital.

Employees of Vetnostrum Animal Health exercised 3,212 thousand shares from November 21, 2022, to November 29, 2022, at a subscription price of NT\$16.5 per share, collecting proceeds of NT\$52,998 thousand, with NT\$32,120 thousand allocated to share capital and the difference of NT\$20,878 thousand booked to additional paid-in capital.

Employees of Vetnostrum Animal Health requested to subscribe to 3 thousand shares on February 19, 2024, at a subscription price of NT\$16.5 per share, collecting proceeds of NT\$30 thousand. The proposed date for the conversion of employee stock options into common shares for the issuance of new shares for capital increase is set for March 7, 2024.

- 3) Employee expenses

Expenses incurred by Vetnostrum Animal Health due to equity-settled transactions are as follows:

	2023	2022
Expenses arising from employee stock options	<u>\$ -</u>	<u>5,298</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(21) Earnings Per Share

The Corporation calculates basic earnings per share and diluted earnings per share as follows:

1) Basic earnings per share

	<u>2023</u>	<u>2022</u>
Net profit attributable to ordinary shareholders of the Corporation	<u>\$ 827,304</u>	<u>839,035</u>
Weighted average ordinary shares outstanding	<u>266,365</u>	<u>266,365</u>
Basic earnings per share (NT\$)	<u>\$ 3.11</u>	<u>3.15</u>

2) Diluted earnings per share

	<u>2023</u>	<u>2022</u>
Net profit attributable to ordinary shareholders of the Corporation	<u>\$ 827,304</u>	<u>839,035</u>
Weighted average ordinary shares outstanding	266,365	266,365
Effect of potentially dilutive ordinary shares		
Impact of employee stock compensation	<u>73</u>	<u>72</u>
Weighted average ordinary shares outstanding (diluted)	<u>266,438</u>	<u>266,437</u>
Diluted earnings per share (NT\$)	<u>\$ 3.11</u>	<u>3.15</u>

(22) Revenue from contracts with customers

1) Breakdown of Revenue

	<u>2023</u>	<u>2022</u>
Major regional markets:		
Taiwan	\$ 5,685,607	5,394,242
U.S.A.	526,517	530,681
China	87,842	799,993
Japan	<u>727,971</u>	<u>586,853</u>
	<u>\$ 7,027,937</u>	<u>7,311,769</u>
Main product/service lines:		
Human drugs	\$ 4,482,003	4,774,026
Health food	882,279	904,099
Animal drugs	1,188,914	1,356,960
Others	<u>474,741</u>	<u>276,684</u>
	<u>\$ 7,027,937</u>	<u>7,311,769</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

2) Contract balance

	Dec 31, 2023	Dec 31, 2022	Jan 1, 2022
Notes receivable	\$ 317,520	319,306	282,914
Accounts receivable	1,321,397	1,344,014	1,474,925
Accounts receivable from related parties	51,004	75,411	21,981
Overdue receivable (classified as other non-current assets)	70	-	-
Less: Loss allowance - notes receivable	(630)	(808)	(1,167)
Less: Loss allowance - accounts receivable	(6,035)	(6,977)	(19,559)
Less: Loss allowance - overdue receivable (classified as other non-current assets)	(70)	-	-
Total	<u>\$ 1,683,256</u>	<u>1,730,946</u>	<u>1,759,094</u>
Contract liabilities - current			
Customer loyalty programs	\$ -	8,549	8,549
Sales revenue received in advance	239	363	19,233
Total	<u>\$ 239</u>	<u>8,912</u>	<u>27,782</u>
Refund Liabilities			
Current	\$ 31,567	34,108	23,829
Non-current	75,557	142,772	-
Total	<u>\$ 107,124</u>	<u>176,880</u>	<u>23,829</u>
Contract liabilities - non-current			
Customer loyalty programs	\$ 8,549	-	-
Sales revenue received in advance	350,933	350,933	350,933
Total	<u>\$ 359,482</u>	<u>350,933</u>	<u>350,933</u>

Please refer to Note 6(5) for notes receivable, accounts receivable and related impairment.

(23) Employee compensations and directors' remuneration

In accordance with the Corporation's Articles of Incorporation, the Corporation shall accrue employees' compensation and directors' remuneration at the rate that are not lower than 0.3% and not higher than 2% at profit before tax, respectively. However, if the Corporation has accumulated losses, the amount of the indemnification should be reserved in advance.

Such employees' compensation may be distributed in the form of stock or cash, and its payable to the employees of affiliated companies who meet the criteria established by the Board of Directors.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

The aforementioned remuneration of directors shall be paid in cash only.

The estimated amounts for employee compensation for the years 2023 and 2022 are NT\$2,695 thousand and NT\$2,708 thousand, respectively. The estimated amounts for director compensation are NT\$17,969 thousand and NT\$18,053 thousand for the years 2023 and 2022, respectively. These estimations are based on the Corporation's pre-tax net profit deducted by the amounts of employee and director compensation multiplied by the distribution rates prescribed in the Corporation's Articles of Association, and are reported as operating expenses for the years 2023 and 2022. Further information can be found on the Market Observation Post System. The amounts of employee and director compensation distributed in accordance with the aforementioned board resolutions do not differ from the estimated amounts in the Corporation's financial reports for the years 2023 and 2022.

(24) Non-operating income and expenses

1) Interest income

	2023	2022
Interests on bank deposits	\$ 54,357	14,291

2) Other income

	2023	2022
Rental income	\$ 3,504	8,253
Option premium income	1,201	692
Dividend income	830	659
Development and testing income	-	5,760
Other income	76,770	21,495
	<u>\$ 82,305</u>	<u>36,859</u>

3) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	\$ 281	(51)
Gains on lease modifications	-	(10)
Gain on disposal of non-current assets held for sale	-	7,823
Foreign exchange gain, net	763	79,504
Depreciation of investment properties	(1,341)	(2,674)
Gain on disposal of subsidiaries	-	109,706
Others	(1,806)	(6,137)
	<u>\$ (2,103)</u>	<u>188,161</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

4) Finance costs

	2023	2022
Interest on bank loans	\$ 34,709	32,082
Lease liabilities interests	568	780
	<u>\$ 35,277</u>	<u>32,862</u>

(25) Financial Instruments

1) Credit risk

a. Exposure to credit risk

The carrying amount of financial assets represents the maximum amount of credit risk exposure.

b. Concentration of credit risk

The accounts receivable of the Group cover a large number of customers and spread across different industries and geographical regions. The Group continuously evaluates the business and financial status of the customers and monitors the collection of accounts receivable.

2) Liquidity risk

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interests but excluding of net amount agreements.

	Carrying Amount	Contractual Cash Flow	Within 1 Year	1-2 years	2-5 years	Above 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 977,411	987,148	987,148	-	-	-
Notes payable	1,514	1,514	1,514	-	-	-
Accounts payable (including related parties)	557,245	557,245	557,245	-	-	-
Other payables	709,102	709,102	709,102	-	-	-
Long-term borrowings (including those due within one year)	243,547	249,535	4,869	112,203	132,463	-
Lease liabilities	16,953	20,344	10,340	9,295	709	-
Deposits received	270	270	-	-	-	270
	<u>\$ 2,506,042</u>	<u>2,525,158</u>	<u>2,270,218</u>	<u>121,498</u>	<u>133,172</u>	<u>270</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,554,511	1,566,492	1,566,492	-	-	-
Notes payable	677	677	677	-	-	-
Accounts payable (including related parties)	445,815	445,815	445,815	-	-	-
Other payables	673,407	673,407	673,407	-	-	-
Long-term borrowings (including those due within one year)	247,011	252,635	115,756	3,301	133,578	-
Lease liabilities	28,240	30,777	20,988	6,664	3,125	-
Deposits received	24	24	-	-	-	24
	<u>\$ 2,949,685</u>	<u>2,969,827</u>	<u>2,823,135</u>	<u>9,965</u>	<u>136,703</u>	<u>24</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

The Group does not expect the timing of cash flows for the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

3) **Currency risk**

a. **Exchange rate risk exposure**

The Group's financial assets and liabilities exposed to material exchange rate risk were as follows:

	Dec 31, 2023			Dec 31, 2022			
	Foreign Currency	Exchange Rate	TWD	Foreign Currency	Exchange Rate	TWD	
<u>Financial Assets</u>							
<u>Monetary items</u>							
USD	\$	30,298	30.71	930,285	42,759	30.71	1,313,136
RMB		26,098	4.34	113,142	23,654	4.41	104,300
JPY		166,177	0.22	36,094	112,669	0.23	26,184
<u>Financial Liabilities</u>							
<u>Monetary items</u>							
USD		2,811	30.71	86,324	1,013	30.71	31,113
JPY		4,822	0.22	1,046	3,828	0.23	890
EUR		34	33.98	1,144	947	32.72	30,992

b. **Sensitivity analysis of exchange rate**

The Group's exchange rate risk mainly comes from cash and cash equivalents, accounts receivable (including related parties), other accounts receivable, accounts payables (including related parties), and other accounts payables in foreign currencies, and foreign exchange gains and losses arise during translation. As of December 31, 2023, and December 31, 2022, assuming the New Taiwan Dollar appreciates or depreciates by 1% against the US Dollar, Japanese Yen, Chinese Yuan, and Euro, while all other factors remain constant, the pre-tax net profit for the period from January 1 to December 31, 2023, and January 1 to December 31, 2022, would increase or decrease by NT\$9,910 thousand and NT\$13,806 thousand, respectively. The same basis was used for analyses for both periods.

c. **Foreign exchange gains and losses on monetary items**

Due to the diverse functional currencies within the Corporation, information on foreign exchange gains or losses on monetary items is disclosed on an aggregated basis. For the years 2023 and 2022, the foreign exchange (losses) gains (including realized and unrealized) were NT\$ 763 thousand and NT\$79,504 thousand respectively.

4) **Interest rate analysis**

The following sensitivity analysis is determined by the interest rate risk exposure of

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

non-derivative instruments on the reporting date. For financial instruments with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. The rate of change used internally in reporting interest rates to the management from the Group is the 0.1% increase or decrease in interest rates, which represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate increases or decreases by 0.1%, with all other variables held constant, the pre-tax net profit for 2023 and 2022 would decrease or increase by approximately NT\$431 thousand and NT\$151 thousand, respectively, primarily due to fluctuations in the Group's variable-rate bank borrowings.

5) Other price risks

If the price of equity securities changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on comprehensive income items were as follows:

Securities Price on Reporting Date	2023	2022
Increase of 1%	\$ 661	516
Decrease of 1%	\$ (661)	(516)

6) Fair value information

a. Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	Dec 31, 2023				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	\$ 105,482	-	-	105,482	105,482
Financial assets at FVTOCI					
Listed shares	7,196	7,196	-	-	7,196
Unquoted equity instruments measured at fair value	58,873	-	-	58,873	58,873
Subtotal	66,069	7,196	-	58,873	66,069
Financial assets at amortized cost					
Cash and cash equivalents	1,486,926	-	-	-	-
Financial assets at amortized cost	257,646	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,683,256	-	-	-	-
Other receivables	26,392	-	-	-	-
Refundable deposits	62,970	-	-	-	-
Subtotal	3,517,190	-	-	-	-
Total	\$ 3,688,741	7,196	-	164,355	171,551
Financial liabilities at amortized cost					
Bank loans	\$ 1,220,958	-	-	-	-
Notes payable and accounts payable (including related parties)	558,759	-	-	-	-
Other payables	709,102	-	-	-	-
Lease liabilities	16,953	-	-	-	-
Deposits received	270	-	-	-	-
Total	\$ 2,506,042	-	-	-	-

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	Dec 31, 2022				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	\$ 63,482	-	-	63,482	63,482
Financial assets at FVTOCI					
Listed shares	5,956	5,956	-	-	5,956
Unquoted equity instruments measured at fair value	45,600	-	-	45,600	45,600
Subtotal	51,556	5,956	-	45,600	51,556
Financial assets at amortized cost					
Cash and cash equivalents	1,956,548	-	-	-	-
Financial assets at amortized cost	2,000	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,730,946	-	-	-	-
Other receivables	32,677	-	-	-	-
Refundable deposits	53,235	-	-	-	-
Subtotal	3,775,406	-	-	-	-
Total	\$ 3,890,444	5,956	-	109,082	115,038
Financial liabilities at amortized cost					
Bank loans	\$ 1,801,522	-	-	-	-
Notes payable and accounts payable (including related parties)	446,492	-	-	-	-
Other payables	673,407	-	-	-	-
Lease liabilities	28,240	-	-	-	-
Deposits received	24	-	-	-	-
Total	\$ 2,949,685	-	-	-	-

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

b. Valuation Technique of Fair Value

If there is an active market for the financial instrument, the fair value is based on the quoted market price in the active market. The market prices announced by major exchanges are all the basis for the fair value of listed equity instruments.

If the publicly quoted price can be timely and regularly obtained from the stock exchange, broker, underwriter, industrial union, pricing service institution or competent authority, and the price represents actual and regular transaction at fair market, then the financial instrument is deemed to have the publicly quoted price at the active market. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large difference in buying and selling price, a significant increase in buying and selling price, and few transactions are indexes of a non-active market.

The fair value of financial instruments held by the Group that are traded in an active market are presented by category and attribute as follows:

·Listed (OTC) company stocks are financial assets with standard terms and conditions traded on active markets, and their fair value is determined by reference to market quotations.

Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Corporation refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the consolidated balance sheet date.

The fair value of financial instruments held by the Group that are not traded in an active market are presented by category and attribute as follows:

·Non-derivative financial assets without quoted prices: Their fair value is estimated using the discounted cash flow method and the net asset value method.

·Non-quoted equity instruments: Their fair value is estimated using the market comparable approach, with the primary assumption based on the price-to-net asset value multiplier derived from the invested entity's net asset value and the market quotations of comparable listed (OTC) companies. This estimate of the equity securities has been adjusted for the effect of lack of market liquidity.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

c. Detailed statement of changes in Level 3

	Measured at FVTPL	Measured at FVTOCI	Total
January 1, 2023	\$ 63,482	45,600	109,082
Total gains or losses			
Recognized in Other Comprehensive Income	-	13,273	13,273
Purchase	42,000	-	42,000
December 31, 2023	<u>\$ 105,482</u>	<u>58,873</u>	<u>164,355</u>
January 1, 2022	\$ 63,482	41,599	105,081
Total gains or losses			
Recognized in Other Comprehensive Income	-	4,001	4,001
December 31, 2022	<u>\$ 63,482</u>	<u>45,600</u>	<u>109,082</u>

d. Quantitative information on fair value measurement of significant unobservable inputs (Level 3).

The Level 3 of fair value measurements mainly includes financial assets measured at FVTOCI and non-derivative financial assets mandatorily at FVTPL. The Group's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Since the correlation between significant unobservable input value and fair value cannot be fully identified in practice, the Group's investment agreements for product development are not included in the disclosure of quantitative information of significant unobservable input values and the sensitivity analysis of fair value for reasonably possible alternative assumptions.

Quantitative information on significant unobservable inputs is listed as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

Item	Valuation Technique	Significant Unobservable Input	Relationship Between Significant Unobservable Input and the Fair Value
Financial assets at fair value through other comprehensive income - investments in equity instruments with inactive market	Market approach (approach comparable to listed companies)	· Price-to-Book Ratio Multiplier (as of Dec 31, 2023 and Dec 31, 2022, ranging from 0.82 to 1.75 and from 0.73 to 1.34, respectively) · Lack of Discount for Lack of Marketability (35% as of both Dec 31, 2023 and Dec 31, 2022)	· The higher the multiplier, the higher the fair value · The higher the discount for lack of marketability, the lower the fair value
Financial assets measured at fair value through profit or loss - Private equity fund investments	Net asset value method	· Net asset value	· The higher the net asset value, the higher the fair value

- e. For level 3 fair value measurements, possibly used of alternative assumptions for sensitivity analysis of fair value.

The measurement of fair values of financial instruments by the Group is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on other comprehensive income in this period is as follows:

		Upward or Downward Change	Changes in Fair Value Reflected in Other Comprehensive Income	
Inputs			Favorable Change	Unfavorable Change
December 31, 2023				
Financial assets at FVTOCI				
Investments in equity instruments with inactive market	Multiplier of price to book ratio	5%	\$ 2,912	(2,912)
	Lack of marketability discount	5%	4,534	(4,534)
December 31, 2022				
Financial assets at FVTOCI				
Investments in equity instruments with inactive market	Multiplier of price to book ratio	5%	\$ 2,280	(2,280)
	Lack of marketability discount	5%	3,508	(3,508)

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

The Group's favorable and unfavorable changes refer to the fluctuations of fair values, and fair values are calculated with the valuation techniques based on different unobservable inputs. If the fair value of a financial instrument is affected by more than one input value, the statement above reflects the effect of changes in the single input value, without taking the correlation and variability between the input values into account.

There were no transfers in the fair value hierarchy of financial assets for the years 2023 and 2022.

(26) Financial Risk Management

1) Overview

The Group is exposed to the following risks due to its daily operations and the use of various financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk

This Note presents information on the Group's exposure to each of the risks in the above and the Group's objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the consolidated financial statements.

2) Risk Management Framework

The financial risks that the Group may encounter in its daily operations include market risks (including exchange rate risk and interest rate risk) and liquidity risk. The overall risk management policy of the Group adopts a prudent approach and does not actively seek measures to reduce the potential adverse impact on the Group's financial position and financial performance, but uses relevant derivative financial instruments to hedge specific risks.

3) Credit Risk

Credit risk is the risk of financial loss arising from the failure of the Group's customers or financial instrument counter-parties to meet their contractual obligations.

- a. Accounts receivable and other receivables

The credit risk exposure of the Group is primarily influenced by individual customer circumstances.

The Group maintains an allowance for doubtful accounts to reflect estimated losses on accounts receivable and other receivables.

