MYCENAX
BEST PARTNER

Stock Code：4726

Mycenax Biotech Inc.
2022 ANNUAL REPORT

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

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Spokesperson
Name: Pei-Jiun Chen
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HEADQUARTERS, BRANCH OFFICES, AND FACTORIES

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GMP Plants Address:
GMP Plant 1: 1F., 2F., 3F., and 5F., No. 8, Kedong 3rd Rd. Zhunan Township, Miaoli County.
2F., No. 10, Kedong 3rd Rd. Zhunan Township, Miaoli County.
1F., No. 6, Kedong 3rd Rd. Zhunan Township, Miaoli County.
GMP Plant 2: No. 8, Kexi 1st Rd. Zhunan Township, Miaoli County.

STOCK TRANSFER AGENT

Name: Capital Securities Corporation
Address: B2, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City, 106
Tel: +886-2-2702-3999
Website: http://www.capital.com.tw

INDEPENDENT ACCOUNTANTS

Name of CPA: Jin-Di Wu, Wei-Liang Tai
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OVERSEAS SECURITIES EXCHANGE

None.

COMPANY WEBSITE

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Chapter 1. Letter to Shareholders

To be a world-renowned Bio-CDMO company

Dear Shareholders,

In 2022, Covid-19 pandemic still affected people's lives around the world. As the pandemic varies and COVID-19 vaccines have been developed and manufactured, the bioindustry develops more elaborate cooperation. Notably, Mycenax has been aiming to stand first in Asia-Pacific biologics CDMO (Contract Development Manufacturing Organization) market, making all-out effort. On the basis of a lot of experience in process development and GMP production for biologics, we not only have continuously won customer loyalty to stably increase CDMO sales but also earned recognition from JCR Pharmaceuticals (hereinafter referred to as JCR) in 2022. JCR has become the largest shareholder of Mycenax. In the future, JCR and Center Laboratories, Inc. will be important pillars of Mycenax for the next stage of growth.

In 2022, Mycenax proposed a brand positioning of CDMO, "Big D and Medium M". It means that Mycenax uses the business mode of "innovative development ability (D) and adequate manufacturing capacity (M)" to present our specificity in service. This brand positioning is created in the light of incredibly rapid biologics development and emerging products, such as gene and cell therapy, antibody-drug conjugates (hereinafter referred to as ADC), RNA, and virus vector, which have the characteristics of complicated process and the usage of lower doses as compared to traditional therapeutic antibodies. Mycenax aims to be the best partner for our clients in the development of emerging biologics, assisting clients with the conversion of scientific thinking into a process that strikes a balance between benefit and quality at the early stage (Big D), and providing cost-effective GMP production capacity (Medium M) to promote the development of emerging biologics. At the current stage, Mycenax takes proactive action in developing cell therapy and ADC platforms. In terms of cell therapy, we have assembled a team and set up a laboratory; moreover, we also plan to establish a GMP pilot plant that is for the exclusive use of cell therapy in Hsinchu Biomedical Science Park. In addition, we have built a laboratory for ADC in Zhubei and cooperated with Industrial Technology Research Institute (ITRI) for process development and screening platform of ADC. Meanwhile, Mycenax invests in KriSan Biotech Co., Ltd. (hereinafter referred to as KriSan), which makes a concentrated effort in small molecule drug CDMO service, to offer one-step service from process development to GMP production for ADC.

As Mycenax keeps achieving innovative technology competence and enhancing production capacity, we obtain JCR's investment through a private placement. In the past years, JCR has cooperated with Mycenax for numerous CDMO cases, establishing an excellent cooperation mode. JCR and Mycenax have common goals in optimizing the process development of biologics and quality control of GMP production. Therefore, this cooperation will improve Mycenax's development capability by creating more commissions for developing and manufacturing products, making a win-win situation for JCR and Mycenax through the synergy of strategies.

We look forward to building a more prosperous future, creating win-win-win situations for shareholders, clients, and employees. We report our financial status in 2022 and a summary of the operational plan for 2023 below.

I. 2022 Operating results

(I) 2022 Implementation status

Unit: NT$ thousands

Item	2022	2021	YoY
Operating revenue	732,276	774,270	(5%)
Gross Profit (Loss)	(113,672)	137,609	(183%)
Operating Profit (Loss)	(444,995)	(85,331)	421%
Net cash flows used in operating activities	(150,185)	(146,234)	3%
Non-operating income (expenses)	(17,846)	(2,187)	716%
Net profit (Loss)	(453,631)	(89,858)	405%
Net Value per Share (NT$)	15.13	12.43	22%

1. CDMO business is the major revenue source for Mycenax. Although COVID-19 pandemic has affected most industries, CDMO revenue in 2022 increased slightly than that in 2021. Nevertheless, overall revenue decreased due to a reduction in milestone payment for LusiNEX. Even though we already have Taiwanese and Japanese clients that generate 80 percent of CDMO revenue, we still strive to exploit new CDMO business. Moreover, following the trend for mass production of biologics, validation for GMP plant 2 and pilot production has been completed in 2022. Mass production is expected to start in the first half of 2023.
2. To cultivate more new fields, we not only set up laboratories for ADC and cell therapy but also build strategic alliances by cooperating flexibly with the companies that have innovative drug development platforms and process development, including:
   - Mycenax has signed a memorandum of understanding (MoU) with ITRI, introducing ADC screening platform to accelerate the production and application of next-generation antibodies.
   - Mycenax has signed an MoU with KriSan, taking care of the design, process development, and scale-up of ADC. On the other hand, KriSan is in charge of the design, process development, and scale-up of small molecule drugs and GMP production of ADC. To cultivate cooperation between Mycenax and KriSan, Mycenax invested in KriSan in December 2022, owning 19.15 percent of shares and becoming one of the major shareholders.

   These partnerships will increase abilities in developing novel biotechnological products and manufacturing process technology, establishing a complete service chain from DNA to GMP manufacturing of new drugs. Our goal is to be a prospective CDMO company that possesses technique and production capacity.

(II) 2022 Budget implementation status

It is not applicable since the financial forecast of Mycenax in 2022 is not disclosed.

(III) Financial revenue and expenditure and profit analysis.

Item	2022	2021
Current ratio	303.09%	166.17%
Ratio of debts to assets	30.26%	39.26%
Return on equity	(18.10%)	(5.76%)
Profit margin	(61.95%)	(11.61%)
Earnings (Loss) Per Share (NT$)	(2.74)	(0.61)

(IV) To build up a one-stop service platform for the development and process of biologics and to adapt to the rapid growth of biologics and techniques, Mycenax keeps integrating the existing key techniques and advancing the technology chain of development in biologics, promoting the process development platform for emerging products to the clients with the needs.

- We have set up a laboratory specific for cell therapy in Taipei in 2022 and conducted more comprehensive research on the process development of allogeneic cell therapy products. At present, we have succeeded in testing 50-L culture of adipose-derived stem cells. In the future, we will perform research on immune and mesenchymal stem cell-related processes and techniques to fulfill customers' demands and provide more advanced production strategies.
- We have set up a laboratory specific for the process development of ADC to assist clients in developing the manufacturing process of small-scale ADC products at the early stage. Now, we have approached domestic and foreign customers and discussed the production of gram-scale product for early research and development.
- As for microbial process development, we establish production platforms for the future development of DNA-related products to meet the increasing demands of plasmid DNA process development, which results from the rising popularity of DNA vaccines and CAR-T cell therapy.
- In terms of innovative manufacturing technologies, we keep promoting continuous manufacturing process to provide clients with a process that is in line with the global trend.
- Regarding the critical CDMO service for late-phase development of biologics, including process characterization and process validation, we prepare a series of documents and establish experiment design modules to assist customers in late-stage submission. In the future, we will constantly offer one-stop services from process development, GMP production to regulatory documents. In this way, we can further strengthen our service capacity.

Mycenax continues developing manufacturing processes and pioneering techniques, extending technique value chain, and enhancing technical innovation and optimization ability in biologics development. We will significantly increase the quality and speed of biologics development and lower costs, becoming a more competitive biologics CDMO company and the best partner for clients.

II. Summary of 2023 operational plan

(I) Implementation of the business mode of "Big D and Medium M" to accomplish the brand positioning of "innovative development ability (D) and adequate manufacturing capacity (M)".

1.We aim to consolidate process development and production capacity for traditional biologics. The first priority for Mycenax in 2023 is to pass PMDA audit for conforming to the schedule of Korean customer's drug launch and become a production base of listed drugs.

2.Through self-built mode, strategic alliances, investment, and so on, we build complete one-stop

services for emerging drugs, such as cell therapy and ADC. With one-stop service platform, we provide more options for drug development to clients, enriching the value chain of CDMO for biologics.

(II) The major revenue of Mycenax comes from CDMO cases. In addition to satisfying the demands of Taiwan biopharmaceutical companies for process development and manufacturing, we constantly exploit the foreign market. Mycenax has devoted time and effort to Japanese market for many years and built brand effect. We have succeeded in expanding into Asian markets, signing critical contracts with customers in Korea and Singapore. In the future, we will continue dedicating efforts to Asian markets, including Japan, Korea, Taiwan, and Singapore. In 2023, we will expand into Europe, the United States, etc. At present, we have set up a subsidiary in the United States to act as the base for expanding the United States business. Meanwhile, we will actively participate in exhibitions in Europe and the United States to create a brand reputation and expand our customer base, devoting all our time and energy to being a global CDMO company specializing in biologics CMC development and GMP manufacturing.

III. Future development strategy.

To follow the global trend, Mycenax regards traditional biologics as the cornerstone of biologics development and aims to be proficient in emerging biologics, persevering in expanding CDMO markets. We use innovative development ability and adequate manufacturing capacity - the mode of "Big D and Medium M" to grow the uniqueness of service. In striking a balance between benefit and innovative development, we utilize 20 years of experience in traditional biologics development to satisfy customers' demands from pre-clinical development to GMP manufacturing. Looking forward to future prospects, based on our foothold in the Asian market, we will expand our business into the world and be a world-class company with leading technology and superior customized service.

IV. Impact caused by outer competition, regulation, and overall business environment.

Since rapid changes in global economy and COVID-19 pandemic result in a sluggish economic environment, more difficult challenges are predicted. In 2023, business expansion and control of cost-effectiveness are still our priorities. We are dedicated to developing competitive platforms to raise revenue from CDMO services. Furthermore, we are proactive in controlling the budget to maximize shareholders' equity.

Thanks for your support and trust. Our management team will keep strengthening our advantages, improving techniques, quality, and customer service. We look forward to working with you to create a prosperous future.

Mycenax Biotech Inc.

Chairman and CEO: Pei-Jiun Chen

Chapter 2. Company Profile

I. Date of incorporation: September 28, 2001

II. Company History：

2001	• Founded with a capital of NT$10,000 thousand in Xindian City, Taipei County in September.
2002	• Performed capital increase by cash and technical consideration, increasing paid-in capital of NT$80,000 thousand. • Approved to move into the Zhunan Science Park of Hsinchu Science Park, both units totaling a standard size of 1652 sq m. • Performed capital increase by cash, increasing paid-in capital of NT$100,000 thousand. • Obtained a plant registration certificate for manufacturing and sale of reagent tests.
2003	• The biopharmaceutical plant (GMP Plant 1 (Zhunan)) established in the Zhunan Science Park. • Performed capital increase by cash, increasing paid-in capital of NT$140,000 thousand. • Hardware construction of the biopharmaceutical plant (GMP Plant 1 (Zhunan)) completed. The Company, machinery and equipment relocated to Zhunan Science Park. • Began to implement the “Project of Establishment of CMO for Biopharmaceuticals CGMP” subsided by MEA.
2004	• Performed capital increase by cash, increasing paid-in capital of NT$180,000 thousand.
2005	• Completed biopharmaceutical plant registration with the FDA (DMF No. 17981). • Performed capital increase by cash, increasing paid-in capital of NT$330,000 thousand. • Implemented the “Follow-on Biologics 5-Year Plan - Phase I, Two-Year Plan”, subsided by MEA from August 2005 to July 2007.
2006	• Public offering in April.
2007	• Began implementation of the “Pre-Development Project of GranNEX” of MEA. • Signed TuNEX international development sales agreement with Bio A&D Korea to expand the market in South Korea, India, Southeast Asia, South America, New Zealand, Australia and Middle East and authorized sales. • Performed capital increase by cash, increasing paid-in capital of NT$500,000 thousand. • Approved by the Ministry of Health and Welfare, the newly developed biological drug TuNEX entered Phase I/II clinical trials.
2008	• Implemented the MEA’s “Phase II Development Project of TuNEX”, from 2008 August to 2010 March. • Classified as a biotech new drug company in accordance with MEA’s “Act for the Development of Biotech and Pharmaceutical Industry” • Stock registered on TPEx classified as biotechnology and medical industry in October. • Awarded the bronze prize in the “Taiwan Biomedical Industry Competition” organized by the Industrial Technology Research Institute, Taiwan Bio Industry Organization, Taiwan Bio Industry Organization, and Epoch Foundation.
2009	• Approved by KFDA, TuNEX entered Phase III clinical trials in October.

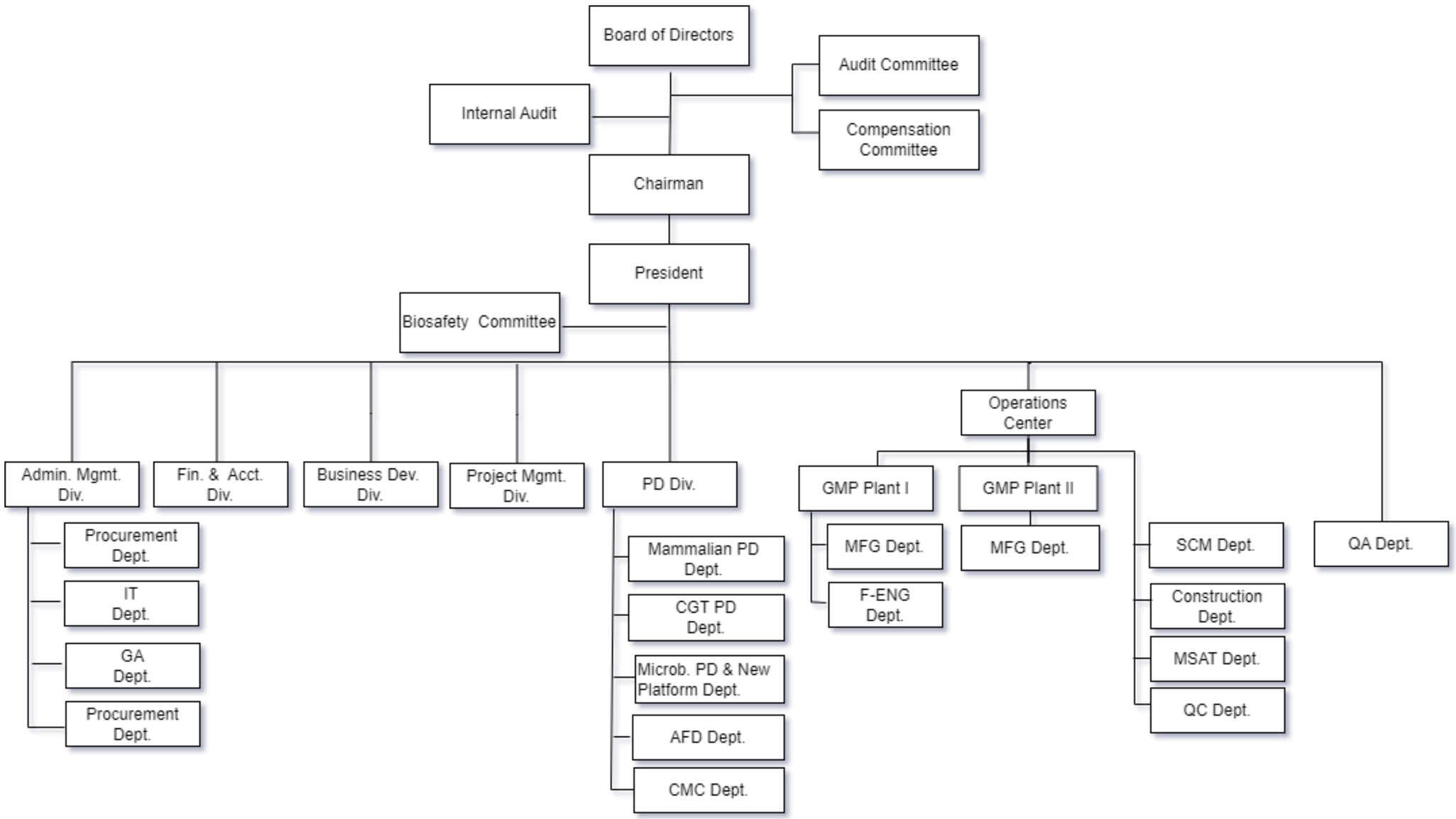
2011	• Performed capital increase by cash, increasing paid-in capital of NT$575,000 thousand. • TuNEX, developed by the Company, entered Phase III clinical trials. • Entered into a development agreement for TuNEX with TSH Biopharm Corporation Ltd.
2012	• Terminated the product development and licensing agreement with Biotrion Co. Ltd. (formerly Bio A&D). • Phase III clinical trials began in Taiwan for TuNEX.
2013	• Entered into a development agreement with a pharmaceutical company in Europe for biopharmaceuticals. • TuNEX awarded the Silver prize in "Drug Technology Research and Development Award" in 2013 co-organized by the Ministry of Health and Welfare and MEA. • The Company's biopharmaceutical plant (GMP Plant 1 (Zhunan)) certified by Ministry of Health and Welfare to be in compliance with the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) of the Pharmaceutical Good Manufacturing Practice Regulations. • Completed two cash capital increased and recovered technical shares, increasing paid-in capital to NT$1,102,860 thousand. • Stock began trading on TPEx on December 25, 2013. • The Board of Directors approved the official launch of Actemra-similar development project.
2014	• Actemra-similar development project officially named the "LusiNEX" development project. • Completed Taiwan's first 2,000liter mammalian cell bioreactor facility for biopharmaceutical manufacturing.
2015	• Changed the development agreement with the pharmaceutical company in Europe to joint development of biopharmaceuticals.
2016	• TuNEX Phase III clinical trials (IND) for "rigid spondylitis" were approved by the Ministry of Health and Welfare. • "New Drug Application (NDA)" to FDA for TuNEX on May 5, 2016. • Entered into a pharmaceutical distribution agreement with OEP Group to exclusively authorize OEP to conduct testing and registration in the Philippines, Vietnam, Malaysia, Thailand, Singapore, Myanmar, Brunei, Cambodia, and Laos and obtain distribution rights in those countries after authorization and registration.
2017	• "New Drug Application (NDA)" to FDA for TuNEX. • IND for biosimilar drug LusiNEX was approved by TGA and PI/PK testing for Phase I clinical trials.