- b. Investments

The credit risk in bank deposits, fixed-income investments and other financial

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

instruments is measured and monitored by the Group's finance department. The Group's transactional and contractual counter-parties are financial institutions, corporate organizations, and government agencies with outstanding credit ratings so as to cast no significant doubt about their performance and, thus, to give rise to no significant credit risk.

c. Guarantee

The Group can provide endorsements to parties eligible under the Group's endorsement guarantee operating procedures.

4) Liquidity Risk

The cash flow forecasts are prepared by individual operating entities within the Group and consolidated by the Group's finance department. The finance department of the Group monitors the forecast of the Group's liquidity requirements to ensure it has sufficient funds to support operational needs. These forecasts take into account the Group's debt financing plans, compliance with debt terms, and adherence to financial ratio targets consistent with internal balance sheet objectives.

5) Market Risk

Market risk is the risk that subjects the Group's earnings or the values of the financial instruments it holds to the influence of changes in the market price, such as changes in exchange rates, interest rates or prices of equity instruments. The objective of market risk management is to control the degree of exposure to market risk within acceptable levels and to optimize investment returns.

a. Currency Risk

The Group is exposed to exchange rate risk arising from transactions denominated in currencies other than the functional currency of each respective group entity. To manage exchange rate risk, the Group maintains its holdings of foreign currencies within certain limits.

b. Interest Rate Risk

The Group's bank borrowings are at variable interest rates, so changes in market rates will result in fluctuations in the effective interest rate of the bank borrowings, thereby exposing future cash flows to volatility risk. However, the changes in market rates are not significant, thus the interest rate fluctuations are not expected to result in significant cash flow risk.

(27) Capital Management

The Group's capital management is based on the industry scale of the Group's operations, considering future costs and product development in the industry. It sets appropriate market

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

shares and plans corresponding capital expenditures accordingly. Then, it calculates the required operating capital based on financial operating plans, considering the operating profit and cash flow generated by product competitiveness, to determine an appropriate capital structure. Please refer to the balance sheets for the relevant liabilities and capitalization ratios for each period.

(28) Non-Cash Transaction in Investment and Financing Activities

- 1) The non-cash transaction investments and financing activities for the years 2023 and 2022 involve obtaining the right to use assets through leasing arrangements. Please refer to Note 6(11) for details.
- 2) The reconciliation of liabilities from financing activities is as follows:

	Cash Flow			Non-Cash Changes			Changes in Exchange Rates	Dec 31, 2023
	Jan 1, 2023	Additions	Decrease	Changes in Lease	Additions			
Long-term borrowings	\$ 247,011	110,388	(113,181)	-	-	(671)		243,547
Short-term borrowings	1,554,511	262,210	(831,253)	-	-	(8,057)		977,411
Lease liabilities	28,240	-	(14,263)	-	2,957	19		16,953
Total liabilities from financing activities	<u>\$ 1,829,762</u>	<u>372,598</u>	<u>(958,697)</u>	<u>-</u>	<u>2,957</u>	<u>(8,709)</u>		<u>1,237,911</u>

	Cash Flow			Non-Cash Changes			Changes in Exchange Rates	Dec 31, 2022
	Jan 1, 2022	Additions	Decrease	Changes in Lease	Additions	Disposal		
Long-term borrowings	\$ 696,260	796,660	(1,245,523)	-	-	-	(386)	247,011
Short-term borrowings	2,001,136	1,076,144	(1,461,383)	-	-	(123,549)	62,163	1,554,511
Lease liabilities	28,700	-	(16,283)	(1,208)	18,514	(1,676)	193	28,240
Total liabilities from financing activities	<u>\$ 2,726,096</u>	<u>1,872,804</u>	<u>(2,723,189)</u>	<u>(1,208)</u>	<u>18,514</u>	<u>(125,225)</u>	<u>61,970</u>	<u>1,829,762</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

7. Related Parties Transactions

(1) Related parties and their relationship

The related parties with transactions with the Group during the period covered by these consolidated financial statements are as follows:

Related Party Name	Relationship with the Group
Yung Zip Chemical Ind. Co., Ltd. (Yung Zip)	Associate
Y.S.P. Southeast Asia Holding Bhd. (YSP SAH)	Associate
Y.S.P. Industries (M) Sdn. Bhd.(YSPI)	Associate
Taiwan Way Chein Industrial Co., Ltd.	Associate
LTCHolding Company Limited (Formerly Yung Shin China Holding Company Limited)(LTC Holding)	Substantial related party (Note)
TC Pharmaceuticals (Jiangsu) Co., Ltd. (Formerly YungShin Pharmaceutical Ind. (Kunshan) Co., Ltd.)	Substantial related party (Note)
Fang-Yu Lee	Substantive Related Party (Directors of the Corporation)
Ling-Jin Lee	Substantive Related Party (Directors of the Corporation)
Fang-Chuan Lee	Substantive Related Party (Directors of the Corporation)
YungShin Amusement Co., Ltd.	Substantial related party
YungShin Social Welfare Foundation (YungShin Social Welfare)	Substantial related party
Tien Te Lee Biomedical Foundation (Biomedical Foundation)	Substantial related party
YungShin Elderly Nursing Home	Substantial related party
Bio-X Lab Co., Ltd.	Substantial related party
E & A Health Develop Co., Ltd.	Substantial related party
YungShin (Meishan) Forest Trading Co., Ltd. (YungShinMeishan)	Substantial related party
isRed Pharma & Biotech Research Co., Ltd. (isRed)	Substantial related party
Pan Pharm Alliance Co., Ltd.	Substantial related party

Note: The Corporation's subsidiary, YSP INC, transferred the shares of LTC HOLDING and its subsidiary TC Pharmaceuticals (Jiangsu) Co., Ltd. to Mr. Fang-Chuan Lee, a director of the Corporation, on June 30, 2022. Therefore, the relationship between them and the Group changed to substantive related parties after that date.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

(2) Significant transactions between related parties

1) Operating revenue

	2023	2022
Associate	\$ 153,403	170,966
Substantial related party	1,169	292
	<u>\$ 154,572</u>	<u>171,258</u>

Except for the transaction with YSPI that has no similar type of transactions to be compared with, the prices of other sales above are the same as the general sale. The collection to related parties has no material difference with those sale of goods to third parties.

2) Purchase of goods

	2023	2022
Associate	\$ 45,882	63,694
Substantial related party	1,449	3,661
	<u>\$ 47,331</u>	<u>67,355</u>

The aforementioned purchasing price of goods from related parties is based on regular commercial terms and conditions. The payment term is the same as regular suppliers.

3) Receivables from related parties

Financial Statement Account	Relationship with the Corporation / Related Party	Dec 31, 2023	Dec 31, 2022
Accounts receivable	Associate		
	YSPI	\$ 45,160	71,810
	Yung Zip	5,835	3,581
	Others	4	-
	Substantial related party	5	20
		<u>51,004</u>	<u>75,411</u>
Other receivables	Associate	1,261	704
	Substantial related party		
	LTC HOLDING	-	11,249
	Others	4	125
		<u>1,265</u>	<u>12,078</u>
		<u>\$ 52,269</u>	<u>87,489</u>

As of December 31, 2023, and December 31, 2022, no allowance loss was made for the above receivables.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

4) Payables to related parties

Financial Statement Account	Relationship with the Corporation / Related Party	Dec 31, 2023	Dec 31, 2022
Accounts payable	Associate		
	Yung Zip	\$ 10,782	20,158
	Others	975	872
		<u>11,757</u>	<u>21,030</u>
Other payables	Associate	633	2,368
	Substantial related party	1,177	18
		<u>1,810</u>	<u>2,386</u>
		<u>\$ 13,567</u>	<u>23,416</u>

5) Operating expenses

It refers to the donations and other expenses paid by the Group to related parties, and the details were as follows:

	2023	2022
Associate	\$ 202	252
Substantial related party	13,584	11,092
Total	<u>\$ 13,786</u>	<u>11,344</u>

6) Lease

The Group leased land and buildings to Fang-Yu Lee, Ling-Jin Lee, and YungShin Amusement in January 2017, September 2018, and July and August 2022, respectively, signing lease agreements ranging from three to ten years. The total value of the contracts amounted to NT\$5,980 thousand. The above rent is based on the agreed price referencing the rental market conditions in the adjacent area. The interest expenses recognized for the lease liabilities arising from the above lease agreements for the years 2023 and 2022 were 18 thousand and NT\$21 thousand, respectively. As of December 31, 2023, and December 31, 2022, the remaining lease liabilities unpaid amounted to NT\$1,030 thousand and NT\$2,342 thousand, respectively.

7) Rental income

The Group leased out investment properties of land and buildings to associates and substantial related parties. The Group received fixed monthly lease payments according to rental rate for similar assets.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	2023	2022
Associate	\$ 718	656
Substantial related party	181	287
Total	\$ 899	943

8) Property transactions

	2023		2022	
<u>Relationship with the Corporation / Related Party</u>	<u>Proceeds from Disposal</u>	<u>Gain on Disposal</u>	<u>Proceeds from Disposal</u>	<u>Gain on Disposal</u>
Substantial related party	\$ -	-	686	686

9) Disposal of subsidiaries

	2023		2022	
<u>Relationship with the Corporation / Related Party</u>	<u>Proceeds from Disposal</u>	<u>Gain on Disposal</u>	<u>Proceeds from Disposal</u>	<u>Gain on Disposal</u>
Substantial related party				
Fang-Chuan Lee	\$ -	-	695,145	119,871

(3) Key management compensation

Key management compensation includes:

	2023	2022
Short-term employee benefits	\$ 23,468	22,393
Post-employment benefits	99	87
	\$ 23,567	22,480

In the short-term employee benefits for the year 2023, it includes providing a car to the President, with a cost of NT\$2,102 thousand. As of December 31, 2023, its book value was NT\$1,986 thousand, recognized as a right-of-use asset.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

8. Pledged Assets

The carrying amounts of the Group's pledged assets are as follows:

Name of Asset	Item Pledged as Collateral	Dec 31, 2023	Dec 31, 2022
Property, plant and equipment:			
Land	Long-term and short-term borrowings	\$ 419,727	421,399
Buildings and structures	Long-term and short-term borrowings	48,407	60,870
Other non-current assets:			
Restricted assets	Natural Gas Guarantees and Government Project Subsidies	10,500	4,000
		<u>\$ 478,634</u>	<u>486,269</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Capital expenditure contracted for at the balance sheet date but unrecognized is as follows:

	Dec 31, 2023	Dec 31, 2022
Property, plant and equipment	<u>\$ 89,722</u>	<u>76,750</u>

(2) The Group appointed other biotechnology companies to authorize and transfer technology and research and development. Expenses that have not been recognized from signed contracts are as follows:

	Dec 31, 2023	Dec 31, 2022
Authorization and transfer of technology and research and development	<u>\$ 48,444</u>	<u>61,114</u>

Except for aforementioned expenses, royalty to be paid in the future is based on an agreed upon percentage of product sales.

10. Losses due to Major Disasters: None.

11. Significant Subsequent Events: None.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

12. Others

Employee benefits, depreciation, depletion, and amortization expenses by functions are summarized as follows:

By Function By Nature	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit expenses						
Salaries	605,195	968,284	1,573,479	577,912	972,634	1,550,546
Labor and health insurance premiums	71,297	67,516	138,813	69,086	77,788	146,874
Pension expenses	26,389	30,602	56,991	24,692	32,831	57,523
Other employee benefit expenses	15,499	24,876	40,375	15,933	30,751	46,684
Depreciation (Note)	226,295	53,101	279,396	287,552	63,262	350,814
Amortization	644	13,151	13,795	2,391	19,982	22,373

Note: The depreciation expenses generated by investment properties for the years 2023 and 2022 amounted to NT\$1,341 thousand and NT\$2,674 thousand, respectively, recognized under other gains and losses.

13. Separately Disclosed Items

(1) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports of Securities Issuers for the year 2023, the Group is required to disclose additional information regarding significant transactions as follows:

- 1) Financing provided for others: None.
- 2) Endorsement or guarantee provided to others:

Unite: Expressed in thousands of New Taiwan dollars unless otherwise stated

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	The maximum endorsement/ guarantee balance for the current period (Note 5)	Outstanding Endorsement/ Guarantee at End of period (Note 5)	Actual Amount Used	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Company Name	Relationship (Note 2)										
0	The Corporation	Chemix	2	1,433,634	354,036	354,036	149,868	-	4.94%	3,584,086	Y	N	N
0	The Corporation	CTI	2	1,433,634	1,687,770	1,658,070	277,542	-	23.13%	3,584,086	Y	N	N

Note 1. The numbers filled in for the loans provided by the Corporation or subsidiaries are as follows:

1. The Corporation is "0."
2. The subsidiaries are numbered in order starting from "1."

Note 2. Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following categories; the number of category in each case belongs to:

1. Having business relationship.
2. Companies in which the Corporation directly and indirectly holds more than 50% of the voting shares.

Note 3. The total amount of endorsement and guarantee for a single enterprise by the Corporation shall not exceed 20% of the net value of the most recent financial statement of the Corporation at the time of providing endorsement and guarantee.

Note 4. The total amount of cumulative endorsement and guarantee shall not exceed 50% of the net value of the most recent financial statements of the Corporation.

Note 5. Due to the early convening of the board of directors, there was a duplication in the calculation of the endorsed guarantee limit, but there was no actual excess.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Shareholding or Contribution at Maximum During the Period	Remarks
				Number of Shares/Units	Carrying Amount	Shareholding Ratio	Fair Value		
The Corporation	Private Equity Fund – Forward BioT Venture Capital	None	Financial Assets at FVTPL - non-current	-	42,000	6.72%	42,000	42,000	
Chemix	Stock - Sawai Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	5,773	6,532	- %	6,532	5,773	
"	Stock - Ana Holding Inc.	None	"	1,000	664	- %	664	1,000	
YungShin Pharm. Ind. Co., Ltd.	Stock - Missioncare Co., Ltd.	None	"	3,161,052	44,466	2.17%	44,466	3,161,052	
"	Stock - Missioncare Asset Management Co., Ltd.	None	"	1,338,947	14,387	2.13%	14,387	1,338,947	
"	Stock - Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	"	1,000	7	0.07%	7	1,000	
"	Stock - International Green Handle Co., Ltd.	None	"	1,567	13	0.07%	13	1,567	
Angel Associates	Stock - YungShin Global Holding Corporation	Parent company	Financial assets at FVTOCI - current	58,059	1,958	0.02%	1,958	58,059	Note

Note: In order to optimize the utilization of working capital holdings, the end-of-period book value has been reclassified as treasury stock.

- 4) The cumulative amount of acquisition or disposal of the same marketable securities that exceeded \$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of real estate at price in excess of NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Buyer/Seller	Counterparty	Relationship	Transaction Details				Payment Terms and Reason for Abnormal Transaction		Accounts/Notes Receivable or Payable		Remarks
			Purchase or Sale	Amount	% to Total Purchases or Sales	Credit Period	Unit Price	Credit Period	Balance	% to Total Notes/Accounts Receivable or Payable	
YungShin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	Other related parties	(Sale)	208,784	4.41%	Note 1	-	-	64,568	6.07%	Note 2
"	YSPI	Other related parties	(Sale)	102,790	2.17%	Note 1	-	-	40,125	3.77%	

Note 1: The transaction terms are not significantly different from those with other customers.

Note 2: All relevant transactions have been fully offset in the preparation of the consolidated financial statements.

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

YUNGSHIN GLOBAL HOLDING CORPORATION

Notes to Consolidated Financial Statements (Continued)

9) Derivatives Trading: None.

10) Intercompany Relationships and Significant Intercompany Transactions:

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms	Ratio to Consolidated Revenue or Total Assets
1	YungShin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	3	Accounts receivable	64,568	No regular customer available for comparison	0.56%
1	YungShin Pharm. Ind. Co., Ltd.	YungShin Pharm. Ind. Co., Ltd.	3	Sales	208,784	No regular customer available for comparison	2.97%
1		YungShin Company Ltd	3	Sales	21,186	No regular customer available for comparison	0.30%
1	YungShin Pharm. Ind. Co., Ltd.	CTI	3	Sales	16,926	No regular customer available for comparison	0.24%
2	CTI	YungShin Pharm. Ind. Co., Ltd.	3	Sales	11,066	No regular customer available for comparison	0.16%
3	YungShinTienTe	YungShin Pharm. Ind. Co., Ltd.	3	Sales	15,319	No regular customer available for comparison	0.22%
3	YungShinTienTe	Vetnostrum Animal Health Co., Ltd.	3	Sales	34,764	No regular customer available for comparison	0.49%

Note 1. The number is to be filled in the following manner:

1. The Corporation is "0."
2. The subsidiaries are numbered in order starting from "1."

Note 2. Types of relationships with traders are listed as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3. Business transactions between the Corporation and its subsidiaries amounting to NT\$10,000 thousand should be disclosed.

Note 4. All intra-group transactions are eliminated upon consolidation.