2018	• IND for biosimilar drug LusiNEX was approved by MHRA and PI/PK testing for Phase I clinical trials in the EU. • Entered into a drug license transfer agreement with TSH Biopharm Corporation Ltd. Product name: TuNEX 25mg powder and solvent for solution for injection. • "New Drug Application (NDA)" to FDA for TuNEX with a drug certificate received. • Obtained an accreditation certificate of foreign drug manufacturer from Ministry of Health, Labour and Welfare of Japan. • Cancelled the repurchase of treasury stock, changing paid-in capital to NT$1,099,545 thousand. • Finalist of Best Pharmaceutical Manufacturer and Best Manufacturing Technology of CPhI Worldwide. • Entered into an agreement with a pharmaceutical company in South Korea for manufacturing biopharmaceuticals. • Unblinding procedures for LusiNEX completed, showing that LusiNEX achieved bioequivalence with US and EU marketed drugs.
2019	• Performed capital increase by cash through private placement, increasing paid-in capital of NT$1,279,545 thousand. • TuNEX included as a national health insurance drug payment item. • Technical collaboration with Vectron Biosolutions AS, Norway, creating a high yield microbial platform. • Awarded the first prize of the 8th Merck Emerging Biotechnology Grant Program.
2020	• Entered into an agreement for the production of Anti-Vista clinical trials with Hummingbird Bioscience. • Entered into an asset sale agreement with Gedeon Richter Plc. to transfer cell line libraries, CMC technology, intellectual property rights and clinical trial results related to LusiNEX to Gedeon Richter for a total consideration of US$16.5 million (approx. NT$500 million). • Production line optimization completed at GMP Plant 1 (Zhunan). • The biopharmaceutical plant (GMP Plant 2 (Zhunan)) established in the Zhunan Science Park.
2021	• Performed capital increase by cash, increasing paid-in capital of NT$1,532,536 thousand. • GMP Plant 2 (Zhunan) completed.
2022	• GMP Plant 2 (Zhunan) commences operation. • Awarded the Best CDMO of Taiwan Biopharma Excellence Awards 2022. • Performed capital increase by cash, increasing paid-in capital of NT$2,051,791 thousand.
2023	• Establishment of a Subsidiary in the U.S.

Chapter 3. Corporate Governance Report

I. Organization structure

(I) Organization structure



(II) Major Corporate Functions

Department	Main Business
Board of Directors	Formulation of policy directives and policies for the Company's targets for the Company's business.
Audit Committee	1. Fair presentation of the Company's financial reports. 2. The appointment (and dismissal), independence, and performance of certificated public accountants of the Company. 3. The effective implementation of the Company's internal control system. 4. Compliance with relevant laws and regulations by the Company. 5. Management of the Company's existing or potential risks.
Compensation Committee	1. Establish and periodically review the performance appraisal on the directors and managers, and remuneration policy, system, standard and structure. 2. Periodically evaluate and prescribe the remuneration to the Company's directors and managers.
Internal Audit	1. Review and evaluate the completeness, reasonableness, effectiveness, and implementation of each department's internal control. 2. Implementation of the annual audit plan. 3. Writing of the audit report and assessment of improvements and self-assessment of internal control systems. 4. Implementation status of other regulatory requirements.
President	1. Formulation of the Company's short-, medium- and long-term business plans. 2. Coordination, communication, and management between departments. 3. Matters assigned by the Board of Directors 4. Legal and intellectual property management.
Biosafety Committee	1. Promote biosafety-related operations and protect the safety of employees from infectious biological materials. 2. Manage the possession, storage, use, disposal or import or output of pathogens and biotoxins from Level 2 to Level 4 risk groups.
Admin. Mgmt. Div.	Integrate information systems, procurement, import/export, human resources, general administration, stock affairs, investor relations, corporate governance to effective coordinate and allocate the resources, achieving organizational objectives. 1. Develop corporate strategies and research, planning and implementation of projects. 2. Formulate, plan, promote and follow up operational goals. 3. Stock affairs, and maintenance of director, shareholder, corporate and investor relations. 4. Regular holding of interdepartmental business meetings. 5. Handle matters assigned by the Board of Directors, Chairman, and the head office and the president.
Fin. & Acct. Div.	1. Build an efficient and quality financial platform to provide transparent and creditable financial information, operational analysis, improvement solutions, assist the organization in making decisions, and achieve organizational objectives. 2. Plan and control the Company's operating procedures to achieve sound corporate governance. 3. Provide long-term capital planning assessment and appropriate tax planning, credit risk planning and financial crisis forecasting in accordance with the law to reduce corporate risks.

Business Dev. Div.	1. Business development. 2. Marketing planning. 3. Public relations and corporate image shaping. 4. Building and maintenance of customer network relationship.
Project Mgmt. Div.	1. Drug Development and Order Taking Management (Project Management): Serve as a contact for external parties after a contract has been entered into, ensuring the contents of the order are fulfilled. The work includes but not limited to managing the project scope, quality, cost and schedule and coordinate internal and external project teams and resources. 2. Customer Service and Management (Account Management): Externally, responsible for the establishment of customer orders and payment tracking after a contract has been entered into; internally, confirm the cost and profit efficiency of the orders by working with the Finance Department. 3. Drug Regulatory Research (Regulation Affair): Collect and update regulatory information, help customers with CMC-related regulatory issues of other countries and regulatory affairs of GMP plants.
PD Div.	1. Complete the biopharmaceutical process development project commissioned by clients, including cell line development, upstream and downstream process development, analytical method development, and others. 2. Assist clients in generating CMC technical documentation during the process development phase. 3. Conduct technical evaluations of new projects and conduct research and development in new areas of technology.
Operations Center	1. Establish new plants, production lines or adjust and strengthen current production lines according to the Company's development strategy. 2. Arrange and control the manufacturing of drug substances and drug products in a reasonable manner to meet GMP regulations and quality requirements. 3. Maintain the sound operation of GMP plants and ensure they are certified. 4. Raw material testing, release testing of drug substance (DS) and drug product (DP), stability testing, and in-process testing of manufacturing environment and process.
QA Dept.	1. Establishment and Implementation of Quality Control Standards for Company-wide Coordination. 2. Project Quality Assurance and Quality Management Tasks. 3. Audit of Executing Vendors and Outsourcing Agencies.