(2) Information on Investees Companies:

Information on the Group's equity method investments for the year 2023 (excluding mainland China investee companies) is as follows:

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Shareholding or Contribution at Maximum During the Period	Current investment gains and losses of each invested company (Note 1 and 2)	Investment gains and losses recognized in the current period (Note 1 and 2)	Remarks
				December 31, 2023	December 31, 2022	Number of shares	%	Carrying Amount (Note II)				
The Corporation	YungShin Pharm. Ind. Co., Ltd.	Taiwan	Manufacturing and sale of medicine and cosmetics	4,151,196	4,151,196	98,166,613	100.00%	3,762,085	4,151,196	658,437	651,598	Subsidiary
"	YSP INC	British Virgin Islands	Trade, investment, and other related businesses	667,496	667,496	10,000	100.00%	1,552,001	667,496	109,728	111,799	Subsidiary
"	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and sale of medicine	734,708	752,064	36,438,975	54.97%	888,113	752,064	91,600	51,782	Subsidiary
"	Chemix	Japan	Sale of medicine	270,248	270,248	192	100.00%	348,570	270,248	54,763	55,168	Subsidiary
"	Yung Zip	Taiwan	Manufacture and sale of active pharmaceutical ingredients	152,968	152,968	8,817,302	20.81%	191,713	152,968	62,506	13,589	Associate
YungShin Pharm. Ind. Co., Ltd.	Angel Associates	Taiwan	Import and export trading	3,675	3,675	3,675	73.50%	9,561	3,675	1,896	-	Sub-subsidiary

YUNGSHIN GLOBAL HOLDING CORPORATION

Notes to Consolidated Financial Statements (Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Shareholding or Contribution at Maximum During the Period	Current investment gains and losses of each invested company (Note 1 and 2)	Investment gains and losses recognized in the current period (Note 1 and 2)	Remarks
				December 31, 2023	December 31, 2022	Number of shares	%	Carrying Amount (Note II)				
YSP INC	CTI	U.S.A.	Manufacturing and sale of medicine	806,183	806,183	7,502,874	74.13%	254,257	806,183	8,803	-	Sub-subsidiary
"	YSP SAH	Malaysia	Biopharmaceutical research and technical services	500,615	500,615	52,365,605	36.92%	976,844	500,615	256,744	-	Associate
"	YungShin Company Ltd	Hong Kong	Sale of medicine	102,209	102,209	7,720	96.50%	52,272	102,209	3,589	-	Sub-subsidiary

Note 1. Except for Chemix, Yung Zip Chemical, and CTI, whose investment gains and losses are based on financial reports audited by other auditors, the gains and losses recognized by the company's investments are accounted for using the equity method based on the financial reports audited by the Taiwan parent company's certified public accountants.

Note 2. Gains or losses on reinvestment of subsidiaries are included in the income of subsidiaries. The transactions between the Corporation and each subsidiary of the Group including sales transaction amount, accounts receivable and payable, carrying amount of long-term equity investment (except for the associates) and investment profit and loss recognized in the current period, have been eliminated in preparing the consolidated financial statements.

(3) Information on Investments in Mainland China:

1) Name, principal operation and relevant information of invested companies in the Mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan at the beginning of the period (Note 4)	Remitted or repatriated amount of investment for the period		Accumulated Outward Remittance for Investments from Taiwan at the end of the period (Note 4)	Net Profit or Loss of the Investee	Percentage of Ownership in Direct or Indirect Investment	Shareholding or Contribution at Maximum During the Period	Investment Income (Loss) (Note 2 and 3)	Carrying Amount at the end of the period (Note 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward Remittance	Inflow							
YungShinTienTe (Shanghai) Pharmaceutical Trading Co., Ltd.	International trade, trade between companies in the bonded areas, and trade agency in the bonded areas: Warehousing and simple commercial processing in the bonded areas	121,120	(2)	121,120	-	-	121,1	(963)	100.00%	121,120	(963)	87,102	-

Note 1. Investment methods are classified into the following three categories, the number of category in each case belongs to:

1. Directly invest in a company in mainland China.
2. Investment in mainland companies through a holding company registered in a third region (YSP INTERNATIONAL COMPANY LIMITED)
3. Others

YUNGSHIN GLOBAL HOLDING CORPORATION

Notes to Consolidated Financial Statements (Continued)

Note 2. The amount of long-term equity investment at the end of the period and the investment income (loss) of the current period have been eliminated when the consolidated financial statements are prepared.

Note 3. The investment gains and losses as well as the book values disclosed by the Corporation represent the amounts related to the respective items of direct or indirect investments. The investment income recognized by the Company is based on the financial reports of the investee companies audited by certified public accountants and is recognized using the equity method.

Note 4. It is calculated using historical exchange rates.

2) Upper Limit on the Amount of Investment in Mainland China:

Company Name	Accumulated Outward Remittance for Investments from Taiwan to Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, M.O.E.A
The Corporation	121,120 (USD4,000 thousand)	899,349 (USD29,290 thousand)	4,405,604 (Note 1)

Note 1. 60% of the net worth.

Note 2. Except for the amount of investment transferred from Taiwan to mainland China, which is calculated using historical exchange rates, the rest is calculated using the exchange rate at the end of December 31, 2023 (USD:NTD=1:30.705).

3) Material transactions with invested companies in the Mainland China :

Details of significant transactions between the Corporation and Mainland China investees during the year 2023 are provided in the "Information on Material Transactions" section.

(4) Information of Major Shareholders:

According to the information provided by Taiwan Depository & Clearing Corporation (TDCC), the Corporation has no shareholders holding more than 5% of the shares.

14. Segment Information

The Group considers the business from a geographic perspective, and divides reportable operating segments into the areas of business in Taiwan, USA, Mainland China and Japan. The Group derives its revenue primarily from the manufacturing and sale of pharmaceuticals and cosmetics.

(1) Profit and loss information for reporting segments and adjustment details.

Information and adjustments of the Group's operating departments are as follows:

2023						
	Taiwan	U.S.A.	Mainland China	Japan	Adjustment and Elimination	Total
Revenue:						
Revenue from External Customers	\$ 5,685,607	526,517	87,842	727,971	-	7,027,937
Profit and loss information for reporting segments	\$ 886,952	(20,583)	(27,472)	90,716	-	929,613

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

	2022					Total
	Taiwan	U.S.A.	Mainland China	Japan	Adjustment And Elimination	
Revenue:						
Revenue from External Customers	<u>\$ 5,394,242</u>	<u>530,681</u>	<u>799,993</u>	<u>586,853</u>	<u>-</u>	<u>7,311,769</u>
Profit and loss information for reporting segments	<u>\$ 731,877</u>	<u>33,125</u>	<u>(46,011)</u>	<u>38,281</u>	<u>-</u>	<u>757,272</u>

The reconciliation of the Group's reportable operating segment profit or loss and the continuing operating segment's pre-tax income or loss is as follows:

	2023	2022
Reportable segment profit or loss	\$ 929,613	757,272
Non-operating income and expenses	207,872	306,510
Profit or loss before income tax of continuing operations	<u>\$ 1,137,485</u>	<u>1,063,782</u>

Information on the measure of assets and liabilities of the Group is not for operational decision used, thus a disclosure is not required.

(2) Information on product and service segments

Revenue information from external customers for the Group is as follows:

Product and service names	2023	2022
Human drugs	\$ 4,482,003	4,774,026
Health food	882,279	904,099
Animal drugs	1,188,914	1,356,960
Others	474,741	276,684
	<u>\$ 7,027,937</u>	<u>7,311,769</u>

(3) Regional Information

The regional breakdown for the Group is as follows, with revenue classified based on the geographical location of the customers and non-current assets classified based on the geographical location of the assets.

Regional Segmentation	2023	2022
Revenue information from external customers		
Taiwan	\$ 5,685,607	5,394,242
U.S.A.	526,517	530,681
China	87,842	799,993
Japan	727,971	586,853
Total	<u>\$ 7,027,937</u>	<u>7,311,769</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Consolidated Financial Statements (Continued)

Regional Segmentation	Non-Current Assets	
	Dec 31, 2023	Dec 31, 2022
NON-CURRENT ASSETS:		
Taiwan	\$ 3,408,753	3,539,353
U.S.A.	204,662	227,677
Mainland China	45,669	48,445
Others	56,719	61,978
	<u>\$ 3,715,803</u>	<u>3,877,453</u>

Non-current assets comprise real estate, plants and equipment, right-of-use assets, intangible assets, and other non-current assets, excluding financial instruments and deferred tax assets.

(4) **Key Customer Information**

There were no customers accounting for more than 10% of the Group's revenue for the years 2023 and 2022.

VI. Financial Reports and Auditors' Report

Independent Auditors' Report

The Board of Directors of YungShin Global Holding Corporation,

Opinion

We have audited the financial statements of YungShin Global Holding Corporation (“the Corporation”), which comprise the balance sheets as of December 31, 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from January 1 to December 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and other auditors' reports (refer to the Other Matters section), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and General Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters to be communicated in the audit report are as follows:

Equity Method Investments Evaluation:

Please refer to Note 4(7), Note 4(8), and Note 6(4) of the financial statements for detailed disclosures regarding the evaluation of equity method investments.

Explanation of Key Audit Matters:

The Corporation primarily engages in general investment activities, with the amount of equity method investments totaling NT\$6,742,482 thousand, accounting for 87% of the Corporation's total assets. Therefore, the equity method investments are identified as matters requiring significant attention in the auditor's examination.

Audit procedures performed in response:

The principal audit procedures performed by the auditor for the aforementioned key audit matters include issuing instructions to other component auditors, communicating with the component auditors, obtaining the financial reports of the component entities, verifying the accuracy of the recognition amount and attribution period of equity method investments, and assessing the adequacy of disclosures made by management regarding equity method investments.

Other Matters

The Financial statements of the Corporation for the year 2022 were audited by other auditors, and an unqualified opinion with an emphasis of matter paragraph was issued on March 29, 2023.

Additionally, in the financial statements mentioned above, the financial statements of certain companies, which are accounted for using the equity method, have not been audited by the Corporation's auditor but by other auditors. Therefore, the amounts presented in the financial statements of the aforementioned companies in the financial statements audited by the Corporation's auditor are based on the audit opinion of other auditors. As of December 31, 2023, the balance of equity method investments in the aforementioned companies was NT\$794,540 thousand, accounting for 10.27% of the total assets of the Corporation. The share of profit or loss from equity method investees recognized for the period from January 1, 2023, to December 31, 2023, was NT\$75,283 thousand, representing 8.58% of the profit before tax.

Responsibilities of Management and Governing Bodies for the Financial Statements

Management is responsible for the preparation and fair representation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for maintaining such internal procedures as it deems necessary for the preparation thereof, to ensure the financial statements are free of material misrepresentation, whether due to fraud or mistake.

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

The governing bodies of the Corporation, including the Audit Committee, are responsible for overseeing its financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

The objectives of our audit of the financial statements are to obtain reasonable assurance whether the financial statements as a whole are free of material misrepresentation, whether due to fraud or mistake, and to issue a report on our findings and opinion. Reasonable assurance denotes a high level of assurance, but is not a guarantee that an audit conducted in accordance to the Standards on Auditing will always detect a material misrepresentation when it exists. Misstatements may arise from fraud or mistake. Which are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Auditing Standards, we exercise professional judgment and

professional skepticism throughout the audit. In addition, we also:

1. Identified and assessed potential material misrepresentations in the financial statements, whether due to fraud or mistake; planned and executed responsive procedures to the potentials thus identified; and deduced valid and sufficient evidence to form the bases for our opinion. Because fraud involves conspiracy, forgery, intentional omissions, deceitful representation, and/or matters beyond internal control, the probability of failing to identify a material misrepresentation as a result of fraud is higher than that as a result of mistake.
2. Obtain an understanding of internal controls 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 Corporation.
3. Evaluated the adequacy of the accounting policies and the reasonableness of the accounting estimates and relevant 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 Corporation's ability to continue as a going concern. If we believed such a material uncertainty existed, we were required in the auditors' report to draw the attention of the users of the financial statements to the relevant disclosures made therein, or, in the case that the disclosures were inadequate, to modify our opinion. Our conclusions are based on evidence obtained up to the date of this auditors' report. Future events or conditions might nevertheless affect the ability of the Corporation to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the individual financial statements, including the notes, and whether the financial statements fairly represent the underlying transactions and matters.
6. Expressed our opinion concerning the individual financial statements upon obtaining adequate and sufficient audit evidence on the financial status of the investees in investments accounted for using the equity method. We were responsible for the direction, supervision and execution of the audit activities and for deriving an opinion therefrom about the Corporation.

We communicate with the governing bodies include planned scope and timing of the audit and important audit findings, including significant deficiencies in the internal procedures identified during the course of the audit.

We also provided the governing bodies with a statement that we have complied with relevant ethical requirement regarding independence, and communicated to the governing bodies all the relationships and other matters that might be deemed to affect the independence of the auditors, including relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements for the year 2023 and are therefore the key audit matters. We discuss these matters in the auditors' report unless disclosure of the matters is forbidden by law or regulations or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report, because the adverse consequences of doing so would reasonably be expected to outweigh the Public Interest benefits of such communication.

KPMG Taiwan

CPA:Min-JuChao
Lily Lu

Competent Securities Authority's
Approval Document No.

March 27, 2024

Financial-Supervisory-Securities-
Auditing No.1050036075
Financial-Supervisory-Securities-
Sixth No.0940100754

YUNGSHIN GLOBAL HOLDING CORPORATION

Balance Sheet

December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022						
		Amount	%	Amount	%			Amount	%	Amount	%					
11xx	ASSETS															
1100	CURRENT ASSETS															
1136	Cash and cash equivalents (Note 6(1))	\$	805,840	10	1,052,089	14	21xx	CURRENT LIABILITIES:	\$	25,832	-					
1200	Financial Assets Measured at Amortized Cost - Current (Note 6(3))		77,557	1	-	-	2200	Other payables		6,584	-					
1210	Other receivables		2,968	-	1,073	-	2230	Current tax liabilities		1,758	-					
1410	Other notes receivable - Related Party (Note 7)		7,926	-	7,828	-	2280	Lease liabilities - Current (Note 6(8) and 7)		-	-					
	Prepayments		2,582	-	24,294	-	2322	Long term liabilities due within one year (Note 6(7))		-	-					
	Total current assets		896,873	11	1,085,284	14	2399	Other current liabilities		646	-					
15xx	NON-CURRENT ASSETS:											25xx	Total current liabilities		34,820	-
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))		42,000	1	-	-	2540	NON-CURRENT LIABILITIES:		110,000	2	-	-			
1550	Investments accounted for using equity method (Note 6(4))		6,742,482	87	6,401,163	85	2570	Long term liabilities (Note 6(7))		250,357	3	222,851	3			
1600	Property, plant and equipment (Note 6(5))		316	-	461	-	2580	Deferred tax liabilities (Note 6(10))		2,015	-	1,785	-			
1755	Right-of-use assets (Note 6(6))		3,760	-	2,839	-		Lease liabilities -non-current (Note 6(6) and 7)		362,372	5	224,636	3			
1780	Intangible assets		1,069	-	1,298	-	2xxx	Total non-current liabilities		397,192	5	371,671	5			
1840	Deferred tax assets (Note 6(10))		53,063	1	40,515	1	31xx	TOTAL LIABILITIES								
1900	Other non-current assets		303	-	3	-	3110	Equity (Note 6(10) and (11))		2,664,230	34	2,664,230	35			
	Total non-current assets		6,842,993	89	6,446,279	86	3200	Share capital		2,339,474	30	2,340,374	31			
								Capital surplus								
								Retained earnings:								
							3310	Legal reserve		881,899	12	800,994	11			
							3320	Special reserve		312,829	4	391,162	5			
							3350	Unappropriated earnings		1,495,724	19	1,277,400	17			
								Total retained earnings		2,690,452	35	2,469,556	33			
							3400	Other equity		(350,043)	(4)	(312,829)	(4)			
							3500	Treasury shares		(1,439)	-	(1,439)	-			
							3xxx	Total Equity		7,342,674	95	7,159,892	95			
1xxx	TOTAL ASSETS	\$	7,739,866	100	7,531,563	100	2-3xxx	TOTAL LIABILITIES AND EQUITY	\$	7,739,866	100	7,531,563	100			

(Please refer to accompanying notes of financial statements)

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
January 1 to December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(4), (13) and 7)	\$ 891,412	100	936,956	100
6000	Operating Expenses (Note 6(5), (6), (8), (9), (14) and 12)	51,482	6	51,020	6
6900	Income from Operations	839,930	94	885,936	94
7000	Non-operating Income and Expenses (Note 6(4), (8), (15) and 7):				
7100	Interest income	42,132	5	6,858	1
7010	Other income	770	-	1,612	-
7020	Other gains and losses	(3,178)	-	(7,559)	(1)
7050	Finance costs	(1,886)	-	(4,971)	-
	Total non-operating income and expenses	37,838	5	(4,060)	-
	Profit before income tax of continuing operations	877,768	99	881,876	94
7950	Less: Income tax expense (Note 6(10))	50,464	6	42,841	4
	Net profit for the year	827,304	93	839,035	90
8300	Other Comprehensive Income (Loss) (Note 6(10)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8330	Recognized share of profit of other comprehensive income in associates	19,363	2	(19,160)	(2)
8349	Less: Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	19,363	2	(19,160)	(2)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operations	(22,439)	(2)	(10,433)	(1)
8380	Recognized share of profit of other comprehensive income in associates	(40,326)	(5)	94,812	10
8399	Less: Income tax relating to items that may be reclassified to profit or loss	(12,553)	(1)	16,876	2
	Total items that may be reclassified subsequently to profit or loss	(50,212)	(6)	67,503	7
8300	OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(30,849)	(4)	48,343	5
8500	Total comprehensive income for the year	\$ 796,455	89	887,378	95
	Earnings per Share (Note 6(12))				
9710	Basic earnings per share (Unit: New Taiwan Dollars)	\$ 3.11		3.15	
9810	Diluted earnings per share (Unit: New Taiwan Dollars)	\$ 3.11		3.15	

(Please refer to accompanying notes of financial statements)

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
STATEMENT OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

	Retained Earnings						Other Equity Items		Total	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
Balance on January 1, 2022	\$ 2,664,230	2,152,909	726,190	304,005	1,083,235	2,113,430	(403,587)	12,425	(391,162)	(1,439)	6,537,968
Appropriation of earnings:											
Recognition of Legal reserve	-	-	74,804	-	(74,804)	-	-	-	-	-	-
Recognition of Special reserve	-	-	-	87,157	(87,157)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(452,919)	(452,919)	-	-	-	-	(452,919)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(380)	-	-	-	-	-	-	-	-	(380)
Net profit for the year	-	-	-	-	839,035	839,035	-	-	-	-	839,035
Other comprehensive income (loss) for the year	-	-	-	-	(29,990)	(29,990)	67,503	10,830	78,333	-	48,343
Total comprehensive income for the year	-	-	-	-	809,045	809,045	67,503	10,830	78,333	-	887,378
Adjustment to capital surplus from dividends paid to subsidiary	-	73	-	-	-	-	-	-	-	-	73
Disposal of subsidiaries	-	194,909	-	-	-	-	-	-	-	-	194,909
Changes in ownership interests in subsidiaries	-	(7,137)	-	-	-	-	-	-	-	-	(7,137)
Balance on December 31, 2022	2,664,230	2,340,374	800,994	391,162	1,277,400	2,469,556	(336,084)	23,255	(312,829)	(1,439)	7,159,892
Appropriation of earnings:											
Recognition of Legal reserve	-	-	80,905	-	(80,905)	-	-	-	-	-	-
Reversal of Special reserve	-	-	-	(78,333)	78,333	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(612,773)	(612,773)	-	-	-	-	(612,773)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(12,550)	-	-	-	-	-	-	-	-	(12,550)
Net profit for the year	-	-	-	-	827,304	827,304	-	-	-	-	827,304
Other comprehensive income (loss) for the year	-	-	-	-	6,365	6,365	(50,212)	12,998	(37,214)	-	(30,849)
Total comprehensive income for the year	-	-	-	-	833,669	833,669	(50,212)	12,998	(37,214)	-	796,455
Adjustment to capital surplus from dividends paid to subsidiary	-	98	-	-	-	-	-	-	-	-	98
Changes in ownership interests in subsidiaries	-	11,552	-	-	-	-	-	-	-	-	11,552
Balance on December 31, 2023	\$ 2,664,230	2,339,474	881,899	312,829	1,495,724	2,690,452	(386,296)	36,253	(350,043)	(1,439)	7,342,674

(Please refer to accompanying notes of financial statements)
President: Chih-Wei Chien

Chairman: Fang-Hsin Lee

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION

Statement of Cash Flows

January 1 to December 31, 2022 and 2023

Unit: In Thousands of New Taiwan Dollars

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	\$ 877,768	\$ 881,876
Adjustments for:		
Profit and loss items		
Depreciation	1,326	1,452
Amortization	232	232
Interest expenses	1,886	4,971
Interest income	(42,132)	(6,858)
Recognized share of profit of investment in associates	(883,936)	(930,129)
Unrealized profit on foreign exchange	-	(8,846)
Loss on Disposal of Subsidiary	-	10,391
Total profit and loss items	<u>(922,624)</u>	<u>(928,787)</u>
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Other receivables – Related parties	(98)	27,608
Prepayments	<u>(2,288)</u>	<u>212</u>
Total net changes in operating assets	<u>(2,386)</u>	<u>27,820</u>
Net changes in operating liabilities:		
Other payables	2,361	2,130
Other current liabilities	<u>13</u>	<u>17</u>
Total net changes in operating assets and liabilities	<u>2,374</u>	<u>2,147</u>
Total net changes in assets and liabilities related to operating activities	<u>(12)</u>	<u>29,967</u>
Total adjustments	<u>(922,636)</u>	<u>(898,820)</u>
Cash outflows used in operations	(44,868)	(16,944)
Interest received	40,237	5,785
Cash dividends received from investments accounted for using the equity method	465,320	728,933
Interest paid	(1,882)	(5,281)
Income tax paid	<u>(28,246)</u>	<u>(18,136)</u>
Net cash generated from operating activities	<u>430,561</u>	<u>694,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at amortized cost	(77,557)	-
Acquisition of financial assets at fair value through profit or loss (FVTPL)	(18,000)	-
Increase in Prepaid Investments	-	(24,000)
Acquisition of subsidiaries	(6,932)	-
Disposal of subsidiaries	-	3,511
Increase in refundable deposits	(300)	-
Purchase of intangible assets	<u>(3)</u>	<u>-</u>
Net cash used in investing activities	<u>(102,792)</u>	<u>(20,489)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	110,000	-
Repayments of long-term borrowings	(110,000)	(350,000)
Repayment of the principal portion of lease liabilities	(1,172)	(1,068)
Cash dividends paid	(612,773)	(452,919)
Subsidiary cash reduction	-	540,600
Disposal of equity in subsidiaries	<u>39,927</u>	<u>585,617</u>
Net cash (used in) generated from financing activities:	<u>(574,018)</u>	<u>322,230</u>
Effects of exchange rate changes on cash and cash equivalents	<u>-</u>	<u>8,846</u>
Net increase (decrease) in cash and cash equivalents	(246,249)	1,004,944
Balance of cash and cash equivalents at the beginning of year	1,052,089	47,145
Balance of cash and cash equivalents at the end of the year	<u><u>\$ 805,840</u></u>	<u><u>\$ 1,052,089</u></u>

(Please refer to accompanying notes of financial statements)

Chairman: Fang-Hsin Lee

President: Chih-Wei Chien

Accounting Manager: Yu-Yi Lee

YUNGSHIN GLOBAL HOLDING CORPORATION
NOTES TO FINANCIAL STATEMENT
for the Years 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General Information

YungShin Global Holding Corporation (the "Corporation ") was established in January of the year 2011, engaging primarily in general investments in various businesses and enterprises.

The Corporation was incorporated on January 3, 2011, through a share swap with YungShin Pharmaceutical Industrial Company Limited, (hereinafter referred to as the "YungShin Pharmaceutical") and the Corporation's shares have been traded on the Taiwan Stock Exchange in the Republic of China since January 3, 2011. YungShin Pharmaceutical is a wholly-owned subsidiary of the Corporation.

2. Approval of Financial Statements

The financial statements have been approved for issuance by the Board of Directors on March 27, 2024.

3. Application of New and Amended Standards and Interpretations

- (1) Effect of adopted newly issued and amended standards and interpretations endorsed by the Financial Supervisory Commission (hereafter referred to as the "FSC")

The Corporation has applied the following new amendments to International Financial Reporting Standards (IFRS) since January 1, 2023, and they have not had a significant impact on the financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The Corporation has applied the following new amendments to International Financial Reporting Standards (IFRS) since May 23, 2023, and have no significant impact on the financial statements:

- Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

- (2) The impact of IFRS issued by the FSC but not yet effective

The Corporation assesses the applicability of the following new amendments to the International Financial Reporting Standards, effective from January 1, 2024, which are not expected to have significant impact on the individual financial statements.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
 - Amendments to IAS 1 "Non-current Liabilities with Covenants"
 - Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
 - Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"
- (3) New and amended standards and interpretations not yet endorsed by the FSC
- The Corporation finds that the following new and revised standards which have not been endorsed by the Financial Supervisory Commission (FSC) will not significantly affect the financial statements.
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
 - IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
 - Amendments to "Initial application of IFRS 17 and IFRS 9 Comparative information"
 - Amendments to IAS 21: "Lack of Exchangeability"

4. Summary of Significant Accounting Policies

A summary of significant accounting policies adopted in the financial statements is as follows. The following accounting policies have been consistently applied to the financial statements.

(1) Statement of Compliance

The accompanying individual financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

(2) Basis for Preparation

1) Basis of Measurement

Apart from financial assets measured at fair value through profit or loss, the financial statements of the entity are prepared on a historical cost basis.

2) Functional and Presentation Currency

The Corporation and its units of operation use the prevailing currency of the principal economic environment in which it conducts business as its functional currency.

Monetary values in the accompanying individual financial report are presented in the Corporation's functional currency, the New Taiwan dollar (NTD).

(3) Foreign Currency

1) Foreign Currency Transactions

Transactions using foreign currencies are recognized in NTD at the exchange rates prevailing on the dates of the respective transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

exchange rates prevailing on the reporting period's end date ("the reporting date").

Non-monetary items measured at fair value that are denominated in foreign currencies are translated into NTD at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated at the exchange rates on the dates of the respective transactions.

2) Overseas Operations

Assets and liabilities of overseas operations, including goodwill generated from acquisitions and fair value adjustments, are translated into the reporting currency of the entity at the exchange rates prevailing on the reporting date. Income and expenses are translated into the reporting currency of the entity at the average exchange rate for the reporting period, and the resulting exchange differences are recognized in other comprehensive income.

When the disposition of an overseas operation results in the loss or share of control or in serious consequences, the cumulative exchange differences related to said overseas operation are reclassified into profit or loss. Upon partial disposition of a subsidiary which has units operating overseas, the relevant cumulative exchange differences are re-attributed proportionally to non-controlling interests. Upon partial disposition of an investment in an affiliate or joint venture which has units operating overseas, the relevant cumulative exchange differences are reclassified proportionally to profit or loss.

When there is no plan to settle a monetary receivable or payable to an overseas operation and it is not likely to be settled in the foreseeable future, the resultant foreign exchange gain or loss is deemed as part of the net investment in the overseas operation and recognized in other comprehensive income.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(4) Guidelines for classification of Assets and Liabilities into Current and Non-current

Assets that meet any of the following criteria are classified as current, other assets that are not current are classified as non-current assets:

- 1) The asset is expected to be realized in the normal operating cycle or intended to be sold or consumed.
- 2) The asset is held primarily for trading purposes.
- 3) The asset is expected to be realized within 12 months of the reporting period.
- 4) The asset is cash or cash equivalent, unless it is otherwise restricted from being traded or used to settle a liability for at least twelve months after the reporting period.

Liabilities that meet any of the following criteria are classified as current liabilities, other liabilities that are not current are classified as non-current liabilities.

- 1) The liability is expected to be settled in the normal operating cycle.
- 2) It is held primarily for trading purposes.
- 3) The liability is expected to be settled within 12 months of the reporting period.
- 4) The Corporation's liability does not have an unconditional right to defer settlement for at least 12 months after the reporting period. The classification is not affected if the terms of the liability may, at the option of the counterparty, be settled through the issuance of equity instruments.

(5) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into cash and subject to a minimal risk of value variation.

(6) Financial Instruments

Accounts receivable are recognized at the time they originated. All other financial assets and financial liabilities are recognized when initially the Corporation becomes a party to the contractual provisions of the financial instruments. Financial assets (other than accounts receivable which do not involve a significant financial element) or financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance thereof. Accounts receivable that does not involve significant financial elements are measured initially at their transaction prices.

1) Financial Assets

For the purchase or sale of financial assets consistent with customary trading practices, the Corporation categorically accounts for all purchases and sales of the

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

financial assets that are classified in the same manner on the date of the transaction or settlement.

Financial assets are classified on initial recognition as financial assets measured at amortized cost. The Corporation will reclassify all the affected financial assets effective the first day of the next reporting period only when the Corporation changes its operating models for managing financial assets.

a. Financial Assets at Amortized Cost

A financial asset is measured at amortized cost if it is not designated as measured at fair value through profit or loss and meets both of the following criteria:

- The financial asset is held pursuant to an operating model which purpose is to receive cash flow under the contractual terms.
- The financial asset under the contractual terms is to generate cash flow on a specific date and solely for the purpose of repaying the principal and interest on the outstanding sum of principal.

These assets are subsequently measured at their initially recognized values plus or minus the cumulative amortization using the effective interest method, adjusted for the amortized cost of any loss allowances. Interest income, foreign currency exchange gains or losses and impairment losses are recognized in profit or loss. Upon derecognition, the gains or losses are recognized in profit or loss.

b. Financial Assets at FVTPL

Financial assets not measured at amortized cost as described above are measured at fair value through profit or loss, including derivative financial assets. Upon initial recognition, the Corporation may irrevocably designate such financial assets, which qualify as measured at amortized cost or at fair value through other comprehensive income, as financial assets measured at fair value through profit or loss, for the purpose of eliminating or significantly reducing accounting mismatches.

These assets are subsequently measured at fair value, which net gains or losses (including any dividends and interest income) are recognized in profit or loss.

c. Impairment of Financial Assets

The Corporation recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

On each reporting date, the Corporation assesses financial assets and significant components of accounts receivable, considering reasonable and verifiable information (obtained without undue cost or effort), including qualitative and quantitative information, as well as analysis based on the Corporation's historical

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

experience, credit evaluations, and forward-looking information. For those with low credit risk or where the credit risk has not significantly increased since initial recognition, expected credit losses over twelve months are recognized. If it is determined that the credit risk has significantly increased since initial recognition, credit losses are measured over the remaining period of exposure. For accounts receivable that do not contain significant financial components, expected credit losses are measured using the lifetime expected credit loss method.

For financial assets measured at amortized cost, the allowance for credit losses is deducted from the carrying amount of the asset. The amount of the provision for credit losses or reversals thereof is recognized in the income statement.

The Corporation reduces the total carrying amount of a financial asset when it cannot reasonably expect to recover all or part of the financial asset. However, financial assets that have been written off are still enforceable to comply with the Corporation's procedures for recovering past due amounts.

d. **Derecognition of Financial Assets**

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

2) **Financial Liabilities and Equity Instruments**

a. **Classification as debt or equity**

Debt and equity instruments issued by the Corporation are classified as financial liabilities or equity based on the substance of the contractual agreements and the definition of financial liabilities.

b. **Equity Transactions**

An equity instrument is any contract that recognizes the Corporation's remaining interest in an asset from which all of its liabilities are deducted. Equity instruments issued by the Corporation are recognized at the acquisition price less direct issue costs.

c. **Financial Liabilities**

Financial liabilities not designated as held for trading and not measured at fair value through profit or loss upon initial recognition are initially measured at fair value plus directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method. Interest expense that has not

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

been capitalized as part of asset cost is reported under operating income and expenses.

d. **Derecognition of Financial Liabilities**

The Corporation derecognizes a financial liability when the contractual obligations pertaining thereto expire or are discharged or cancelled. When the terms of a financial liability are amended and the cash flows per the liability are materially different upon amendment, the pre-amendment financial liability is derecognized, and the amended liability is recognized at fair value based on the amended terms.

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

e. **Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities are offset and presented as a net amount on the balance sheet when the Corporation currently has legally enforceable rights to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(7) **Investments in Subsidiaries**

In preparing the financial statements, the Corporation uses the equity method of accounting relating to investees over which it has control. Under the equity method, the apportionment of current profit or loss and other comprehensive income in the financial statements is the same as the apportionment of current profit or loss and other comprehensive income attributable to the shareholders of the Corporation in the consolidated financial statements, and the shareholders' equity in the financial statements is the same as the equity attributable to the shareholders of the Corporation in the consolidated financial statements. Changes in the Corporation's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as equity transactions among the shareholders.

(8) **Investments in Associates**

An associate is an entity over which the Corporation has significant influence, but not control or joint control, in its financial and operating policies.

The Corporation's equity interest in an associate is accounted for using the equity method. Under the equity method, the original acquisition is recognized at cost, and the cost of investment includes the transaction cost. The carrying amount of an investment in an associate includes the goodwill recognizable at the time of investment, less any accumulated impairment loss.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

Financial statements include the recognition of the profit and loss and other comprehensive income of each investee associated Corporation in accordance with the equity method from the date of significant influence to the date of loss of significant influence, after adjusting for consistency with the accounting policies of the Corporation. When there is a change in equity in an associate not recognized as profit or loss nor other comprehensive income that does not proportionally affect the Corporation's share in the associate, the Corporation recognizes the change in equity corresponding to its equity interest in the associate as capital surplus in proportion to its holdings.

Unrealized gains and losses arising from transactions between the Corporation and its associates are recognized in its financial statements to the extent of equity interest in the associates not owned by the Corporation.

The Corporation ceases to recognize an associate's losses when its share of such losses equals or exceeds its equity interest in the associate. Thereafter the Corporation recognizes additional losses and associated liabilities to the extent of any legal or constructive obligations incurred or of any payments made on behalf of the investee.

(9) Property, Plant and Equipment

1) Recognition and Measurement

Items of property, plant and equipment are measured at cost, including capitalized borrowing costs, less accumulated depreciation and any accumulated impairment.

If the major components of property, plant and equipment have different service lives, they are deemed separate items (primary components) of property, plant and equipment.

Gain or loss upon disposal of property, plant and equipment is recognized in profit or loss.

2) Subsequent Costs

Subsequent expenditures are capitalized if it is likely that future economic benefits will flow into the Corporation.

3) Depreciation

Depreciation is calculated as the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful lives of each component using the straight-line method.

The estimated useful lives for the current and comparative periods are as follows:

Office equipment	3~5 years
Other equipment	6 years

The Corporation reviews the depreciation method, useful life and residual value at each reporting and makes appropriate adjustments as necessary.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(10) Lease

1) Assessment of Leases

The Corporation assesses, on the date a contract is entered into, whether a contract is a lease or includes a lease.

2) Lessee

The Corporation recognizes a right-of-use asset and a lease liability on the commencement date of the lease. A right-of-use asset is measured initially at cost, which comprises the initial measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs for dismantling and removing and restoring the subject asset, whether by itself or to its location, and less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to either the end of the useful life or the end of the lease term, whichever is earlier. In addition, the Corporation periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred and, when lease liability is remeasured, adjusts the right-of-use asset accordingly.

Lease liabilities are measured initially at the present value of lease payments outstanding on the date the lease is entered into, using the incremental borrowing rate. Subsequently, interest is accrued using the effective interest method. When there are changes in lease payments and lease terms during the lease term, the lease liability is remeasured. The carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

For leases of low-value assets, the Corporation chooses not to recognize the right-of-use asset and lease liability. Instead, the lease payments are recognized as an expense on a straight-line basis over the lease term.

(11) Intangible Assets

1) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment.

2) Subsequent Expenditures

Subsequent expenditures are capitalized only to the extent that they will enhance the future economic benefits of the specific asset to which they relate.

3) Amortization

Amortization is calculated by deducting the estimated residual value from the cost of

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

the asset and is recognized in profit or loss on a straight-line basis over its estimated useful life from the date the intangible asset is available for use.

The estimated useful lives for the current and comparative periods are as follows:

Computer Software	3 years
Trademark	2~10 years

The Corporation reviews the amortization method and the useful lives and residual values of intangible assets at each reporting, and makes appropriate adjustments as necessary.

(12) Impairment of Non-Financial Assets

For non-financial assets other than deferred tax assets, the Corporation assesses at each reporting date whether there are indications of impairment and estimates the recoverable amount for assets with impairment indicators. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated for impairment assessment.

In detecting impairment, a group of assets with cash inflows that are predominantly independent of other individual assets or groups of assets is treated as the smallest identifiable group of assets.