II. Directors and management Team

(I) Director

1. Director's Information

Unit: Share(s)
April 22, 2023

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Republic of China	Center Laboratories, Inc.	—	05/30/2022	3 years	10/08/2004	33,974,314	22.04	41,974,314	20.39	—	—	0	0	—	Chairman, Lumosa Therapeutics Co., Ltd. Director, Medeon Biodesign, Inc. Chairman, Bioengine Capital Inc. Director, Bioengine Technology Development Inc. Director, Efficient Biomedical Corp. Director, Bioflag International Corporation (Cayman)	—	—	—	—
	Republic of China	Representative: Pei-Jiun Chen (Note 1)	Female 51-60	10/06/2022		10/06/2022	540,000	0.35	870,000	0.42	0	0	0	0	(Education) Ph.D. in Biology, University of Michigan, USA (Experience) Post-doctoral research fellow, Stanford University, USA Sr. Researcher, AltruBio (Taiwan) Post-doctoral research fellow, University of Lausanne, Switzerland Chairman and President of TPG Biologics, Inc.	President/ CEO, Mycenax Biotech Inc. Legal Representative Director, Ever Supreme Bio Technology Co., Ltd. Supervisor, Krisan Biotech Co., Ltd.	None	None	None	(Note 3)
Director	Republic of China	Center Laboratories, Inc.	—	05/30/2022	3 years	10/08/2004	33,974,314	22.04	41,974,314	20.39	—	—	0	0	—	As noted above	—	—	—	—
	Republic of China	Representative: Chun-Hong Chen (Note 2)	Male 61-70	05/30/2022		06/20/2006	0	0	0	0	0	0	0	0	(Education) BA, Business Administration, Union University of Business (Experience) General Manager, Yongsheng Securities Corporation VP, Director, Supervisor, MasterLink Securities Corporation Director and General Manager, MicroBio Co.,Ltd.	Chairman (Legal Representative), MasterLink Securities Corporation Chairman (Legal Representative), MasterLink Venture Capital Corporation Chairman (Legal Representative), MasterLink Venture Management Corporation Director (Legal Representative), MasterLink Securities (B.V.I.) Corporation Chairman (Legal Representative), MasterLink Venture Capital (Tianjin) Co., Ltd. Chairman (Legal Representative), MasterLink Venture Management (Tianjin) Co., Ltd. Director (Legal Representative), Shin Kong Commercial Bank Co., Ltd. Director (Legal Representative), Mycenax Biotech Inc. Director (Legal Representative), BioEngine Capital Inc. Director (Legal Representative), BioEngine Technology Development Inc. Director (Legal Representative), Collins Co., Ltd. Supervisor (Legal Representative), Taiwan Depository & Clearing Corporation Director, Yemi Investment Co., Ltd. Supervisor (Legal Representative), GrowTrend Biomedical Co., Ltd. Supervisor (Legal Representative), Diamond Capital Inc. Supervisor (Legal Representative), Hi-Clearance Inc. Supervisor, Minoshin International Co., Ltd. Supervisor, Kingbird Tech Co., Ltd.	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Japan	JCR Pharmaceuticals Co., Ltd. (Note 4)	—	12/27/2022	Note 4	12/27/2022	42,000,000	20.45	42,000,000	20.40	—	—	0	0	—	—	None	None	None	None
	Japan	Representative: Yoh Ito	Male 61-70	12/27/2022		12/27/2022	—	—	0	0	0	0	0	0	(Education) MBA, Johnson Graduate School of management, Cornell University Ithaca, NY, USA (Experience) The Industrial Bank of Japan Consultant, Intellasset Inc. Senior Corporate Officer, Director, KYORIN Holdings, Inc. / KYORIN Pharmaceutical Co., Ltd	JCR Pharmaceuticals Co., Ltd. Senior Corporate Officer	None	None	None	None
Director	Republic of China	Nien Hsing International Investment Co., Ltd.	—	05/30/2022	3 years	06/15/2017	1,025,844	0.67	1,025,844	0.50	—	—	0	0	—	Director, Bioengine Capital Inc.	None	None	None	None
	Republic of China	Representative: En-Tzn Liu	Female 31-40	05/30/2022		06/01/2021	—	—	0	0	0	0	0	0	(Education) Master of Accounting, National Taiwan University (Experience) Assistant manager, Deloitte Touche Tohmatsu Limited	Legal Representative Director, BioGend Therapeutics Co., Ltd. Financial Manager and Corporate Governance Manager, Nien Hsing Textile Co., Ltd.	None	None	None	None
Director	Republic of China	Jason Technology Co., Ltd.	—	05/30/2022	3 years	08/15/2019	1,302,674	0.85	1,302,674	0.63%	—	—	0	0	—	Chairman, Center Laboratories, Inc. Director, BioEngine Technology Development Inc.	None	None	None	None
	Republic of China	Representative: Chia-Ling Lin	Female 31-40	05/30/2022		08/15/2019	—	—	1,543,070	0.75	23	0.00	0	0	(Education) Bachelor, Department of Economics, McMaster University (Experience) Manager of Portfolio Management, BioEngine Technology Development Inc.	Legal Representative Director, Center Laboratories, Inc. Legal Representative Director, BioEngine Capital Inc. Legal Representative Director, Investment Manager, Director, BioEngine Technology Development Inc. Aanya Biopharm Holding Corp (Cayman) Supervisor, LeJean Biotech Co., Ltd. Supervisor, Jason Technology Co., Ltd. Supervisor, Royal Foods Co., Ltd.	None	None	None	None
Director	Republic of China	China Investment and Development Co., Ltd.	—	05/30/2022	3 years	08/15/2019	403,730	0.32	452,437	0.22	—	—	0	0	—	Director, ART ANALOG, INC. Director, InnoPharmax Inc. Director, Intech Biopharm Ltd. Director, Maxigen Biotech Inc. Supervisor, GLOBAL INVESTMENT HOLDINGS CO., LTD.	None	None	None	None
	Republic of China	Representative: Hsiu-Yuan Lee	Female 51-60	05/30/2022		08/15/2019	—	—	0	0	0	0	0	0	(Education) Master of Economics, San Jose State University, USA. (Experience) Senior Deputy General Manager, China Investment and Development Co., Ltd. Associate, Everfame Consultants Ltd. Securities Analyst, International Department, CITIC Securities Project Manager, Institute of Electronics, Industrial Technology Research Institute	Legal Representative Director, China Investment and Development Co., Ltd. Legal Representative Director and President, CIDC Consultants INC. Legal Representative Director, Maxigen Biotech Inc. Legal Representative Director, Acepodia Biotechnologies, Limited Director, Acepodoa, Inc.	None	None	None	None
Independent Director	Republic of China	Kuo-Pin Kao	Male 61-70	05/30/2022	3 years	03/28/2013	0	0	0	0	0	0	0	0	(Education) Bachelor, Department of economics, National Chung Hsing University (Experience) Director, MasterLink Futures Corporation President, MasterLink Securities Corporation Chairman, Global Securities Corporation Director, K WAY Information Corporation	Chairman, P&L Investment Corp.	None	None	None	None
Independent Director	Republic of China	Yu-Sheng Tsai	Male 41-50	05/30/2022	3 years	08/15/2019	0	0	0	0	0	0	0	0	(Education) Bachelor, National Chung Hsing University (Now National Taipei University)	Lawyer of Legal Aid Foundation Arbitrator of Chinese Arbitration Association, Taipei	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held inthe names of others		Major academic and careerachievements	Other position	Executives, directors or supervisorswho are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
															Master of Law, Fu Jen Catholic University EMBA, National Chengchi University Pass of the Bar Examination (Experience) Supervisor, WebComm Technology Co., Ltd. Managing Attorney, WisetemLaw Firm Deputy Regulatory Compliance, SinoPac Holdings	Lawyer of honor, Small and Medium Enterprise Administration, Ministry of Economic Affairs Managing Attorney, Genda Law Firm Independent Director/ Audit Committee member / Compensation Committee member, Lian Fa International Dinng Business Corp.				
Independent Director	U.S.A.	Allen Y Chao	Male 71-80	05/30/2022	3 years	05/30/2022	0	0	0	0	0	0	0	0	(Education) Ph.D., Purdue University, College of Pharmacy (Experience) Founder and CEO, Watson Pharmaceuticals	Representative of Corporate Board Director, Tanvex Biologics Corp. Board Director, Ansun BioPharma Inc. Board Director, Taipei Medical University Representative of Corporate Board Director, Tanvex Biologics Inc. Board Director, Mithra Biotechnology In.	None	None	None	None

Note 1. Center Laboratories, Inc. reassigned Pei-Jiun Chen as the director representative to replace Jung-Chin Lin and was elected as the chairman by the board of directors on October 6, 2022.

Note 2. Chun-Hong Chen was elected as the supervisor on June 20, 2006, and resigned on June 30, 2008. He was re-elected as a director On June 25, 2014.

Note 3. Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers):

The Company's chairperson and president aims to improve operational efficiency and the execution of decisions. To strengthen the Board's independence, the Company is actively training suitable candidates. Furthermore, the chairperson fully communicates the Company's recent condition, plans, and policies with directors to implement corporate governance. In the future, the Company also plans to enhance the Board's capabilities and supervisory function by increasing the number of independent director seats. The Company currently has the following measures:

(1) The three independent directors have expertise in finance, accounting, law, and Biotechnology industry, thus ensure efficient supervision.

(2) More than half of the directors of the board of directors do not concurrently serve as employees or managers

Note 4. Special Shareholders Meeting of December 27, 2022, by-elected director JCR Pharmaceuticals Co., Ltd. The term is to fulfill the unexposed term of the predecessor, and is from December 27, 2022, to May 29, 2025.

2. Table 1- Major Shareholders of the Institutional Shareholders

April 22, 2023

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
Center Laboratories, Inc.	LeJean Biotech Co., Ltd. (8.77%), Royal Foods Co., Ltd. (6.04%), Jason Technology Co., Ltd. (2.39%), Yu Te Investment Co., Ltd. (1.67%), Farglory Life Insurance Co., Ltd. (1.64%), BioEngine Technology Development Inc. (1.15%), MasterLink Securities Corporation (1.08%), Yong Lien Corp. (1.04%), Mu Mao Tzu Investment Co., Ltd (1.04%), Chase Managed Vanguard Group Emerging Market Fund Investment Account (0.89%)
JCR Pharmaceuticals Co., Ltd.	MEDIPAL HOLDINGS CORPORATION(23.28%), The Master Trust Bank of Japan, Ltd. (Trust account) (11.22%), Kissei Pharmaceutical Co., Ltd.(7.84%), Future Brain Co., Ltd.(6.96%), Custody Bank of Japan, Ltd. (Trust account) (6.02%), The Nomura Trust and Banking Co., Ltd. (Trust account: A) (5.20%), Sumitomo Pharma Co., Ltd.(2.71%), Mochida Pharmaceutical Co., Ltd. (1.75%)、Employee Shareholding Association of JCR Pharmaceuticals Co., Ltd. (0.89%), SSBTC CLIENT OMNIBUS ACCOUNT (0.86%)
Nien Hsing International Investment Co., Ltd.	Nien Hsing Textile Co., Ltd. (100%)
Jason Technology Co., Ltd.	Hung-Hsuan Lin (35.83%), Chia-Ling Lin (25.97%), Wei-Hsuan Lin (25.69%), Li-Chu Ou (12.25%), Jung-Chin Lin (0.26%)
China Investment and Development Co., Ltd.	Global Investment Holdings Co., Ltd. (37.76%), Central Investment Holding Co. Ltd. (31.97%), YFY Inc. (12.93%), Mega International Commercial Bank Co., Ltd. (2.09%), YFY Paradigm Investment Co., Ltd. (1.6%), TASCO Chemical Co., Ltd. (1.6%), Earle Ho and Sons, Ltd. (1.6%), Tai Lung Capital Inc. (1.6%), He-Xin Investment Co., Ltd. (1.55%), Tung Mung Development Co., Ltd. (1.31%)

Note 1. If directors and supervisors are representatives of institutional shareholders, the names of institutional shareholders shall be disclosed.

Note 2. The above table shows the names and shareholding ratios of major shareholders (top 10 shareholders) in each of the Company's institutional shareholders. If the major shareholders are institutional shareholders, please fill out Table 2 below.

Note 3. If an institutional shareholder is not a company, the name of the shareholder and the shareholding ratio to be disclosed as previously mentioned shall be the name of the contributor or donor (please refer to the announcement of the courts for inquiries) and the contribution or contribution ratio. Donors who have passed away are marked "deceased".