The recoverable amount is the fair value of an individual asset or cash-generating unit less its value in use or costs to sell, whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the book value of the individual asset or cash-generating unit is adjusted to its recoverable amount, and an impairment loss is recognized for the difference. Impairment losses are recognized immediately in profit or loss.

(13) Revenue Recognition

Upon recognition of performance obligations in customer contracts, the transaction price is allocated to each performance obligation and revenue is recognized when each performance obligation is satisfied.

The main business of the Corporation is management of investee companies, with the main revenues consisting of investment income and service income.

(14) Employee Benefits - Defined Contribution Plans

The obligation to make contributions to a retirement benefit plan is recognized as an employee benefit expense in profit or loss during the period in which the employees provide services.

(15) Income Tax

Income tax consists of the current and deferred income taxes. The current and deferred income taxes are recognized in profit or loss, except when they relate to business

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

combinations or items directly recognizable in equity or in other comprehensive income.

The Corporation determines that interest or penalties related to income taxes (including uncertain tax treatments) do not meet the definition of income taxes and therefore applies the accounting treatment under IAS 37.

The current income tax includes the estimated income tax payable or tax refund receivable based on the current year taxable income (or loss), with any adjustments for the preceding year's income tax payable or tax refund receivable. The amount is determined as the best estimate of the amount expected to be paid or received pursuant to the statutory tax rate or rate prescribed by substantive legislation as of the reporting date.

Deferred income tax is recognized for temporary differences between the carrying amount of assets and liabilities and their tax bases as of the reporting date. Deferred income tax is not recognized for temporary differences arising from the following:

- 1) Assets or liabilities not initially recognized in a transaction that is not a business combination and at the time of the transaction (i) do not affect accounting profit or taxable income (loss) and (ii) do not give rise to equal taxable and deductible temporary differences;
- 2) Temporary differences arising from investments in subsidiaries, associates and joint ventures where the Corporation can control the timing of the reversal of the temporary difference and where it is most likely that the temporary difference will not reverse in the foreseeable future; and
- 3) Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax is measured based on the tax rate at the time the temporary difference is expected to be reversed, using the statutory tax rate or rate prescribed by substantive legislation. Deferred tax assets and deferred tax liabilities are offset only if both of the following conditions are met:

- 1) There is a right by law to offset the period's income tax assets and income tax liabilities; and
- 2) the deferred tax assets and deferred tax liabilities pertain to one of the following taxable entities which are subject to income taxation by the same taxing authority:
 - a. the same taxable entity; or
 - b. different taxable entities, provided that each entity intends to settle each period's income tax liabilities with the period's income tax assets on a net basis, or to realize such assets and settle such liabilities at the same time, in each future

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

period in which significant amounts of deferred tax assets and significant amounts of deferred tax liabilities are expected to be recovered and settled respectively.

Unused tax losses and unused tax credits carried forward, and deductible temporary differences, are recognized as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. They are reassessed at each reporting date, and any related tax benefits that are not considered probable of being realized are reduced; or the amount of any reduction is reversed if it becomes probable that sufficient taxable profit will be available.

(16) Earnings Per Share

The Corporation accounts for the basic and diluted earnings per share attributable to equity holders of the Corporation's common stock. The basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Corporation's common stock by the weighted-average number of common shares outstanding during the period. When repurchasing treasury stocks, the number of outstanding shares in circulation decreases. The diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Corporation's common stock by the weighted-average number of common shares outstanding. This is calculated after adjusting for the impact of all potential dilutive common shares. The potential dilutive common shares of the Corporation include estimates of employee compensation.

(17) Segment Information

The Corporation has disclosed segment information in the consolidated financial statements and does not reiterate here in the financial statements.

5. Critical accounting Judgments and Key Sources of Estimation Uncertainty and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses reported. Actual results may differ from original estimates.

Management reviews estimates and underlying assumptions on an ongoing basis and recognizes changes in accounting estimates in the period of change and in the future periods affected.

Accounting policies involve significant judgments, and information that has a significant impact on the amounts recognized in the financial statements of the entity relates to whether the investee Corporation is deemed to have substantive control. Please refer to the 2023 consolidated financial statements for further details.

Regarding uncertainties related to assumptions and estimates, there is no significant risk of material adjustments expected in the next fiscal year.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

6. Descriptions of Material Accounting Items

(1) Cash and Cash Equivalents

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Cash on hand	\$ 30	30
Demand deposit	805,810	1,052,059
	<u>\$ 805,840</u>	<u>1,052,089</u>

Please refer to Note 6(16) for disclosure on the interest rate risk and sensitivity analysis.

(2) Financial Assets at FVTPL - non-current

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Financial assets mandatorily at FVTPL :		
Private equity funds	<u>\$ 42,000</u>	<u>-</u>

Please refer to Note 6(16) for credit risk and market risk information.

(3) Financial assets at amortized cost - current

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Time deposits with original maturities of more than 3 months	<u>\$ 77,557</u>	<u>-</u>
Interest Rates (%)	<u>3.15</u>	<u>-</u>

The Corporation assesses these assets to be held to maturity to collect contractual cash flows, and the cash flows of these financial assets consist solely of payments of principal and interest on the principal amount outstanding, therefore reported as financial assets measured at amortized cost.

(4) Investments accounted for using equity method

The Corporation's investments accounted for using the equity method as of the reporting date are as follows:

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Subsidiary	\$ 6,550,769	6,214,610
Associate	191,713	186,553
	<u>\$ 6,742,482</u>	<u>6,401,163</u>

1) Subsidiary

Antec Farms Inc. completed deregistration in August 2022, with a loss from disposal of subsidiaries amounting to NT\$10,391 thousand. For information on remaining subsidiaries, please refer to the consolidated financial statements for the year 2023.

2) Associate

The summarized financial information for individually insignificant associated companies is as follows:

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Summarized book value at the end of period	<u>\$ 191,713</u>	<u>186,553</u>
	<u>2023</u>	<u>2022</u>
Attributable to the Corporation:		
Net profit of continuing operations for the period	<u>\$ 13,589</u>	<u>14,681</u>

3) **Guarantee**

As of December 31, 2023, and December 31, 2022, the Corporation's investments accounted for using the equity method were not pledged as collateral.

(5) **Property, Plant and Equipment**

Details of changes in the cost, depreciation, and impairment losses of property, plant, and equipment for the years 2023 and 2022 are as follows:

	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:			
Balance on December 31, 2023 (equals balance on January 1, 2023)	<u>\$ 4,877</u>	<u>873</u>	<u>5,750</u>
Balance on December 31, 2022 (equals balance on January 1, 2022)	<u>\$ 4,877</u>	<u>873</u>	<u>5,750</u>
Depreciation and impairment loss:			
Balance on January 1, 2023	\$ 4,877	412	5,289
Annual depreciation	-	145	145
Balance on December 31, 2023	<u>\$ 4,877</u>	<u>557</u>	<u>5,434</u>
Balance on January 1, 2022	\$ 4,634	266	4,900
Annual depreciation	243	146	389
Balance on December 31, 2022	<u>\$ 4,877</u>	<u>412</u>	<u>5,289</u>
Carrying amount:			
Balance on December 31, 2023	<u>\$ -</u>	<u>316</u>	<u>316</u>
Balance on December 31, 2022	<u>\$ -</u>	<u>461</u>	<u>461</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(6) Right-of-use assets

The changes in the cost, depreciation and impairment losses of the premises and buildings leased by the Corporation are as follows:

	Buildings and Structures	Transportation Equipment	Total
Cost of right-of-use assets:			
Balance on January 1, 2023	\$ 3,194	-	3,194
Additions	-	2,102	2,102
Balance on December 31, 2023	\$ 3,194	2,102	5,296
Balance on January 1, 2022	\$ 3,188	-	3,188
Additions	3,194	-	3,194
Decrease in the period	(3,188)	-	(3,188)
Balance on December 31, 2022	\$ 3,194	-	3,194
Depreciation and impairment losses of right-of-use assets:			
Balance on January 1, 2023	\$ 355	-	355
Depreciation	1,064	117	1,181
Balance on December 31, 2023	\$ 1,419	117	1,536
Balance on January 1, 2022	\$ 2,480	-	2,480
Depreciation	1,063	-	1,063
Decrease in the period	(3,188)	-	(3,188)
Balance on December 31, 2022	\$ 355	-	355
Carrying amount:			
Balance on December 31, 2023	\$ 1,775	1,985	3,760
Balance on December 31, 2022	\$ 2,839	-	2,839

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(7) Long-Term Borrowings

The detailed terms and conditions of the Corporation's long-term borrowings are as follows:

December 31, 2023			
	Interest Rates	Year of	Amount
	(%)	Maturity	
Unsecured bank loans	1.76	2025	\$ 110,000
Less: due within one year			-
			\$ 110,000
Unutilized amount			\$ 1,090,000

December 31, 2022			
	Interest Rates	Year of	Amount
	(%)	Maturity	
Unsecured bank loans	1.38	2023	\$ 110,000
Less: due within one year			(110,000)
			\$ -
Unutilized amount			\$ 1,090,000

(8) Lease Liabilities

The book value of lease liabilities of the Corporation is as follows:

	Dec 31, 2023	Dec 31, 2022
Current	\$ 1,758	1,058
Non-current	2,015	1,785
Total	\$ 3,773	2,843

Please refer to Note 6(16) Financial Instruments for the maturity analysis.

The amounts of leases recognized in profit or loss are as follows:

	2023	2022
Interest expense of lease liabilities	\$ 28	12
Expenses related to low-value lease assets	\$ 393	472

The amounts of leases recognized in the cash flow statement are as follows:

	2023	2022
Total cash outflow for leases	\$ 1,593	1,552

The Corporation leases buildings, structures, and transportation equipment for operational use, with a lease term of three years. At the end of the lease term, the lease agreement do not entitle the Corporation to renew the lease agreements or acquire the assets.

The Corporation elects exemption for recognition of certain other equipment leases that qualify as low-value assets, and does not recognize related right-of-use assets and lease liabilities for those leases.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(9) Employee Benefits - Defined Contribution Plans

The Corporation's defined contribution plans for the years 2023 and 2022 are in accordance with the provisions of the Labor Pension Act, whereby contributions are made to individual accounts of the labor retirement pension at the Bureau of Labor Insurance based on a fixed contribution rate of monthly salaries of employees. Upon contributing the specific amount to the Bureau of Labor Insurance under the plan, the Corporation has no further legal or constructive obligation for any additional payments.

The retirement benefit expenses under the Corporation's defined contribution retirement plan for the years 2023 and 2022 amounted to NT\$518 thousand and NT\$479 thousand, respectively, and have been contributed to the Labor Insurance Bureau.

(10) Income Tax

- 1) The details of income tax expenses (benefit) for the years 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Current tax expenses		
Current income tax expenses	\$ 12,266	17,289
Current income tax from adjustment of prior period	1,002	(19)
Tax on unappropriated earnings	<u>9,685</u>	<u>6,658</u>
	<u>22,953</u>	<u>23,928</u>
Deferred tax expenses		
Origination and reversal of temporary differences	<u>27,511</u>	<u>18,913</u>
Tax expenses	<u><u>\$ 50,464</u></u>	<u><u>42,841</u></u>

The details of income tax (expense) benefit recognized in other comprehensive income for the years 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<u><u>\$ 12,553</u></u>	<u><u>(16,876)</u></u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

The reconciliation of income tax expense to profit before tax for the years 2023 and 2022 is as follows:

	2023	2022
Net income before income tax	<u>\$ 877,768</u>	<u>881,876</u>
Income tax based on the Corporation's domestic tax rate	\$ 175,554	176,375
Tax-exempt income	(145,020)	(140,173)
Non-deductible expenses	9,010	-
Tax on unappropriated earnings	9,685	6,658
Current income tax from adjustment of prior period	1,002	(19)
Others	233	-
Total	<u>\$ 50,464</u>	<u>42,841</u>

2) **Deferred Income Tax Assets And Liabilities**

The changes in deferred income tax assets and liabilities for the years 2023 and 2022 are as follows:

Deferred income tax assets:

	Translation Adjustment Amount	Others	Total
January 1, 2023	\$ 40,406	109	40,515
Debit in income statement	-	(5)	(5)
Credit in other comprehensive income statement	12,553	-	12,553
December 31, 2023	<u>\$ 52,959</u>	<u>104</u>	<u>53,063</u>
January 1, 2022	\$ 57,282	189	57,471
Debit in income statement	-	(80)	(80)
Debit in other comprehensive income statement	(16,876)	-	(16,876)
December 31, 2022	<u>\$ 40,406</u>	<u>109</u>	<u>40,515</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

Deferred income tax liabilities:

	Share of Profit or Loss from Investments Accounted for Using the Equity Method	Others	Total
January 1, 2023	\$ 221,082	1,769	222,851
(Credit) Debit in income statement	28,677	(1,171)	27,506
December 31, 2023	\$ 249,759	598	250,357
January 1, 2022	\$ 204,018	-	204,018
Debit in income statement	17,064	1,769	18,833
December 31, 2022	\$ 221,082	1,769	222,851

3) **Income Tax Assessment Status**

The Corporation has submitted tax return applications until the year 2020, as prescribed by the tax authority, upon settlement and audit.

(11) **Capital and other equities**

1) **Issuance of Common Stock**

As of December 31, 2023, and December 31, 2022, the authorized capital of the Corporation amounted to NT\$3,100,000 thousand with a par value of NT\$10 per share. The issued shares totaled 266,423 thousand shares.

2) **Capital Surplus**

The Corporation's capital surplus comprises the following:

	Dec 31, 2023	Dec 31, 2022
Undistributed earnings before stock conversion	\$ 829,732	829,732
Premium on issuance of shares	1,282,635	1,282,635
Difference between the actual disposal or acquisition price of subsidiary shares and their book value	194,909	194,909
Changes in equity of subsidiaries and associated companies recognized under the equity method	31,318	32,316
Donated assets	530	530
Transactions involving treasury stocks	350	252
	\$ 2,339,474	2,340,374

According to the Company Law, capital surplus must first offset losses before new shares or cash may be issued based on the proportion of existing shareholders' shares using realized capital surplus. Realized capital surplus referred to in the preceding paragraph includes surplus from the issuance of shares above par value and income received from donations. According to the Regulations Governing the Offering and

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

Issuance of Securities by Issuers, capital surplus may be allocated to capital replenishment, with the total annual allocation not exceeding ten percent of the paid-in capital.

3) Retained Earnings

According to the Corporation's articles of association, in the annual financial statements, any surplus shall first be used to pay taxes and donations, make up for previous losses, set aside ten percent as statutory surplus reserves, and then make provisions or reversals for special surplus reserves in accordance with laws or regulations or by competent authorities. However, when the statutory surplus reserves have reached the paid-in capital, further contributions are not required.

The remaining and undistributed earnings of the previous year shall be proposed by the board of directors for distribution and submitted to the shareholders' meeting for approval. The total amount of dividends to shareholders shall be between ten and ninety percent of the accumulated undistributed earnings mentioned above. The distribution of shareholder dividends and bonuses, of which at least twenty percent should be in cash.

The distribution of dividends will be handled through three methods: surplus capitalization, capital surplus capitalization, and cash dividends. If there are suitable investment plans to increase the company's profitability rate, a low cash dividend rate policy will be adopted, with surplus capitalization or capital surplus capitalization as appropriate. When the capital expansion affects the profit level, a high cash dividend policy will be adopted to cope with it.

According to the resolution passed by the shareholders' meeting on May 24, 2022, to amend the Corporation's articles of association, dividends, bonuses, capital surplus, or statutory surplus reserves may be distributed in full or in part in cash. The board of directors is authorized to make decisions with the attendance of at least two-thirds of the directors and a majority vote of the attending directors, and to report to the shareholders' meeting. Distribution shall be made after obtaining approval from the shareholders' meeting if distribution is made by issuing new shares.

a. Legal Reserve

According to the Company Law, the Company shall set aside ten percent of its after-tax net income as statutory surplus reserves until it equals the total capital. When the Company has no losses, the shareholders' meeting may decide to issue new shares or cash from the statutory surplus reserves, provided that such reserves do not exceed twenty-five percent of the paid-in capital.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

b. Special Reserve

According to the regulations of the Financial Supervisory Commission, when the company distributes distributable profits, it shall set aside an amount equal to the net amount of reductions in other shareholders' equity during the year from the current period's profit or loss and the undistributed earnings of previous periods as special surplus reserves. If it belongs to the accumulated amount of reductions in other shareholders' equity from previous periods, then an equal amount of special surplus reserves shall be set aside from the undistributed earnings of the previous periods, and this special surplus reserve may not be distributed. Subsequently, when the amount of reductions in shareholders' equity is reversed, earnings may be distributed for the reversed portion.

c. Earnings Distribution

The Corporation passed the 2022 profit distribution proposal by the board of directors on March 29, 2023. According to the Corporation's articles of association, the cash dividend is authorized to the board of directors to make a special resolution. In addition, the remaining part has been resolved by the shareholders' meeting on May 25, 2023. On May 24, 2022, the shareholders' regular meeting resolved the 2021 earning distribution proposal. The dividends distributed to owners are as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to owners of ordinary shares:		
Cash	<u>\$ 612,773</u>	<u>452,919</u>
Distribution ratio (NT\$)	<u>\$ 2.30</u>	<u>1.70</u>

The Corporation resolved to distribute dividends to shareholders for the fiscal years 2023 at the Board of Directors held on March 27, 2024. The amounts distributed to shareholders as dividends are as follows:

	<u>2023</u>
	<u>Earnings Per Share (EPS)</u>
	<u>Amount</u>
Dividends to common shareholders:	
Cash	\$ 2.30 <u><u>612,773</u></u>

Information related to earning distribution approved and resolved by the Corporation's Board of Directors and shareholders' meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

4) Treasury Shares

YungShinPharm's subsidiary, Angel Associates (Taiwan), Inc. (hereinafter referred to as Angel Associates), acquired 55 thousand shares of YungShin Pharm. before the amendment to the Company Act on November 12, 2001. The purpose of holding shares is solely for investing.