3. Table 2- Major Shareholders of the Institutional Shareholders in Table 1

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
LeJean Biotech Co., Ltd.	Jason Technology Co., Ltd. (92.07%), Jung-Chin Lin (7.857%), Li-Chu Ou (0.059%), Hung-Hsuan Lin (0.005%), Chia-Ling Lin (0.005%), Wei-Hsuan Lin (0.004%)
Royal Foods Co., Ltd.	LeJean Biotech Co., Ltd. (92.31%), Jason Technology Co., Ltd. (7.67%), Jung-Chin Lin (0.02%)
Jason Technology Co., Ltd.	Hung-Hsuan Lin (35.83%), Chia-Ling Lin (25.97%), Wei-Hsuan Lin (25.69%), Li-Chu Ou (12.25%), Jung-Chin Lin (0.26%)
Yu Te Investment Co., Ltd.	Su-Chi Wang (75%), Yu-En Lin (25%)
Farglory Life Insurance Co., Ltd.	Xinyu Investment Co., Ltd. (19.00%), Far East Construction Co., Ltd. (12.48%), Yuan-Jian Investment Co., Ltd. (8.91%), Teng Xiong Zhao (8.49%), Hafo International Investment Co., Ltd. (6.71%), Ruiqi International Investment Co., Ltd. (6.43%), Farglory International Investment Co., Ltd. (6.43%), Jun Yao Yeh (5.96%), Yu Nu Zhao (5.77%), Dong Yuan Construction Engineering Co., Ltd. (5.63%)
Bioengine Technology Development Inc	Center Laboratories, Inc. (30.91%), LeJean Biotech Co., Ltd. (18.45%), Jason Technology Co., Ltd. (17.30), Far East Construction Co., Ltd. (6.88%), Po Chang Investment Co., Ltd. (5.13%), ROYAL FOODS CO., LTD. (4.24%), LCL CAPITAL INC (4.08%), Jingxing Investment Co., Ltd. (3.60%), Jifu China Co., Ltd. (2.11%), BIOENGINE CAPITAL INC (1.66%)
MasterLink Securities Corp.	Shin Kong Financial Holding Co., Ltd. (100%)
Yong Lien Corp.	Wen Ti Cheng (27.9%), Wen Yu Cheng (27.9%), Cheng I Tsai (27.9%), Wan Lai Cheng (12.4%), Zheng Baocai Social Culture and Education Foundation (3.33%), Yu Fen Chang (0.57%)
Mumozi Inc.	Jun Yao Lin (99.997%), Ming Yue Zheng (0.003%)
MEDIPAL HOLDINGS CORPORATION	The Master Trust Bank of Japan, Ltd. (Trust account) (12.84%), NOTRTHERN TRUST CO.(AVFC)RE SILCHESTER NTERRNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (4.58%), Custody Bank of Japan, Ltd. (Trust account) (4.38%), Employee Shareholding Association of MPgroup Mediceo Co., Ltd. (2.83%), NOTRTHERN TRUST CO.(AVFC)RE U.S.TAX EXEMPTED PENSION FUNDS (2.72%), STATE STREET BANK AND TRUST COMPANY 505001 (2.60%), KOBAYASHI PHARMACEUTICAL CO.,LTD (2.42%), Custody Bank of Japan, Ltd. (Eisai Retirement Benefits Trust) (2.07%), NOTRTHERN TRUST CO. (AVFC) SUB A/C NON TREATY (2.00%), STATE STREET BANK AND TRUST COMPANY 505103 (1.65%)
The Master Trust Bank of Japan, Ltd. (Trust account)	Mitsubishi UFJ Trust and Banking Corporation (46.50%), Nippon Life Insurance Company (33.50%), Meiji Yasuda Life Insurance Company (10.00%), The Norinchukin Trust & Banking Co., Ltd. (10.00%)
Kissei Pharmaceutical Co., Ltd.	The Master Trust Bank of Japan, Ltd. (Trust account) (8.98%), Custody Bank of Japan, Ltd. (Trust account) (5.64%), THE HACHIJUNI BANK, LTD.

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
	(4.99%), The Dai-ichi Life Insurance Company, Limited. (4.86%), KANZAWA Co.,Ltd. (3.64%), Mutsuo Kanzawa (3.34%), Employee Shareholding Association of Kissei group (2.86%), Nobilin Co.,Ltd.(2.65%), THE NAGANO BANK,LTD. (2.44%), NOTRTHERN TRUST CO. (AVFC) SUB A/C USL NON-TREATY (2.31%)
Custody Bank of Japan, Ltd. (Trust account)	Sumitomo Mitsui Trust Holdings, Inc. (33.30%), Mizuho Financial Group, Inc. (27.00%), Resona Bank, Limited. (16.70%), The Dai-ichi Life Insurance Company, Limited (8.00%), Asahi Mutual Life Insurance Company (5.00%), Meiji Yasuda Life Insurance Company (4.50%), JAPAN POST INSURANCE Co.,Ltd. (3.50%), Fukoku Mutual Life Insurance Company (2.00%)
The Nomura Trust and Banking Co., Ltd. (Trust account: A)	Nomura Holdings, Inc. (100.00%)
Sumitomo Pharma Co., Ltd.	SUMITOMO CHEMICAL COMPANY, LIMITED (51.76%), The Master Trust Bank of Japan, Ltd. (Trust account) (10.02%), Custody Bank of Japan, Ltd. (Trust account) (3.41%), Inabata & Co.,Ltd. (3.01%), Nippon Life Insurance Company (1.91%), SMBC Trust Bank Ltd.(Sumitomo Mitsui Banking Corporation of employee pension trust) (1.76%), SUMITOMO LIFE INSURANCE COMPANY (1.45%), J.P.Morgan Securities Co.,Ltd. (0.85%), Employee Shareholding Association of Sumitomo Pharma (0.76%), Aioi Nissay Dowa Insurance Co., Ltd. (0.67%)
Mochida Pharmaceutical Co., Ltd.	Mochida Memorial Foundation for Promotion of Medicine and Pharmaceutical (15.25%), The Master Trust Bank of Japan, Ltd. (Trust account)(9.25%), MUFG Bank,Ltd. (4.79%), Princess Takamatsu Cancer Research Fund (4.51%), Mizuho Trust & Banking Co., Ltd. (Mizuho Banking Corporation of employee pension trust) (4.33%), Nissui Corporation (3.22%), Naoyuki Mochida (3.06%), Kenji Mochida (2.55%), Kazue Mochida (2.51%), Custody Bank of Japan, Ltd. (Trust account) (2.44%)
Nien Hsing Textile Co., Ltd.	Ron Yuan Enterprise Inc. (23.02%), Panda Investment Co., Ltd. (13.99%), Chu Chen Investment Co., Ltd. (4.48%), Trust account of employees restricted shares with voting right and dividend distribution right of Nien Hsing Textile Co., Ltd. in custody of Taipei Fubon Commercial Bank (4.09%)、Investment account of customer from Singapore Branch, Bank J. Safra Sarasin AG, under custody of Sales Department, Standard Chartered International Commercial Bank (3.11%), Kao-Huang Lin (2.71%), Yu-Lian Tseng-Li (2.14%), Lian cheng Investment and Development Co., Ltd. (1.37%), Bao-Hung Investment Co., Ltd. (1.32%), Tsi-Lang Hung (1.18%)
Global Investment Holdings Co., Ltd.	WBL Corporation Ltd. (Singapore) (20.53%), Wan Hai Lines Group (11.73%), Kuang Hwa Investment Holdings Co., Ltd. (9.38%)、Taiwan Styrene Monomer Corporation (5.75%), Walsin Lihwa Group (5.86%), Venture Tech Alliance (5.86%), Scotia Capital Inc. (5%)、F. C. Lai Lai Department Store Co., Ltd. (4.69%), Prince Motor Group (2.93%), Yuen Foong Yu Paper Manufacturing Co., Ltd. (2.93%), Shin Kong Life

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
	Insurance Group. (2.93%)
Central Investment Holding Co. Ltd.	Kuomintang (100%)
YFY Inc.	S. C. Ho (9.77%), Hsin-Yi Foundation (5.66%), Shin-Yi Enterprise Co., Ltd. (4.69%), Hsinex International Corp. (3.61%), Cheng-Ting Ho (2.80%), Supervisory Committee of Workers' Pension Reserve Funds, YFY Inc. (2.79%), Ru Yi Enterprise Co., Ltd. (2.68%), Mei-Yu Ho (2.65%), NEW TALENT LIMITED (2.16%), Felix Ho (2.15%)
Mega International Commercial Bank Co., Ltd	Mega Financial Holding Company Ltd. (100%)
YFY Paradigm Investment Co., Ltd.	YFY Inc. (100%)
TASCO Chemical Co., Ltd.	Tai-Ho Investment Co., Ltd. (58.20%), He-Cheng Invest Co., Ltd. (19.55%), Fong-He Development Co., Ltd. (9.84%), Da-Jan Development Invest Co., Ltd. (1.72%), He-Fong Invest Co., Ltd. (1.16%), Fong-He Invest Co., Ltd. (1.01%), Cheng-Ching Wu (0.99%), Shang-Ping Wu (0.99%), Pei-Jyuan Wu (0.95%), Pei-Rong Wu (0.97%)
Earle Ho and Sons, Ltd.	Chieh-Teng Hou (80.53%)
Tai Lung Capital Inc.	Chung Lung Investment Co., Ltd. (27.72%), Cheng-Wang Huang (27.55%), Wu-Chen Huang (6.89%), Chiao-Chang Huang (2.69%), Chiao-Hsin Huang (2.62%)
He-Xin Investment Co., Ltd.	The data cannot be obtained (Company undergoing liquidation and dissolution)
Tung Mung Development Co., Ltd.	TUNTEX INCORPORATION (10.1%), TUNTEX DISTINCT CORP. (7.25%), Lifung Holdings Limited (6.96%), HOTEL-TAINAN (6.78%), BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC (6.62%), Chin-Pi Kuo (6.51%), Hu-Ya-Hsiang Chen (5.99%), Shou-Ching Cheng (5.92%), Wen-Lung Cheng (5.02%), Yu-Che Chen (4.86%)

Note 1. If the major shareholders in Table 1 are institutional shareholders, please state the name of the institutional shareholders.

Note 2. Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institution.

Note 3. If an institutional shareholder is not a company, the name of the shareholder and the shareholding ratio to be disclosed as previously mentioned shall be the name of the contributor or donor (please refer to the announcement of the courts for inquiries) and the contribution or contribution ratio. Donors who have passed away are marked "deceased".