On January 3, 2021, YungShin Pharm. Ind. Co., Ltd. was established by the Corporation through share swap and YungShin Pharm. Ind. Co., Ltd. became a wholly owned subsidiary of the Corporation. According to Order Tai-Cai-Zheng-3-Zi No. 0920124301, the shares of YungShin Pharm. Ind. Co., Ltd. held by Angel Associates (Taiwan), Inc. were exchanged into the shares of the Corporation through share swap.

Angel Associates acquired new shares issued from the Corporation's capitalization of retained earnings on September 5, 2015. As of December 31, 2023, and December 31, 2022, Angel Associates held 58 thousand shares of the Corporation.

The book value of the Corporation's shares held by Angel Associates is NT\$1,958 thousand and the market prices as of December 31, 2023, and December 31, 2022, were NT\$2,700 thousand and NT\$2,671 thousand respectively.

The subsidiaries holding treasury shares are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

(12) Earnings Per Share

The Corporation calculates basic earnings per share and diluted earnings per share as follows:

1) Basic Earnings Per Share

	<u>2023</u>	<u>2022</u>
Net profit attributable to ordinary shareholders of the Corporation	<u>\$ 827,304</u>	<u>839,035</u>
Weighted average ordinary shares outstanding	<u>266,365</u>	<u>266,365</u>
Basic earnings per share (NT\$)	<u>\$ 3.11</u>	<u>3.15</u>

2) Diluted Earnings Per Share

	<u>2023</u>	<u>2022</u>
Net profit attributable to ordinary shareholders of the Corporation	<u>\$ 827,304</u>	<u>839,035</u>
Weighted average ordinary shares outstanding	266,365	266,365
Effect of potentially dilutive ordinary shares		
Impact of employee stock compensation	<u>73</u>	<u>72</u>
Weighted average ordinary shares outstanding (diluted)	<u>266,438</u>	<u>266,437</u>
Diluted earnings per share (NT\$)	<u>\$ 3.11</u>	<u>3.15</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(13) Revenue from Contracts with Customers

	2023	2022
Major regional markets:		
Taiwan	\$ 724,445	633,811
Others	<u>166,967</u>	<u>303,145</u>
	<u>\$ 891,412</u>	<u>936,956</u>
Main product/service lines:		
Investment income	\$ 883,936	930,129
Service income	<u>7,476</u>	<u>6,827</u>
	<u>\$ 891,412</u>	<u>936,956</u>

(14) Employee Compensations and Directors' Remuneration

In accordance with the Corporation's Articles of Incorporation, the Corporation shall accrue employees' compensation and directors' remuneration at the rate that are not lower than 0.3 % and not higher than 2% at profit before tax, respectively. However, if the Corporation has accumulated losses, the amount of the indemnification should be reserved in advance.

Such employees' compensation may be distributed in the form of stock or cash, and its payable to the employees of affiliated companies who meet the criteria established by the Board of Directors. The aforementioned remuneration of directors shall be paid in cash only.

The estimated amounts for employee compensation for the years 2023 and 2022 are NT\$2,695 thousand and NT\$2,708 thousand, respectively. The estimated amounts for director compensation are NT\$17,969 thousand and NT\$18,053 thousand for the years 2023 and 2022, respectively. These estimations are based on the Corporation's pre-tax net profit deducted by the amounts of employee and director compensation multiplied by the distribution rates prescribed in the Corporation's Articles of Association, and are reported as operating expenses for the years 2023 and 2022. Further information can be found on the Market Observation Post System. The amounts of employee and director compensation distributed in accordance with the aforementioned board resolutions do not differ from the estimated amounts in the Corporation's financial reports for the years 2023 and 2022.

(15) Non-Operating Income and Expenses

1) Interest Income

	2023	2022
Interests on bank deposits	\$ 42,132	5,752
Loans to related parties	<u>-</u>	<u>1,106</u>
	<u>\$ 42,132</u>	<u>6,858</u>

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

2) Other income

	2023	2022
Other income	<u><u>\$ 770</u></u>	<u><u>1,612</u></u>

3) Other gains and losses

	2023	2022
Loss on disposal of investments	\$ -	(10,391)
Net foreign exchange gains (losses)	(2,344)	5,754
Miscellaneous expenses	(834)	(2,922)
	<u><u>\$ (3,178)</u></u>	<u><u>(7,559)</u></u>

4) Finance costs

	2023	2022
Interest on bank loans	\$ 1,858	4,959
Lease liabilities interests	28	12
	<u><u>\$ 1,886</u></u>	<u><u>4,971</u></u>

(16) Financial Instruments

1) Credit risk

The carrying amount of financial assets represents the maximum amount of credit risk exposure.

2) Liquidity risk

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interests but excluding net amount agreements.

	Carrying Amount	Contractual cash flow	Within 1 Year	1-2 years	2-5 years	Above 5 years
December 31, 2023						
Non-derivative financial liabilities						
Other payables	\$ 25,832	25,832	25,832	-	-	-
Long-Term Borrowings (including those due within one year)	110,000	2023,360	1,936	110,424	-	-
Lease liabilities	3,773	3,840	1,800	2,040	-	-
	<u><u>\$ 139,605</u></u>	<u><u>142,032</u></u>	<u><u>29,568</u></u>	<u><u>112,464</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
December 31, 2022						
Non-derivative financial liabilities						
Other payables	\$ 23,467	23,467	23,467	-	-	-
Long-Term Borrowings (including those due within one year)	110,000	111,210	111,210	-	-	-
Lease liabilities	2,843	2,880	1,080	1,080	720	-
	<u><u>\$ 136,310</u></u>	<u><u>137,557</u></u>	<u><u>135,757</u></u>	<u><u>1,080</u></u>	<u><u>720</u></u>	<u><u>-</u></u>

The Corporation does not expect the timing of the cash flows in the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

3) **Currency risk**

a. **Exchange rate risk exposure**

The Corporation's financial assets and liabilities that are exposed to significant foreign currency exchange rate risk are as follows:

	December 31, 2023				December 31, 2022		
	Foreign Currency	Exchange Rate	TWD		Foreign Currency	Exchange Rate	TWD
Financial Assets							
<u>Monetary items</u>							
USD	\$	23,437	30.705	719,637	30,529	30.710	937,547
RMB		17,893	4.335	77,568	17,606	4.410	77,633
JPY		146,479	0.220	31,815	58,821	0.230	12,276

b. **Sensitivity analysis of exchange rate**

The exchange rate risk for the Corporation's monetary items arises primarily from foreign currency denominated cash and cash equivalents, accounts receivable and other receivables, accounts payable and other payables, which generate foreign exchange gains or losses when translated. As of December 31, 2023, and December 31, 2022, assuming the New Taiwan Dollar appreciates or depreciates by 1% against the US Dollar, Japanese Yen, and Chinese Yuan, while all other factors remain constant, the pre-tax net profit for the period from January 1 to December 31, 2023, and January 1 to December 31, 2022, would increase or decrease by NT\$8,290 thousand and NT\$10,275 thousand, respectively. The same basis was used for analyses for both periods.

c. **Foreign exchange gains and losses on monetary items**

Due to the diverse functional currencies within the Corporation, information on foreign exchange gains or losses on monetary items is disclosed on an aggregated basis. For the years 2023 and 2022, the foreign exchange (losses) gains (including realized and unrealized) were (NT\$ -2,344) thousand and NT\$5,754 thousand respectively.

4) **Interest rate risk**

The Corporation's bank liabilities are at fixed interest rates, hence not expected to incur significant interest rate risk.

5) **Fair value information**

a. **Categories and fair value of financial instruments**

The Corporation's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

December 31, 2023					
	<u>Carrying Amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial Assets at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	\$ 42,000	-	-	42,000	42,000
Financial assets at amortized cost					
Cash and cash equivalents	805,840	-	-	-	-
Financial assets at amortized cost	77,557	-	-	-	-
Other receivables (includes related parties)	10,894	-	-	-	-
Refundable deposits	303	-	-	-	-
Subtotal	894,594	-	-	-	-
Total	\$ 936,594	-	-	42,000	42,000
Financial liabilities at amortized cost					
Short-term borrowings	\$ 110,000	-	-	-	-
Other payables	25,832	-	-	-	-
Lease liabilities	3,773	-	-	-	-
Total	\$ 139,605	-	-	-	-
December 31, 2022					
	<u>Carrying Amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at amortized cost					
Cash and cash equivalents	\$ 1,052,089	-	-	-	-
Other receivables (includes related parties)	8,901	-	-	-	-
Refundable deposits	3	-	-	-	-
Total	\$ 1,060,993	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	\$ 110,000	-	-	-	-
Other payables	23,467	-	-	-	-
Lease liabilities	2,843	-	-	-	-
Total	\$ 136,310	-	-	-	-

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

b. Valuation Technique of Fair Value

If there is an active market for the financial instrument, the fair value is based on the quoted market price in the active market. The market prices announced by major exchanges are all the basis for the fair value of listed equity instruments.

If the publicly quoted price can be timely and regularly obtained from the stock exchange, broker, underwriter, industrial union, pricing service institution or competent authority, and the price represents actual and regular transaction at fair market, then the financial instrument is deemed to have the publicly quoted price at the active market. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large difference in buying and selling price, a significant increase in buying and selling price, and few transactions are indexes of a non-active market.

For financial instruments held by the Corporation that lack active markets, their fair value is determined using the net asset value method.

c. Detailed statement of changes in Level 3

	Measured at FVTPL
January 1, 2023	\$ -
Total gains or losses	
Purchase	42,000
December 31, 2023	<u>\$ 42,000</u>

There were no Level 3 financial instruments in the year 2022.

d. Quantitative information on fair value measurements of significant unobservable input (Level 3)

The Corporation's fair value measurements classified as Level 3 apply primarily to financial assets measured at fair value through other comprehensive income - Privately Equity Fund Investment

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation Technique	Significant Unobservable Input	Relationship Between Significant Unobservable Input and the Fair Value
Financial assets measured at fair value through profit or loss - Private equity fund investments	Net asset value method	Net asset value	The higher the net asset value, the higher the fair value

There were no transfers in the fair value hierarchy of financial assets for the years 2023 and 2022.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(17) Financial risk management

1) Overview

The Corporation is exposed to the following risks due to its daily operations and the use of various financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk

This Note presents information on the Corporation's exposure to each of the risks in the above and the Corporation's objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the financial statements.

2) Risk management framework

The financial risks that the Corporation may encounter in its daily operations include market risks (including exchange rate risk and interest rate risk) and liquidity risk. The overall risk management policy of the Corporation adopts a prudent approach and does not actively seek measures to reduce the potential adverse impact on the Corporation's financial position and financial performance, but uses relevant derivative financial instruments to hedge specific risks.

3) Credit risk

Credit risk is the risk of financial loss arising from the failure of the Corporation's customers or financial instrument counter-parties to meet their contractual obligations.

a. Other receivables

The credit risk faced by the Corporation is primarily influenced by the individual situations of customers.

The Corporation has set up provision for doubtful accounts to reflect the estimation of losses incurred on other receivables.

b. Investments

The credit risk in bank deposits, fixed-income investments and other financial instruments is measured and monitored by the Corporation's finance department. The Corporation's transactional and contractual counter-parties are financial institutions, corporate organizations, and government agencies with outstanding credit ratings so as to cast no significant doubt about their performance and, thus, to give rise to no significant credit risk.

c. Guarantee

The Corporation can provide endorsements to parties eligible under the Corporation's endorsement guarantee operating procedures.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

4) **Liquidity Risk**

The cash flow forecasts are prepared by individual operating entities within the Corporation's finance department. The finance department of the Corporation monitors the forecast of the Group's liquidity requirements to ensure it has sufficient funds to support operational needs. These forecasts take into account the Corporation's debt financing plans, compliance with debt terms, and adherence to financial ratio targets consistent with internal balance sheet objectives.

5) **Market Risk**

Market risk is the risk that subjects the Corporation's earnings or the values of the financial instruments it holds to the influence of changes in the market price, such as changes in exchange rates, interest rates or prices of equity instruments. The objective of market risk management is to control the degree of exposure to market risk within acceptable levels and to optimize investment returns.

(18) **Capital Management**

The Corporation's capital management is based on the industry scale of the Group's operations, considering future costs and product development in the industry. It sets appropriate market shares and plans corresponding capital expenditures accordingly. Then, it calculates the required operating capital based on financial operating plans, considering the operating profit and cash flow generated by product competitiveness, to determine an appropriate capital structure. Please refer to the balance sheets for the relevant liabilities and capitalization ratios for each period.

(19) **Non-Cash Transaction in Investment and Financing Activities**

1) The non-cash transaction investments and financing activities for the years 2023 and 2022 involve obtaining the right to use assets through leasing arrangements. Please refer to Note 6(6) for details.

2) The reconciliation of liabilities from financing activities is as follows:

		Cash Flow		Non-Cash Changes	
	Jan 1, 2023	Additions	Decrease	Additions	Dec 31, 2023
Long-Term Borrowings	\$ 110,000	110,000	(110,000)	-	110,000
Lease liabilities	2,843	-	(1,172)	2,102	3,773
Total liabilities from financing activities	\$ 112,843	110,000	(111,172)	2,102	113,773

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

		Cash Flow		Non-Cash Changes	
	Jan 1, 2022	Additions	Decrease	Additions	Dec 31, 2022
Long-Term Borrowings	\$ 460,000	-	(350,000)	-	110,000
Lease liabilities	717	-	(1,068)	3,194	2,843
Total liabilities from financing activities	\$ 460,717	-	(351,068)	3,194	112,843

7. Related Parties Transactions

(1) Related parties and their relationship

The related parties who had transactions with the Corporation during the period of the financial statement were as follows:

Related Party Name	Relationship with the Group
YungShin Pharmaceutical Industrial Co., Ltd.	The subsidiary companies of the Corporation
YSP International Company Limited (YSP INC)	The subsidiary companies of the Corporation
Vetnostrum Animal Health Co., Ltd.	The subsidiary companies of the Corporation
Carlsbad Technology, Inc (CTI)	The subsidiary companies of the Corporation
YungShin Company Limited (YHK)	The subsidiary companies of the Corporation
Chemix Inc.	The subsidiary companies of the Corporation

(2) Significant transactions between related parties

1) Other Operating Revenue

	2023	2022
Subsidiary	\$ 7,476	6,827

2) Other Receivables – Related Parties

	2023	2022
Subsidiary		
YungShin Pharm. Ind. Co., Ltd.	\$ 6,742	5,491
Vetnostrum Animal Health Co., Ltd.	804	1,337
CTI	380	919
Others	-	81
Total	\$ 7,926	7,828

As of December 31, 2023, and December 31, 2022, no allowance loss was made for the above receivables.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

3) Lease

In September 2022, the Corporation leased an office from YungShin Pharmaceutical. and signed a three-year lease contract with a total contract value of NT\$3,240 thousand. The above rent is based on the agreed price referencing the rental market conditions in the adjacent area. The interest expenses recognized for the lease liabilities arising from the above lease agreements for the years 2023 and 2022 were NT\$22 thousand and NT\$12 thousand, respectively. As of December 31, 2023, and December 31, 2022, the remaining lease liabilities unpaid amounted to NT\$1,785 thousand and NT\$2,843 thousand, respectively.

4) Loans to Related Parties - Interest Income

	<u>2023</u>	<u>2022</u>
Subsidiary		
YSP INC	<u>\$ -</u>	<u>1,106</u>

(3) Key Management Compensation

Key management compensation includes:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 5,651</u>	<u>5,520</u>

In the short-term employee benefits for the year 2023, it includes providing a car to the General Manager, with a cost of NT\$2,102 thousand. As of December 31, 2023, its book value was NT\$1,986 thousand, recognized as a right-of-use asset.

8. Pledged Assets: None.

9. Significant Contingent Liabilities and Unrecognized Contractual Comments: None

10. Losses due to Major Disasters: None.

11. Significant Subsequent Events: None.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

12. Others

Employee benefits, depreciation, depletion, and amortization expenses by functions are summarized as follows:

By Function By Nature	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit expenses						
Salaries	-	16,634	16,634	-	15,545	15,545
Labor and health insurance premiums	-	1,904	1,904	-	1,702	1,702
Pension expenses	-	518	518	-	479	479
Directors' remuneration	-	17,969	17,969	-	18,053	18,053
Other employee benefit expenses	-	835	835	-	494	494
Depreciation	-	1,326	1,326	-	1,452	1,452
Amortization	-	232	232	-	232	232

The additional information on the number of employees and employee benefit expenses for the years 2023 and 2022 is as follows:

	2023	2022
Number of employees	<u>20</u>	<u>17</u>
Number of non-employee directors	<u>9</u>	<u>8</u>
Average Employee Benefits Expense	<u>\$ 1,808</u>	<u>2,024</u>
Average employee salaries and wages	<u>\$ 1,512</u>	<u>1,727</u>
Adjustments to average employee salaries and wages	<u>(12.45)%</u>	
Supervisor remuneration	<u>\$ -</u>	<u>-</u>

Information on the Corporation's employee compensation policy, applicable to directors, managers and employees, is provided as follows:

(1) Director Remuneration Policy

Pursuant to Article 31 of the Corporation's bylaws, if the Corporation generates profits in the year, it shall allocate up to 3% as director remuneration.

The process of setting remuneration takes into consideration industry norms for remuneration, the Corporation's operational performance, the rational connection to future risks, and also considers compensation based on director performance evaluations. The reasonableness of such compensation is submitted for approval by the Compensation Committee and the Board of Directors. The remuneration system is reviewed timely in accordance with actual operating conditions and relevant laws to balance sustainable business operation and risk management.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(2) Executive Remuneration Policy

The remuneration amount assigned to the Corporation's executives is determined based on their roles, contributions, the Corporation's operational performance for the year, and consideration of future risks. It is submitted for review by the Compensation Committee and presented to the Board of Directors for resolution.

(3) Employee Remuneration Policy

Employee remuneration in the Corporation includes monthly salaries, mid-year and year-end bonuses, and employee rewards based on annual profits and operational results. Employee rewards are calculated based on individual work experience and performance assessments.

13. Separately Disclosed Items

(1) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports of Securities Issuers for the year 2023, the Corporation is required to disclose additional information regarding significant transactions as follows:

- 1) Financing provided for others: None.
- 2) Endorsement or guarantee provided to others:

Unite: Expressed in thousands of New Taiwan dollars unless otherwise stated

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	The maximum endorsement guarantee balance for the current period (Note 5)	Outstanding Endorsement Guarantee at End of period (Note 5)	Actual Amount Used	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Company Name	Relationship (Note 2)										
0	The Corporation	Chemix	2	1,433,634	354,036	354,036	149,868	-	4.94%	3,584,086	Y	N	N
0	The Corporation	CTI	2	1,433,634	1,687,770	1,658,070	277,542	-	23.13%	3,584,086	Y	N	N

Note 1. The numbers filled in for the loans provided by the Corporation or subsidiaries are as follows:

1. The Corporation is "0."
2. The subsidiaries are numbered in order starting from "1."

Note 2. Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following categories; the number of category in each case belongs to:

1. Having business relationship.
2. Companies in which the Corporation directly and indirectly holds more than 50% of the voting shares.

Note 3. The total amount of endorsement and guarantee for a single enterprise by the Corporation shall not exceed 20% of the net value of the most recent financial statement of the Corporation at the time of providing endorsement and guarantee.

Note 4. The total amount of cumulative endorsement and guarantee shall not exceed 50% of the net value of the most recent financial statements of the Corporation.

Note 5. Due to the early convening of the board of directors, there was a duplication in the calculation of the endorsed guarantee limit, but there was no actual excess.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Remarks
				Number of Shares/ Units	Carrying Amount	Shareholding Ratio	Fair Value	
The Corporation	Private Equity Fund – Forward BioT Venture Capital	None	Financial Assets at FVTPL - non-current	-	42,000	6.72%	42,000	
Chemix	Stock -Sawai Pharmaceutical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	5,773	6,532	- %	6,532	
"	Stock - Ana Holding Inc.	None	"	1,000	664	- %	664	
YungShin Pharm. Ind. Co., Ltd.	Stock - Missioncare Co., Ltd.	None	"	3,161,052	44,466	2.17%	44,466	
"	Stock - Missioncare Asset Management Co., Ltd.	None	"	1,338,947	14,387	2.13%	14,387	
"	Stock - Limited Liability Fengyuan Medical Waste Disposal Equipment Used Cooperatives	None	"	1,000	7	0.07%	7	
"	Stock - International Green Handle Co., Ltd.	None	"	1,567	13	0.07%	13	
Angel Associates	Stock - YungShin Global Holding Corporation	Parent company	Financial assets at FVTOCI - current	58,059	1,958	0.02%	1,958	Note

Note: In order to optimize the utilization of working capital holdings, the end-of-period book value has been reclassified as treasury stock.

- 4) The cumulative amount of acquisition or disposal of the same marketable securities that exceeded \$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of real estate at price in excess of NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Buyer/ Seller	Counterparty	Relationship	Transaction Details				Payment Terms and Reason for Abnormal Transaction		Accounts/Notes Receivable or Payable		Remarks
			Purchase or Sale	Amount	% to Total Purchases or Sales	Credit Period	Unit Price	Credit Period	Balance	% to Total Notes/Accounts Receivable or Payable	
YungShin Pharm. Ind. Co., Ltd.	Vetnostrum Animal Health Co., Ltd.	Other related parties	(Sale)	208,784	4.41%	Note	-	-	64,568	6.07%	
"	YSPI	Other related parties	(Sale)	102,790	2.17%	Note	-	-	40,125	3.77%	

Note: The transaction terms are not significantly different from those with other customers.

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Derivatives Trading: None.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

(2) Information on Investees Companies:

Information on the Corporation's equity method investments for the year 2023 (excluding mainland China investee companies) is as follows:

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Current investment gains and losses of each invested company (Note)	Investment gains and losses recognized in the current period (Note)	Remarks
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Corporation	YungShin Pharm. Ind. Co., Ltd.	Taiwan	Manufacturing and sale of medicine and cosmetics	4,151,196	4,151,196	98,166,613	100.00%	3,762,085	658,437	651,598	Subsidiary
"	YSP INC	British Virgin Islands	Trade, investment, and other related businesses	667,496	667,496	10,000	100.00%	1,552,001	109,728	111,799	Subsidiary
"	Vetnostrum Animal Health Co., Ltd.	Taiwan	Manufacturing and sale of medicine	734,708	752,064	36,438,975	54.97%	888,113	91,600	51,782	Subsidiary
"	Chemix	Japan	Sale of medicine	270,248	270,248	192	100.00%	348,570	54,763	55,168	Subsidiary
"	Yung Zip	Taiwan	Manufacture and sale of active pharmaceutical ingredients	152,968	152,968	8,817,302	20.81%	191,713	62,506	13,589	Associate
YungShin Pharm. Ind. Co., Ltd.	Angel Associates	Taiwan	Import and export trading	3,675	3,675	3,675	73.50%	9,561	1,896	-	Sub-subsubsidiary
YSP INC	CTI	U.S.A.	Manufacturing and sale of medicine	806,183	806,183	7,502,874	74.13%	254,257	8,803	-	Sub-subsubsidiary
"	YSP SAH	Malaysia	Biopharmaceutical research and technical services	500,615	500,615	52,365,605	36.92%	976,844	256,744	-	Associate
"	YungShin Company Ltd	Hong Kong	Sale of medicine	102,209	102,209	7,720	96.50%	52,272	3,589	-	Sub-subsubsidiary

Note: Except for Chemix, Yung Zip Chemical, and CTI, whose investment gains and losses are based on financial reports audited by other auditors, the gains and losses recognized by the company's investments are accounted for using the equity method based on the financial reports audited by the Taiwan parent company's certified public accountants.

(3) Information on Investments in Mainland China:

1) Name, principal operation and relevant information of invested companies in the Mainland China:

Investee Company	Main Businesses and Products	Total amount of paid-in capital (Note 3)	Method of Investment (Note 1)	Accumulated outflow of investment from Taiwan as of 01/01/2023 (Note 3)	Remitted or repatriated amount of investment for the period		Accumulated outflow of investment from Taiwan as of 12/31/2023 (Note 3)	Net Profit or Loss of the Investee	Percentage of Ownership in Direct or Indirect Investment	Share of investee's profit or loss (Note 2)	Book value as of December 31, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward Remittance	Inflow						
YungShinTienTel (Shanghai) Pharmaceutical Trading Co., Ltd.	International trade, trade between companies in the bonded areas, and trade agency in the bonded areas; Warehousing and simple commercial processing in the bonded areas	121,120	(2)	121,120	-	-	121,120	(963)	100.00%	(963)	87,102	-

Note 1. Investment methods are classified into the following three categories, the number of category in each case belongs to:

1. Directly invest in a company in mainland China.
2. Investment in mainland companies through a holding company registered in a third region (YSP International Company Limited)
3. Others

Note 2. The investment gains and losses as well as the book values disclosed by the Corporation represent the amounts related to the respective items of direct or indirect investments. The investment income recognized by the Corporation is based on the financial reports of the investee companies audited by certified public accountants and is recognized using the equity method.

Note 3. It is calculated using historical exchange rates.

YUNGSHIN GLOBAL HOLDING CORPORATION
Notes to Financial Statements (continued)

2) Upper Limit on the Amount of Investment in Mainland China:

Accumulated Outward Remittance for Investments from Taiwan to Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, M.O.E.A
121,120 (USD4,000 thousand)	899,349 (USD29,290 thousand)	4,405,604 (Note 1)

Note 1. 60% of the net worth.

Note 2. Except for the amount of investment transferred from Taiwan to mainland China, which is calculated using historical exchange rates, the rest is calculated using the exchange rate at the end of December 31, 2023 (USD:NTD=1:30.705).

3) Material transactions with invested companies in the Mainland China :

Details of significant transactions between the Corporation and Mainland China investees during the year 2023 are provided in the "Information on Material Transactions" section.

(4) Information of Major Shareholders:

According to the information provided by Taiwan Depository & Clearing Corporation (TDCC), the Corporation has no shareholders holding more than 5% of the shares.

14. Segment Information

Please refer to the consolidated financial statements for the year 2023 for further details.

**YUNGSHIN GLOBAL HOLDING
CORPORATION**

**STATEMENT OF CASH AND CASH
EQUIVALENTS**

December 31, 2023

Unit: In thousands of NTD Foreign Currency

Item	Description	Amount
Cash	Cash on hand	\$ 30
Bank Deposits	Demand deposit	54,300
	Foreign Currency Demand deposit (Note)	751,510
		805,810
		<u>\$ 805,840</u>

Note:

The foreign currency details are as follows:

Currency Name	Foreign Currency Amount (Dollar)	Exchange Rate to New Taiwan Dollar	Amount
USD	\$ 23,437,137.17	30.705	719,637
JPY	146,479,240.00	0.217	31,815
RMB	2,667.40	4.335	12
HKD	11,590.46	3.929	46
			<u>\$ 751,510</u>

YUNGSHIN GLOBAL HOLDING CORPORATION

Financial Assets Measured at Fair Value through Profit or Loss - Statement of Non-current Changes

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Name of Financial Instrument	January 1, 2023		Increase in the Period		Decrease in the Period		December 31, 2023		Providing Collateral or Pledge Situation	Remarks
	Number of Shares or Units	Fair Value	Number of Shares or Units	Amount	Number of Shares or Units	Amount	Number of Shares or Units	Fair Value		
Private Equity Funds:										
Forward BioT Venture Capital	-	\$ -	-	42,000	-	-	-	42,000	None	

YUNGSHIN GLOBAL HOLDING CORPORATION
Changes in Investments Accounted for Using the Equity Method Statement
December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Name	Balance on January 1		Increases during the period (Note 2)		Decreases during the period (Note 3)		Balance at end of period			Market price or net asset value (Note 1)		Providing Collateral or Pledge Situation	Remarks
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Ownership percentage	Amount	Unit Price	Total price		
YungShin Pharm Ind. Co., Ltd.	93,048,922	\$ 3,481,088	5,117,691	671,704	-	390,707	98,166,613	100.00%	3,762,085	39.40	3,867,950	None	
YSP International Company Limited	10,000	1,493,078	-	111,799	-	52,876	10,000	100.00%	1,552,001	155,454.10	1,554,541	"	
Vetnostrum Animal Health Co., Ltd	37,764,975	901,957	175,000	58,410	1,501,000	72,254	36,438,975	54.97%	888,113	16.10	583,785	"	
Chemix Inc.	192	338,487	-	56,103	-	46,020	192	100.00%	348,570	1,817,313.28	348,924	"	
Ying Zip Chemical Ind. Co. Ltd.	8,817,302	186,553	-	12,215	-	7,055	8,817,302	20.81%	191,713	39.70	350,047	"	
		<u>\$ 6,401,163</u>		<u>910,231</u>		<u>568,912</u>			<u>6,742,482</u>		<u>6,705,247</u>		

Note 1. For long-term equities without ascertainable market value, the fair value is determined based on the equity value as of the balance sheet date.

Note 2. Including current period investment income of NT\$883,936 thousand, acquisition of subsidiaries of NT\$6,932 thousand, and other comprehensive income of NT\$19,363 thousand for the period.

Note 3. Including current period cash dividends distributed of NT\$465,320 thousand, disposal of subsidiaries of NT\$39,927 thousand, changes in capital surplus of NT\$900 thousand, and exchange differences from financial statements of overseas operating entities of NT\$62,765 thousand.

**YUNGSHIN GLOBAL HOLDING
CORPORATION**

Statement of Other Receivables

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount
Director Remuneration Payable		\$ 16,169
Employee Remuneration Payable		3,736
Salary and Bonus Payable		3,106
Other (each amount not exceeding 5% of this account balance)		<u>2,821</u>
		<u>\$ 25,832</u>

Statement of Long-Term Borrowings

Creditor	Balance at end of period	Contract Term	Range of Annual Interest Rates (%)	Financing Limit	Collateral or Guarantee
E.SUN BANK	<u>\$ 110,000</u>	March 20, 2023 to March 20, 2025	1.76	300,000	None

**YUNGSHIN GLOBAL HOLDING
CORPORATION**

Statement of Management Expenses

January 1, 2023, to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount	Remarks
Salary Expenses		\$ 16,634	
Director Remuneration		17,969	
Other (each balance not exceeding 5% of this account balance)		<u>16,879</u>	
		<u>\$ 51,482</u>	

Please refer to Note 6(3) for detailed schedule of Financial Assets Measured at Amortized Cost - Current in the financial statements.

Please refer to Note 6(5) for detailed schedule of Changes in Property, Plant, and Equipment in the financial statements.

Please refer to Note 6(6) for detailed schedule of Changes in Right-of-Use Assets in the financial statements.

Please refer to Note 6(8) for detailed schedule of Lease Liabilities in the financial statements.

Please refer to Note 6(15) for detailed schedule of Other Income in the financial statements.

Please refer to Note 6(15) for detailed schedule of Other Gains and Losses in the financial statements.

Please refer to Note 6(15) for detailed schedule of Financial Costs in the financial statements.

VI. Impact on the Corporation's Financial Status due to Financial Difficulties Experienced by the Corporation and Its Affiliates during the Most Recent Fiscal Year up to the Publication Date of This Annual Report: None.

Chapter 7 Review and Analysis of Financial Position and Financial Performance as well as Risk Assessment

I. Financial Status:

Comparative Analysis of Financial Position

Unit: NT\$1,000

Item	Year	2022	2023	Difference	
				Amount	%
Current assets		6,686,787	6,441,928	(244,859)	(3.66)
Property, plant and equipment		3,697,322	3,537,720	(159,602)	(4.32)
Intangible assets		20,740	8,547	(12,193)	(58.79)
Other assets		1,447,863	1,524,239	76,376	5.28
Total assets		11,852,712	11,512,434	(340,278)	(2.87)
Total liabilities		4,149,561	3,597,471	(552,090)	(13.30)
Capital		2,664,230	2,664,230	-	-
Capital surplus		2,340,374	2,339,474	(900)	(0.04)
Retained earnings		2,469,556	2,690,452	220,896	8.94
Other adjustments		228,991	220,807	(8,184)	(3.57)
Total stockholder equity		7,703,151	7,914,963	211,812	2.75

Analysis:

1. The decrease in total assets was mainly due to the decrease in intangible assets and the decrease in property, plant, and equipment.
2. The decrease in total liabilities was mainly due to the repayment of bank borrowings.
3. The retained earnings were mainly due to the increase in net profit after tax.

II. Financial Performance:

Comparative Analysis of Financial Performance

Unit: NT\$1,000

Item	Year	2022	2023	Amount of increase (decrease)	Proportion of change (%)
Operating income		7,311,769	7,027,937	(283,832)	(3.88)
Operating costs		(4,170,433)	(4,050,624)	119,809	(2.87)
Gross profit		3,141,336	2,977,313	(164,023)	(5.22)
Total operating expenses		(2,384,064)	(2,047,700)	336,364	(14.11)
Net operating income		757,272	929,613	172,341	22.76
Non-operating income and expenses		306,510	207,872	(98,638)	(32.18)
Net profit before tax from continuing operations		1,063,782	1,137,485	73,703	6.93
Income tax expenses		(211,689)	(266,314)	(54,625)	25.80
Net profit for the current period		852,093	871,171	19,078	2.24

Analysis of the proportion of change:

1. The decrease in operating income and operating costs was mainly due to the impact of the epidemic.
2. The decrease in non-operating income and expenses was mainly due to the impact of exchange gains and losses.

III. Cash Flow:

- (I) Analysis of cash flow changes over the most recent fiscal year: the Corporation's cash flow consists mainly of general funding required for daily operations.
- (II) Corrective measures to be taken in response to lack of liquidity: the Corporation does not have liquidity inadequacy issues.
- (III) Cash liquidity analysis for the following year:

Unit: NT\$1,000

Beginning Cash Balance (1)	Projected Net Cash Flow From Operating Activities During The Year (2)	Projected Cash Outflow During The Year (3)	Estimated Cash Surplus (Shortfall) Amount (1)+(2)-(3)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
1,486,926	1,038,673	1,023,790	1,501,809	-	-

Note 1. Cash flow from operating activities are primarily attributable to the cash received from sales and payment of operating expenses.

Note 2. The expected cash outflow from investment and financing activities for the year consist mainly of dividend allocation and capital expenditures.

IV. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Corporation's Finance and Operations: None.

V. Reinvestment Policies of the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Upcoming Year:

- (I) Reinvestment Policy:
YungShin Group has been adhering to worldwide deployment, launching new products and the management and optimized merger of invested businesses, aiming to seize market opportunities in various regions and integrate resources of various investment businesses to explore the international market, and to vertically integrate the upstream, midstream and downstream industry chains to achieve the goal of maximizing corporate value.
- (II) Reasons for profit or loss:
The Company's principal business is investment-related and its principal revenue is the recognition of operating profit or loss of each investee enterprise. The investment income recognized in 2023 is NT\$883,936 thousand. In this year, because of the COVID-19 epidemic spreading across the world, resulting in unexpected challenges such as raw material supply shortage, countries' protectionist barriers, and transportation barriers, in the face of the worsening business environment, the re-investment businesses adhere to immediate response and rapid adjustment to continue to optimize the system, improve the competitiveness and overall operation performance to maintain a sound operation.
- (III) Improvement plans:
With respect to the businesses whose operating results are not as expected, we have adjusted our operating strategies to increase, reduce or integrate the businesses according to the changing environment and the development goals of the Group, and coordinated with the support and sharing of the Group's resources to integrate the businesses, dynamically adjust the Group's investment to maximize the Group's investment.
- (IV) Other future investment plans:
APIs with "stable supply, reliable quality, and competitive costs" are the key to winning the competition in the main generic drug market. The effective control of the end-user market is the key to the Corporation's sustainable development. YungShin Group focuses on the integration and development of the pharmaceutical and health industry value chain, integrating the R&D, production, and supply of APIs in the upstream of the industry, and expanding the sales channels in major markets in the downstream, which will be the direction of the Group's future investment.