4. Directors

4.1 Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Name \ Qualification	Professional qualification and experience(Note 1)	Independence Analysis	Number of public companies that the Independent Director also holds the position as independent director
Chairman Center Laboratories, Inc. Representative: Pei-Jiun Chen	After graduating from the Department of Animal Science at National Taiwan University, Director Pei-Jiun Chen went to the United States and obtained a Ph.D. in Biology from the University of Michigan. She has previously served as a postdoctoral researcher at academic institutions such as Stanford University in the United States and the University of Lausanne in Switzerland. In both domestic and global biotech companies, she was responsible for the early development of biopharmaceuticals and the expansion of CRO business, successfully expanding business to Japan, South Korea, Singapore, Europe, India, and the Middle East. Since 2019, she has served as the General Manager of Mycenax Biotech Inc. In addition to licensing biosimilar products to internationally renowned pharmaceutical company, she has also led the team to transform into a CDMO company, achieving a 29.36% CAGR and more than three times the increase in production capacity. Since 2022, she has also served as the Chairman of the Board. Director Pei-Jiun Chen has extensive experience and expertise in biopharmaceutical development, strategic planning and management, business transformation, and market development.	1. No family relationship with the current director. 2. Concurrently serve as the general manager of the Company.	0
Director Center Laboratories, Inc. Representative: Chun-Hong Chen	Director Chun-Hong Chen graduated from the Department of Business Administration at Union University of United States. The experience of Director Chun-Hong Chen covers securities,	There is no family relationship with the current directors and members of the management team.	0

Qualification / Name	Professional qualification and experience(Note 1)	Independence Analysis	Number of public companies that the Independent Director also holds the position as independent director
	banking, biotechnology and conventional industries. He worked in Chia Her Industrial Co., Ltd., entered the securities industry as a deputy general manager in 1997 and was in charge of investment business. In 2003, he became the general manager of MicroBio Co., Ltd. Mr. Chen has been serving as the Chairman of Yuanfu Securities since 2007. He has successfully guided many well-known biotechnology companies to go public and is an important promoter for the domestic biotechnology industry to enter the capital market. Mr. Chen also concurrently serves as the Chairman of MasterLink Venture Capital Corporation, director of Shin Kong Commercial Bank Co., Ltd., and director of Taipei Exchange. Mr. Chen has profound experience and expertise in capital planning, securities investment, industry research, business operation and corporate governance.		
Director JCR Pharmaceuticals Co., Ltd. Representative: Yoh Ito	Director Yoh Ito graduated from the Department of Economics at the University of Tokyo and holds an MBA from Cornell University in the United States. He has worked in international finance at the Industrial Bank of Japan, where he advised companies on the verge of bankruptcy, and has also worked as a financial and strategic planning consultant at consulting firms. Since 2003, he has served as the finance director at KYORIN Pharmaceutical in Japan, where he has been responsible for planning and executing financial strategies. He is currently a senior executive director at JCR Pharmaceutical in Japan. Director Yoh Ito has extensive experience and expertise in financial strategic planning, execution, and advising in the biotechnology industry, as well as in accounting practices,	There is no family relationship with the current directors and members of the management team.	0

Qualification / Name	Professional qualification and experience(Note 1)	Independence Analysis	Number of public companies that the Independent Director also holds the position as independent director
	enterprise management, and corporate governance.		
Director Nien Hsing International Investment Co., Ltd. Representative: En-Tzn Liu	Director En-Tzn Liu graduated from the Master of Accounting at National Taiwan University and previously worked as a deputy manager at KPMG. Currently, she serves as the finance and accounting officer as well as the corporate governance officer at Nien Hsing International Investment Co., Ltd. Director En-Tzn Liu has extensive practical experience in accounting and financial planning.	There is no family relationship with the current directors and members of the management team.	0
Director Jason Technology Co., Ltd. Representative: Chia-Ling Lin	Director Chia-Ling Lin graduated from the Economics Department at McMaster University in Canada. With more than 10 years of experience in management roles in several biotech companies, Director Chia-Ling Lin is currently the post-investment management manager at BioEngine Technology Development Inc., a subsidiary of Center Laboratories Group. During her time at BioEngine Technology Development Inc., she has been involved in venture capital operations and successfully planned and implemented transformation plans for multiple companies, utilizing her expertise in investment research, analysis, and post-investment management to help these companies achieve specific success goals.	There is no family relationship with the current directors and members of the management team.	0

Qualification / Name	Professional qualification and experience(Note 1)	Independence Analysis	Number of public companies that the Independent Director also holds the position as independent director
Director China Investment and Development Co., Ltd. Representative: Hsiu-Yuan Lee	Director Hsiu-Yuan Lee graduated from the Economics Department at San Jose State University in the United States with a master's degree. Her previous experience includes working in the securities and investment industries, where she has assessed more than 200 investment cases in the semiconductor, optoelectronics, and information electronics industries. She has invested in more than 20 companies, with over 10 companies going public. Currently, she serves as the General Manager of China Investment and Development Co., Ltd. and sits on the board of directors for several biotechnology companies. Director Hsiu-Yuan Lee has many years of experience in securities and venture capital investment, which has allowed her to establish a wide range of investment projects and networks among technology industry insiders, research institutions, venture capital, underwriters, and investment advisers.	There is no family relationship with the current directors and members of the management team.	0
Independent Director Kuo-Pin Kao	Independent Director Kuo-Pin Kao assumes the role of convener of the Audit Committee for the company and possesses specialized knowledge in accounting and finance. Independent Director Kuo-Pin Kao graduated from the Department of Economics at National Chung Hsing University. He has previously served as the Chairman of MasterLink Futures, General Manager of MasterLink Securities, and Chairman of Global Securities. In addition, he has served as an independent director for Mycenax Biotech for many years. Director Kuo-Pin Kao is well-versed in securities investment, financial strategy planning, and corporate management, with	1. Including but not limited to whether the members, their spouses, or relatives within the second degree of kinship are the directors, supervisors or employees of the Company or its affiliated companies: None. 2. the number and	0

Name \ Qualification	Professional qualification and experience(Note 1)	Independence Analysis	Number of public companies that the Independent Director also holds the position as independent director
	extensive experience and expertise in these areas. He also has a deep understanding of the management and operations of the biotechnology industry.	percentage of the shares of the Company held by the members, their spouses, relatives within the second degree of kinship (or held in the name of another person): None. 3. whether they are the directors, supervisors or employees of a company which has a specific relationship with the Company (please refer to the provisions in the subparagraphs 5 to 8 of paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): None 4. the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: None	
Independent Director Yu-Sheng Tsai	Independent Director Yu-Sheng Tsai graduated from the Department of Law at National Chung Hsing University (now National Taipei University), Master of Law at Fu Jen Catholic University, and the EMBA Program at National Chengchi University. He is a practicing lawyer who passed the bar exam. Director Yu-Sheng Tsai has previously served as legal counsel for various industries, including finance, telecommunications, and manufacturing. He has also served as a legal consultant for many years for the Bureau of Energy, Ministry of Economic Affairs and the Institute for Information Industry. Currently, he is the founder and director of a professional consulting firm at Genda Law Firm, an arbitrator for the Chinese Arbitration Association, Taipei, and an honored lawyer for Small and Medium Enterprises Administration, Ministry of Economic Affairs. Director Yu-Sheng Tsai has extensive knowledge and expertise in law, as well as a thorough familiarity with the operations and management of various industries.		1
Independent Director Allen Y Chao	Independent Director Allen Y Chao graduated from the Department of Pharmacy at Taipei Medical University and then earned his Ph.D. in Pharmaceutical Engineering from Purdue University in the United States. After working in the US for several years, he founded Watson Pharmaceuticals, which eventually became the third-largest generic drug		0

Name \ Qualification	Professional qualification and experience(Note 1)	Independence Analysis	Number of public companies that the Independent Director also holds the position as independent director
	company in the US, with a market value exceeding $100 billion. After retiring from Watson in 2008, he founded Tanvax BioPharma Inc. in both Taiwan and the US in response to the US healthcare reform that opened up the production of biosimilar drugs. Currently, he serves as the chairman of Newport Healthcare Advisors, as well as a board member for several other biotech companies. Director Allen Y Chao with over 40 years of experience in R&D, market development, strategic planning, management, and investment in the biotech industry both domestically and internationally.		

Note 1. None of the directors falls under the circumstances stipulated in Article 30 of the Company Law.

4.2 Diversity and independence of the Board of Directors:

The Company advocates and respects a policy of board diversity, in order to strengthen corporate governance and promote the sound development of the board composition and structure. We believe that a diverse policy will help to enhance overall company performance. The selection of board members is based on the principle of recruiting talent and competency, possessing diverse complementary capabilities across industries, including basic components such as age, gender, nationality, etc., as well as industry experience and related skills in biotech, finance, securities, investment, law, etc., and abilities in business judgment, management, leadership, decision-making, and crisis management. In order to strengthen the board function to achieve ideal corporate governance, Article 20 of the Company's "Corporate Governance Best Practice Principles ", specifies the following capabilities that the board as a whole should possess:

Diversified items / Name	Gender	Nationality	Age	Term of service for Independent Directors	Business Judgment	Accounting and Financial analysis	Operational management	Crisis Management	Industry knowledge	International Market View	Leadership and Decision-Making
Center Laboratories, Inc. Representative: Pei-Jiun Chen	Female	ROC	51-60	—	✓	—	✓	✓	✓	✓	✓
Center Laboratories, Inc. Representative: Chun-Hong Chen	Male	ROC	61-70	—	✓	✓	✓	✓	✓	✓	✓
JCR Pharmaceuticals Co., Ltd. Representative: Yoh Ito	Male	Japan	61-70	—	✓	✓	✓	✓	✓	✓	✓
Nien Hsing International Investment Co., Ltd. Representative: En-Tzn Liu	Female	ROC	31-40	—	✓	✓	✓	✓	✓	✓	✓
Jason Technology Co., Ltd. Representative: Chia-Ling Lin	Female	ROC	31-40	—	✓	✓	✓	✓	✓	✓	✓
China Investment and Development Co., Ltd. Representative: Hsiu-Yuan Lee	Female	ROC	51-60	—	✓	✓	✓	✓	✓	✓	✓
Kuo-Pin Kao	Male	ROC	61-70	More than three*	✓	✓	✓	✓	✓	✓	✓
Yu-Sheng Tsai	Male	ROC	41-50	Less than three	✓	—	✓	✓	✓	✓	✓
Allen Y Chao	Male	USA	71-80	Less than three	✓	—	✓	✓	✓	✓	✓

* Although Mr. Kuo-Pin Kao, an independent director, has served for three consecutive terms, the Company still values his professional insights and guidance on future development. The Board of Directors believes that Mr. Kao continues to maintain the necessary independence and has not established any relationship

with the management (or others) that may undermine his impartial judgment based on the best interests of the Company or his ability to perform duties without bias.