VI. Risk Analysis and Assessment:

- (I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future:
The Corporation's current capital is not high, and changes in interest rates, exchange rates and inflation have no material impact on the Corporation's profit or loss. If it is necessary to obtain loans in the financial market, the Corporation shall strive to obtain preferential interest rates to reduce costs. In response to changes in foreign exchange rates, other investee companies adopt natural hedging to control the level of foreign currency funds or enter into forward foreign exchange contracts with banks to respond to the risk of exchange rate fluctuations. Inflation has no significant impact on the Corporation and the Group.
- (II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future
1. The Corporation focuses on stable business development and does not engage in any high-risk or high-leverage investments.
 2. In accordance with the regulations of the competent authority, the Corporation has set up the Operation Procedures of Capital Lending to Others and Endorsement Guarantee, evaluates the risks of the objects of capital lending and endorsement guarantee at any time, and follows the relevant operation procedures, so as to protect the shareholders' rights and interests and reduce the operational risks.
 3. The Corporation's transactions of derivative products are processed in accordance with the "Procedures for Acquisition and Disposal of Assets".
- (III) Future R&D programs and expected R&D investment: None. the Corporation's principal business activity is general investment and does not require research and development.
- (IV) Impact of major policy and legal changes at home and abroad on the financial business of the Corporation and corresponding measures:
1. Domestic region: The proposed measures of the Health Insurance Administration to reduce drug prices may have an adverse impact on domestic sales of health insurance covered drugs, depending on the situation from year to year. The Group has actively expanded the domestic non-NHI market and overseas sales to reduce the impact of the price cut of domestic NHI drugs.
 2. Mainland China: The National Development and Reform Commission has lowered the prices of drugs in the basic list and set up the centralized procurement policy. However, the overall market in Mainland China continues to grow, and the invested businesses can still grow stably.
 3. US: In 2018, the US government changed the supply model to allow US manufacturers to use raw materials from non-TAA countries for the use of government standards so that local manufacturing investment businesses can have better business opportunities.
- (V) Impact of technological change and industrial change on the Corporation's financial business and countermeasures: Regular Strategic Committee and cross-company functional liaison meetings have been held to conduct regular meetings and follow-up on cross-company platforms for crisis management, opportunity sharing, and resource maximization.
- (VI) Effect on the Corporation's crisis management of changes in the Corporation's corporate image, and measures to be taken in response:
When YungShin was founded, the Founder adopted the principle of "Providing the best medicine to enhance people's health" as the corporate motto. YungShin has established a corporate image for promoting health of citizens through the establishment of the YungShin Sports Park to provide the public with a place for exercise, the establishment of the YungShin Social Welfare Foundation to actively participate in charity and relief, and the organization of the annual YungShin Cup Volleyball Championships, the largest volleyball championship in Taiwan.
The Corporation founded the YungShin Elderly Nursing Home in response to the social issues of elderly care in recent years to provide the elderly with a professional, refined, and

comfortable care environment. The Corporation seeks to help citizens' knowledge of health matters and used related biomedical academic activities to promote and encourage biomedical research by professionals. We established the TienTe Lee Biomedical Foundation to organize related subsidies and education programs.

YungShin Group will continue to implement the corporate image of "maintaining the health of Taiwanese and caring for the society", grow from Taiwan to the international community, to achieve the vision of human health and sustainable development of the enterprise.

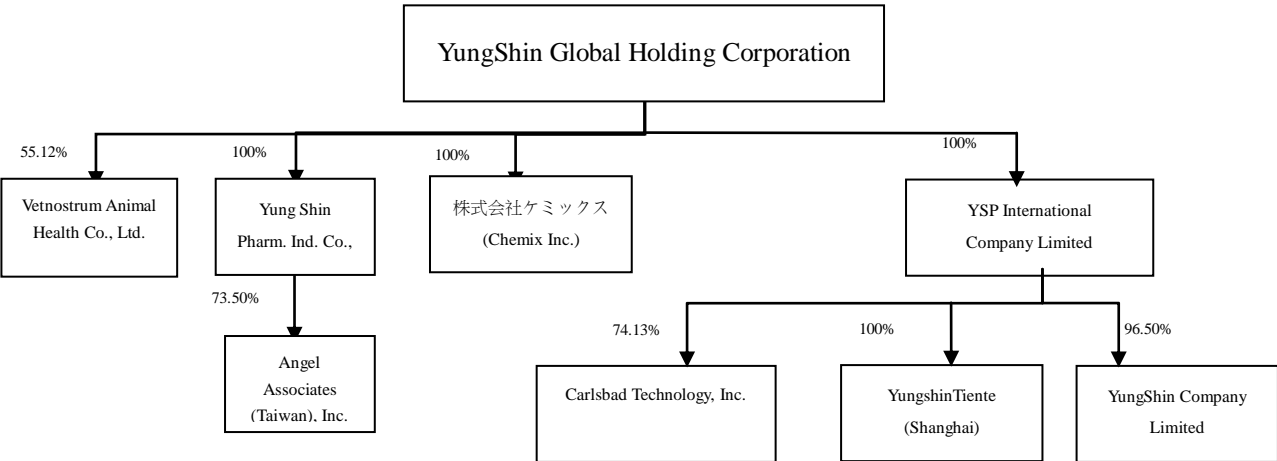
- (VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Mitigation Measures being or to be Taken:
Establish and revise the regulations and the SOP for internal control evaluation, investment, and management, to estimate the expected benefits and to control the possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken.
- (VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures being or to be Taken: None.
- (IX) Risks Associated with Purchasing Operations or Consolidation of Sales, and Mitigation Measures being or to be Taken: None.
- (X) Effect upon and Risk to the Corporation in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Corporation has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken: None.
- (XI) Effect upon and Risk to Corporation Associated with Any Changes in franchising, and Mitigation Measures being or to be Taken: None.
- (XII) Litigation or Non-litigation: None.
- (XIII) Other Important Risks, and Mitigation Measures being or to be Taken: None.
- (XIV) The Corporation seeks to continuously strengthen the management of information security and planned and strengthened management measures for various information security risks such as device management, hardware protection, terminal protection, application system security monitoring, and Internet and mobile security to protect the best interests of customers and stakeholders.

VII. Other Important Matters: None.

Chapter 8 Special Notes

- I. Information about the Corporation's Affiliated Companies
 - (I) Consolidated Report of Affiliated Companies:
 - 1. Organization chart of affiliated companies

April 01, 2024



2. Basic Information of Affiliated Companies

Name	Date of Establishment	Address	Paid-in Capital	Major Lines of Business or Products
Yung Shin Pharm. Ind. Co., Ltd.	1965.08.26	No. 1191, Sec. 1, Zhongshan Road, Dajia District, Taichung City	NTD 981,666,130	Manufacturing and sale of medicine and cosmetics
YSP International Company Limited	2001.06.28	Portcullis TrustNet Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110(P.O. Box 3444)	USD 22,973,647	Trade, investment, and other related businesses
Carlsbad Technology, Inc.	1990.12.07	5922 Farnsworth Court Suite 101, Carlsbad, CA 92008 U.S.A.	USD10,121,039	Manufacturing and sale of medicine
Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd. (Note 1)	1994.12.01	Room 708-709, Tomson Financial Building, 710 Dongfang Road, Pudong New Area, Shanghai ,CHINA	USD 4,000,000	International trade, trade between companies in the bonded areas, and trade agency in the bonded areas: Warehousing and simple commercial processing in the bonded areas
YungShin Company Limited	1985.06.07	Units 3, 5 and 6, 11/F Twr 1, Ever Gain Plaza, 88 Container Port Rd., Kwai Chung, New Territories, Hong Kong	HKD 8,000,000	Sale of medicine
Angel Associates (Taiwan), Inc.	1974.02.08	12F, No. 181, Section 3, Minsheng East Road, Taipei City	NTD 5,000,000	Import and export trading
CHEMIX INC.	1987.11.13	6F, YS Bldg., 2-5-10, Shinyokohama Kohoku-ku, Yokohama, Japan	JPY 10,000,000	Sale of medicine
Vetnostrum Animal Health Co., Ltd.	2012.05.09	No. 290-3, Chung Lun, Chung Lun Village, Hsinfeng, Hsinchu County	NTD 662,920,000	Manufacturing and sale of medicine

Note 1 : The former Shanghai Yung Zip Pharm. Trading Co., Ltd. was renamed as Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd. in August 2023.

3. The Shareholders in Common of Companies Presumed to have a Relationship of Control and Subordination: None.

4. Businesses covered by the affiliated companies' overall operations:

The businesses operated by the Corporation and its affiliated companies include: Pharmaceutical manufacturing and sales, import and export, cosmetics, food, medical equipment, and biotechnology services.

5. Information on Directors, Supervisors, and General Managers of Affiliated Companies:

April 01, 2024

Name	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding Ratio
Yung Shin Pharm. Ind. Co., Ltd.	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Yu Lee	98,166,613	100%
	Director	YungShin Global Holding Corporation representative: Ling-Chin Lee		
	Director	YungShin Global Holding Corporation representative: Fang-Hsin Lee		
	Director	YungShin Global Holding Corporation representative: Meng-Be Lin		
	Director	YungShin Global Holding Corporation representative: Chi-Li Lee		
	Director	YungShin Global Holding Corporation representative: Chi-Ming Liang		
	Independent Director	YungShin Global Holding Corporation representative: Shih-Kuang Tsai		
	Independent Director	YungShin Global Holding Corporation representative: Shu-Jung Wang		
	Independent Director	YungShin Global Holding Corporation representative: Hung-I Chen		
	President	Ling-Chin Lee		
YSP International Company Limited	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Hsin Lee	10,000	100%
	Director	YungShin Global Holding Corporation representative: Fang-Yu Lee		
	Director	YungShin Global Holding Corporation representative: Ling-Chin Lee		
	Director	YungShin Global Holding Corporation representative: Meng-Be Lin		
	Director	YungShin Global Holding Corporation representative: Chi-Li Lee		
Carlsbad Technology, Inc.	Chairman/Director	YSP International Company Limited, representative: Chih-Wei Chien	7,502,874	74.13%
	Director	YSP International Company Limited, representative: Fang-Hsin Lee		
	Director	YSP International Company Limited, representative: Fang-Yu Lee		
	Director	YSP International Company Limited, representative: Meng-Be Lin		
	Director	YSP International Company Limited, representative: Wei-Kai Chung		
	Director	YSP International Company Limited, representative: Chi-Li Lee		
	President	Chih-Wei Chien		
Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd.	Chairman/Director	YSP International Company Limited, representative: Shao-Wei Chou	-	100%
	Director	YSP International Company Limited, representative: Fang-Yu Lee		
	Director	YSP International Company Limited, representative: Fang-Hsin Lee		
	Director	YSP International Company Limited, representative: Meng-Be Lin		
	Director	YSP International Company Limited, representative: Chi-Li Lee		
	Supervisor	YSP International Company Limited, representative: Ling-Chin Lee		
	President	Chih-Chien Liu		

Name	Title	Name or Representative	Shareholding	
			Number of shares	Number of shares
Yung Shin Company Limited (HK)	Chairman/Director	YSP International Company Limited, representative: Chih-Wei Chien	7,720	96.50%
	Director	YSP International Company Limited, representative: Fang-Yu Lee		
	Director	YSP International Company Limited, representative: Fang-Hsin Lee		
	Director	YSP International Company Limited, representative: Meng-Be Lin		
	Director	YSP International Company Limited, representative: Chi-Li Lee		
	Supervisor	YSP International Company Limited, representative: Ling-Chin Lee		
	President	Chih-Wei Chien		
Angel Associates (Taiwan), Inc.	Chairman/Director	Yung Shin Pharm. Ind. Co. Ltd.. representative: Ling-Chin Lee	3,675	73.5%
	Director	Yung Shin Pharm. Ind. Co. Ltd.. representative: Fang-Yu Lee		
	Director	Yung Shin Pharm. Ind. Co. Ltd.. representative: Wei-Chen Tang		
	Director	Yung Shin Pharm. Ind. Co. Ltd.. representative: Hsiu-Li Wu		
	Supervisor	Ying-Chi Tsai		
Chemix Inc.	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Yu Lee	192	100%
	Director	YungShin Global Holding Corporation representative: Chi-Li Lee		
	Director	YungShin Global Holding Corporation representative: Wei-Kai Chung		
	Director	YungShin Global Holding Corporation representative: Shao-Wei Chou		
	Director	YungShin Global Holding Corporation representative: Sheng-Hui Lee		
	Director	YungShin Global Holding Corporation representative: Toshiya Tsunoda		
	Supervisor	YungShin Global Holding Corporation representative: Fang-Hsin Lee		
	President	Shao-Wei Chou		
Vetnostrum Animal Health Co., Ltd.	Chairman/Director	YungShin Global Holding Corporation representative: Fang-Yu Lee	36,539,975	55.12%
	Director	YungShin Global Holding Corporation representative: Fang-Hsin Lee		
	Director	YungShin Global Holding Corporation representative: Meng-Be Lin		
	Director	YungShin Global Holding Corporation representative: Wei-Kai Chung		
	Director	Zhao-yuan Huang		
	Director	Jun-wei Lin		
	Independent Director	Bao-zhu Lo		
	Independent Director	Pan-jiang Yang		
	Independent Director	Shu-hui Lee		
	President	Wei-Kai Chung		

(II) Status of operations of affiliated companies (2023)

Unit: NT\$1,000

Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit	Gain (loss) during this Period (After Tax)	Earnings Per Share (NT\$) (After Tax)
Yung Shin Pharm. Ind. Co., Ltd.	981,666	6,163,635	2,295,684	3,867,951	4,733,591	810,119	658,437	6.71
YSP International Company Limited	667,496	1,554,541	-	1,554,541	-	(46)	109,728	10,972.80
Carlsbad Technology, Inc.	332,746	680,979	337,998	342,981	536,970	(34,755)	8,803	0.87
Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd. (Note 1)	121,120	92,680	5,578	87,102	88,608	(2,824)	(963)	-
YungShin Company Limited	31,178	71,476	17,307	54,169	49,317	3,944	3,589	448.63
Angel Associates (Taiwan), Inc.	5,000	16,741	3,733	13,008	4,578	2,062	1,896	379.20
Chemix Inc.	3,071	584,081	235,157	348,924	730,177	82,460	54,763	285,223.96
Vetnostrum Animal Health Co., Ltd.	662,890	1,379,591	317,584	1,062,007	1,207,507	111,542	91,600	1.38

Note 1. The former Shanghai Yung Zip Pharm. Trading Co., Ltd. was renamed as Yungshin Tiente (Shanghai) Pharmaceutical Trading Co., Ltd. in August 2023.

(III) Consolidated Financial Statements of Affiliated Companies:

REPRESENTATION LETTER

The Group's financial year 2023 (from January 1 to December 31, 2023) requires the preparation of consolidated financial statements for affiliated companies in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission. The same applies to the companies for which consolidated financial statements and subsidiary companies are prepared. Furthermore, the relevant information disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the consolidated financial statements of YungShinGlobal Holding Corporation and Subsidiaries; hence, separate preparation of consolidated financial statements for affiliated enterprises is not required.

Sincerely,

YungShin Global Holding Corporation

Chairman: Fang-Hsin Lee

Date: March 27, 2024

(IV) Affiliation Reports: Not applicable.

II. Private Placement Securities in the Most Recent Fiscal Year up to the Publication Date of This Annual Report: None.

III. Holding or Disposition of Company Shares of the Most Recent Fiscal Year up to the Publication Date of This Annual Report:

Unit: NT\$1,000; shares; %

Name of Subsidiary	Paid-in Capital	Capital Source	Shareholding Ratio of the Corporation	Date of Acquisition or Disposal	Number of Shares and Amount Acquired	Number of Shares and Amount Disposed	Investment Profit or Loss	Number of Shares Held and Amount up to the Date of Publication of the Annual Report	Conditions of Pledged Shares	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
Angel Associates (Taiwan), Inc.	NT\$5,000 thousand	Corporation capital	73.5%	2011.1.3	58,059 shares NT\$1,958 thousand	-	-	58,059 shares NT\$1,958 thousand	None	None	None

1. Angel Associates (Taiwan), Inc. originally acquired the shares of Yung Shin Pharm. Ind. Co. Ltd. on September 22, 1994. Since the Corporation was newly established by Yung Shin Pharmaceutical in the way of share conversion on January 3, 2011, the shares held by Yung Shin Pharmaceutical were also converted into the stock of the Corporation.
2. Angel Associates held 55,295 shares of the Corporation as of January 3, 2011. The amount of shares held was NT\$1,958 thousand.
3. Angel Associates acquired the Corporation's new shares issued through the conversion of earnings to new shares on September 5, 2015. Therefore, as of the publication date of this annual report, Angel Associates held 58,059 shares of the Corporation with a total amount of NT\$1,958 thousand.

IV. Any Event That Has a Significant Impact on Shareholders' Equity or Securities Prices as Prescribed by Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act That Have Occurred in the Most Recent Fiscal Year up to the Publication Date of This Annual Report: None.

V. Other Matters that Require Additional Description: None.

SPIRIT OF YUNGSHIN GROUP

永信集團創業精神

**We produce medicine
that we would give to our own families**

永信做藥是給家人吃的

**We establish Nursing Home
that our elders would love to go**

養護中心是給家裡長輩住的

**We self-demand our cooperate
social responsibility to cover social welfare**

企業責任是兼顧社會公義(益)

DEVELOP SUSTAINABLY PROTECT THE EARTH

永續發展 • 守護地球



YungShin Global Holding Corporation

Chairman

Fang-Hsin Lee





永信國際投資控股

YUNGSHIN GLOBAL HOLDING CORPORATION

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