4.2.1 The 10th Board of Directors of the Company consists of 9 members, including 3 independent directors, who possess a range of capabilities including Business Judgment, Operational management, Crisis Management, Industry knowledge, International Market View, Leadership and Decision-making, as well as Industry experience and professional skills. Chairman Pei-Jiun Chen and Independent Director Allen Y Chao are experienced in the biotechnology industry; Director Chun-Hong Chen, Hsiu-Yuan Lee, Chia-Ling Lin, and Independent Director Kuo-Pin Kao are proficient in securities investment; Independent Director Yu-Sheng Tsai has extensive experience in legal affairs; while Director Yoh Ito, En-Tzn Liu and Independent Director Kuo-Pin Kao possess financial expertise and experience.

4.2.2 Two directors are foreigners, one is Japanese, one is American, and the remaining seven directors are Taiwanese. Three independent directors accounting for 33% of the total board of directors. Except for Chairman and General Manager Pei-Jun Chen, all other directors do not hold employee positions. In terms of age distribution, three directors are under 50 years old, two directors are between 51 and 60 years old, and four directors are over 61 years old. In addition to independent director Kuo-Pin Kao 's consecutive term, other directors are limited to serving no more than three terms. The Company also values gender equality in the composition of the board. The current board includes four female members, accounting for 44% of the total directors, and we will continue to strive to maintain or increase the ratio of female directors in the future.

4.2.3 The diversity, complementarity, and implementation status of the board of directors are already included in the standards in Article 20 of the Company's "Corporate Governance Best Practice Principles". In the future, we will continue to amend our diversity policies in a timely manner based on the operation of board, the business model, and development needs. These amendments include but are not limited to standards related to the two major dimensions of basic conditions and values, professional knowledge and skills, and other relevant areas. We aim to ensure that board members possess the necessary knowledge, skills, and qualities to perform their duties effectively.

4.2.4 There is no spouse or first-degree relative relationship between the directors of the Company, which is in compliance with the provisions of Articles 26-3(3) and 26-3(4) of the Securities and Exchange Act.

(II) President, Vice President(s), Assistant Vice President(s), and the Manager of Each Department and Branch Institution

April 22, 2023; Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Date elected. /Appointed	Shareholding under own name		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other Position	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman and CEO	Republic of China	Pei-Jiun Chen	Female	03/01/2019	870,000	0.42	0	0	0	0	Ph.D. in Biology, University of Michigan, USA Post-doctoral research fellow, Stanford University, USA Sr. Researcher, AltruBio (Taiwan) Post-doctoral research fellow, University of Lausanne, Switzerland Chairman and President of TPG Biologics, Inc.	Chairman, Mycenax Biotech Inc. Legal Representative Director, Ever Supreme Bio-Technology Co., Ltd. Supervisor, Krisan Biotech Co., Ltd.	None	None	None	Note 2
Vice President	Republic of China	Chih-Yung Lin	Male	11/02/2020	75,000	0.04	0	0	0	0	Master, Department of Agricultural Chemistry, National Taiwan University Quality Manager and Manufacturing Manager, Yungshin Pharm Ind. Co. Ltd. Manufacturing Associate Vice President, Bora Pharmaceutical Laboratories Inc. Asia Pacific Technical Services Associate Vice President, Lotus Pharmaceutical Co. Ltd.	Legal Representative Director, Krisan Biotech Co., Ltd.	None	None	None	None
Associate Vice President	Republic of China	Wei-I Chou	Male	05/13/2019	0	0	0	0	0	0	Ph.D., Department of Life Sciences, National Tsing Hua University Senior Manager of R&D Department, Reber Genetics Co., Ltd. Senior Manager of R&D Department, Thevax Genetics Vaccine Co., Ltd.	None	None	None	None	None
Associate Vice President	Republic of China	Chin-Hao Liang	Male	08/17/2020	5,000	0	0	0	0	0	Master, Department of Information Management, Chung Yuan Christian University Assistant Manager of Factory Affairs, Trueway Corporation. Senior System Management Consultant, Ares International Corporation Senior Engineer, HiTi Digital Inc. Senior Associate Vice President, Kadokawa Taiwan Corporation	None	None	None	None	None
Financial and Accounting Officer	Republic of China	Yu-Ching Chang	Female	10/03/2022	0	0	0	0	0	0	Master, MBA, Chang Gung University. Financial Director, MAYO Human Capital Inc.	None	None	None	None	None
Corporate Governance Officer	Republic of China	Teh-Chu Sun	Female	11/08/2022	4,461	0	0	0	0	0	Bachelor, Department of Psychology, National Chengchi University Human Resources Junior Manager, Hi-Life International Co., Ltd. Aids and Advisors of Board of Directors, Aurora Group Senior Specialist of Human Resources Department, Far Eastone Telecommunications Co., Ltd. Assistant Manager of Organizational Development and Human Resources, TTY Biopharm Company Limited Associate Vice President of General Management Division and Corporate Governance Officer, TSH Biopharm Co., Ltd.	None	None	None	None	None

Note 1. Those who currently serve in their respective positions on the publication date of the Annual Report.

Note 2.

Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures:

The Company's chairperson and president aims to improve operational efficiency and the execution of decisions. To strengthen the Board's independence, the Company is actively training suitable candidates. Furthermore, the chairperson fully communicates the Company's recent condition, plans, and policies with directors to implement corporate governance. In the future, the Company also plans to enhance the Board's capabilities and supervisory function by increasing the number of independent director seats. The Company currently has the following measures:

(1) The three independent directors have expertise in finance, accounting, law, and Biotechnology industry, thus ensure efficient supervision.

(2) More than half of the directors of the board of directors do not concurrently serve as employees or managers.

(III) Compensation to Directors, President, and Vice President

1.1 Compensation to Directors

Unit: NT$ thousands

Title	Name	Director's Remuneration								(A+B+C+D) as a % of Net Income (Note 8)		Compensation Earned by a Director Who is an Employee of the Company or Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income(%) (Note 8)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company (Note 9)
		Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Director (C) (Note 3) (Proposed number)		Allowances (D) (Note 4)				Salaries, bonus, and special allowance(E) (Note 5)		Severance Pay and Pensions (F)		Employees' Profit-Sharing Bonus (G) (Note 6)						
																The Company		From All Consolidated Entities (Note 7)				
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company (%)	From All Consolidated Entities (%) (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	Cash	Shares	Cash	Shares	The Company (%)	From All Consolidated Entities (%) (Note 7)	
Chairman	Center Laboratories, Inc.	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	None
	Center Laboratories, Inc./ Representative: Jung-Chin Lin (Note 10.1)	200	200	0	0	0	0	55	55	255 (0.056%)	255 (0.056%)	0	0	0	0	0	0	0	0	255 (0.056%)	255 (0.056%)	None
	Center Laboratories, Inc./ Representative: Pei-Jiun Chen (Note 10.1)	0	0	0	0	0	0	20	20	20 (0.004%)	20 (0.004%)	1,650	1,650	13	13	0	0	0	0	1,683 (0.371%)	1,683 (0.371%)	None
Director	Center Laboratories, Inc./ Representative: Chun-Hong Chen	0	0	0	0	0	0	70	70	70 (0.015%)	70 (0.015%)	0	0	0	0	0	0	0	0	70 (0.015%)	70 (0.015%)	None
Director	JCR Pharmaceuticals Co., Ltd (Note 10.2)	0	0	0	0	0	0	5	5	5 (0.001%)	5 (0.001%)	0	0	0	0	0	0	0	0	5 (0.001%)	5 (0.001%)	None
	JCR Pharmaceuticals Co., Ltd/ Representative: Yoh Ito (Note 10.2)	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	None
Director	Nien Hsing International Investment Co., Ltd.	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	None
	Nien Hsing International Investment Co., Ltd./ Representative: En-Tzn Liu	0	0	0	0	0	0	75	75	75 (0.016%)	75 (0.016%)	0	0	0	0	0	0	0	0	75 (0.016%)	75 (0.016%)	None
Director	Jason Technology Co., Ltd.	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	None
	Jason Technology Co., Ltd. / Representative: Chia-Ling Lin	0	0	0	0	0	0	75	75	75 (0.016%)	75 (0.016%)	0	0	0	0	0	0	0	0	75 (0.016%)	75 (0.016%)	None
Director	China Investment and Development Co., Ltd.	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	None

Title	Name	Director's Remuneration								(A+B+C+D) as a % of Net Income (Note 8)		Compensation Earned by a Director Who is an Employee of the Company or Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income(%) (Note 8)		Compensation Paidto Directors from Non-consolidated Affiliates or Parent Company (Note 9)
		Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Director (C) (Note 3) (Proposed number)		Allowances (D) (Note 4)				Salaries, bonus, and special allowance(E) (Note 5)		Severance Pay and Pensions (F)		Employees' Profit-Sharing Bonus (G) (Note 6)						
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company (%)	From All Consolidated Entities (%) (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company		From All Consolidated Entities (Note 7)		The Company (%)	From All Consolidated Entities (%) (Note 7)	
																Cash	Shares	Cash	Shares			
Director	China Investment and Development Co., Ltd. / Representative: Hsiu-Yuan Lee	0	0	0	0	0	0	75	75	75 (0.016%)	75 (0.016%)	0	0	0	0	0	0	0	0	75 (0.016%)	75 (0.016%)	None
Director	Royal Foods Co., Ltd. (Note 10.3)	0	0	0	0	0	0	45	45	45 (0.010%)	45 (0.010%)	0	0	0	0	0	0	0	0	45 (0.010%)	45 (0.010%)	None
	Royal Foods Co., Ltd. / Representative: Su-Chi Wang (Note 10.3)	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	None
Director	Yong Lien Corp. (Note 10.4)	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	None
	Yong Lien Corp. Representative: Wann-Lai Cheng (Note 10.4)	0	0	0	0	0	0	15	15	15 (0.003%)	15 (0.003%)	0	0	0	0	0	0	0	0	15 (0.003%)	15 (0.003%)	None
Independent Director	Kuo-Pin Kao	240	240	0	0	0	0	165	165	405 (0.089%)	405 (0.089%)	0	0	0	0	0	0	0	0	405 (0.089%)	405 (0.089%)	None
Independent Director	Yu-Sheng Tsai	240	240	0	0	0	0	150	150	390 (0.085%)	390 (0.085%)	0	0	0	0	0	0	0	0	390 (0.085%)	390 (0.085%)	None
Independent Director	Allen Y Chao (Note 10.5)	141	141	0	0	0	0	105	105	246 (0.054%)	246 (0.054%)	0	0	0	0	0	0	0	0	246 (0.054%)	246 (0.054%)	None
Independent Director	M. Sherry Ku (Note 10.4)	100	100	0	0	0	0	55	55	155 (0.034%)	155 (0.034%)	0	0	0	0	0	0	0	0	155 (0.034%)	155 (0.034%)	None

1. Please state the policy, system, standards and structure of independent directors 'remuneration payment, and describe the relevance to the amount of remuneration, responsibilities, risks, time invested and other factors:
   The remuneration for independent directors of the Company is comprehensively considered based on industry characteristics, peer remuneration practices, contributions of independent directors to operations, and the degree of risk they assume. After evaluation and discussion by the Compensation Committee, it is submitted to the board of directors for resolution. Currently, the independent directors receive a fixed remuneration every month and allowances for attending board meetings, but do not participate in the allocation of directors' remuneration.
2. Other than the disclosures in the table above, the remuneration received by the Company's directors for their services provided (such as serving as non-employee consultants of the parent company/all of the companies listed in the financial reports/reinvested enterprises, etc.) in the most recent year: None.

Note 1. The name of the directors shall be enlisted separately (of institutional shareholders, the institutional shareholder's name and the representative shall be enlisted separately),with amount of various payouts to be disclosed in a consolidated manner. If the directors also serve as the president or vice presidents, the table and the below table 2.1 shall be entered.

Note 2. Which refers to the most recent year's directors' remunerations (including the directors' remunerations, position stipends, resignation payout, various bonuses, incentive payouts and the like).

Note 3. The latest amount of director's remuneration as passed by the Board of Directors

Note 4. Which pertains to the most recent year's directors' pertinent business execution expenditures (including the travel expenses, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods allocation and so forth). When allocating with housing, car, other transportation means or exclusive personalexpenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also, when allocating with a driver, pleaseinclude in the footnote explaining pertinent remuneration the company pays said driver but excluding from the remunerations.

Note 5. Which refers to the most recent year in which the directors doubling as employees (including doubling as the president, vice president, other managers and employees) have collected of the wages, position stipends, resignation payouts, various bonuses, incentive payouts, travel expenses, especially dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods allocation and the like). When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also, when allocating with a driver, pleaseinclude in the footnote explaining pertinent remuneration the company pays said driver but excluding from the remunerations. According to IFRS 2's recognition of remuneration in "Share-Based Payments," the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation

in cash capital increase.

Note 6. Which refers to when directors who serve as employee (including the position of president, vice president, other manager and employee) receive employees' remuneration(including stock and cash), the percentage of employees' remuneration shall be distributed based the board of directors' approval of the year. Those who unable to estimate the amount shall have this year's amount calculated based on last year's amount and to fill up the attached form 2.3.

Note 7. The total sum of various remunerations dispensed to company directors by all companies (including the company) stated in the consolidated financial statements. Note 8. The total sum of various remunerations the company dispenses to each director, and disclosing the name of the directors that fall within the scale of pay propensity.

Note 8. Net profit after tax refers to the net after-tax profit of the parent company or the respective financial statement for the latest year.

Note 9. a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries or parent company should be clearlyindicated (Please input "none" if not applicable).

b. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries or parent company, such remuneration should beincorporated into column I of the Remuneration Tiers Table, and the name of the field should be changed to "Parent company and all re-invested businesses."

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company'sDirector for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries or parent company.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Act. Therefore, this statement is for the purpose of disclosure but not fortaxation.

Note 10.1 Center Laboratories, Inc. has reassigned its representative to Pei-Jiun Chen, who will take over the position from Jung-Chin Lin and has been elected as the Chairman of the Board by the board of directors on October 6, 2022. Chairman Pei-Jiun Chen's compensation for the fiscal year 2022 includes business execution expenses during her tenure as Chairman from October 6, 2022, to December 31, 2022, as well as relevant salaries during her concurrent role as General Manager from October 6, 2022, to December 31, 2022.

Note 10.2 JCR Pharmaceuticals Co., Ltd. was elected as a director in the shareholder meeting on December 27, 2022.

Note 10.3 Royal Foods Co., Ltd. was elected as a director in the shareholder meeting on May 30, 2022, and resigned from the position on Octobe.26, 2022.

Note 10.4 The term of office expired on May 30, 2022.

Note 10.5 Allen Y Chao was elected as an independent director in the shareholder meeting on May 30, 2022.

2.1 Compensation to President and Vice Presidents

Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)(Note 3)		Employees' Profit-Sharing Bonus (D) (Note 4) (Proposed number)				(A+B+C+D) as a % of Net Income (Note 8)		Compensation Received from Non-consolidated Affiliates or Parent Company (Note 9)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities (Note 5)	
								Cash	Shares	Cash	Shares			
Chairman and CEO	Pei-Jiun Chen	3,632	3,632	94	94	3,863	3,863	0	0	0	0	7,589 (1.67%)	7,589 (1.67%)	None
Vice President	Chih-Yung Lin	2,766	2,766	108	108	1,617	1,617	0	0	0	0	4,491 (0.99%)	4,491 (0.99%)	

Note 1. The name of the president and vice presidents shall be itemized separately, and their respective payout amounts disclosed in a consolidated manner. The directors doublingas the president or vice presidents shall fill out the table and the preceding table.

Note 2. Which pertains to entering the most recent year's president and vice presidents' wages, position stipends, resignation payouts.

Note 3. Which pertains to entering the most recent year's president and vice presidents' various bonuses, incentive payouts, travel stipends, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible supply of goods and other remuneration amounts. When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also, when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver but excluding from the remunerations. According to IFRS 2's recognition of remuneration in "Share-Based Payments," the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 4. Which refers to when president and vice president who serve as employee receive employees' remuneration (including stock and cash), the percentage of employees' remuneration distributed based on the remuneration amount approved by the board of directors this year. Those who unable to estimate the amount shall have this year's amount calculated based on last year's amount and to fill up the attached form 2.3.

Note 5. It is mandated to disclose the total sum of various remunerations dispensed to company president and vice presidents by all companies (including the company) stated inthe consolidated financial statements.

Note 6. The total sum of various remunerations the company dispenses to each president and vice president, and disclosing the name of the president and vice presidents that fallwithin the scale of pay propensity.

Note 7. It is mandated to disclose the total sum of various remunerations dispensed to each company president and vice president by all companies (including the company) statedin the financial statements, and disclosing the name of the president and vice presidents that fall within the scale of pay propensity.

Note 8. Net profit after tax refers to the net after-tax profit of the parent company or the respective financial statement for the latest year.

Note 9. a. The column shall precisely enter the pertinent remuneration amount company president and vice presidents collect from reinvested entities beyond the subsidiaries(If there is none, please fill in "none").

b. If company president and vice presidents collect pertinent remunerations from reinvested entities beyond the subsidiaries, the remunerations company president and vice presidents collect from reinvested entities beyond the subsidiaries shall be merged into the remuneration scale table column E, and also change the column nameto "all reinvested entities."

c. The remuneration refers to pay, remuneration (including remuneration for employee, director and supervisor) and expenses of executing business received by the Company's presidents and vice presidents who employ as director, supervisor or manager in reinvested companies other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Act. Therefore, this statement is for the purpose of disclosure but not for taxation.

Table of compensation ranges

Range of Compensation	Name of the President and Vice Presidents	
	The Company	From All Consolidated Entities (Note 5)
Less than NT$ 1,000,000		
NT$ 1,000,000 (inclusive) -NT$ 2,000,000		
NT$ 2,000,000 (inclusive) -NT$ 3,500,000		
NT$ 3,500,000 (inclusive) -NT$ 5,000,000	Chih-Yung Lin	Chih-Yung Lin
NT$ 5,000,000 (inclusive) -NT$ 10,000,000	Pei-Jiun Chen	Pei-Jiun Chen
NT$ 10,000,000 (inclusive) -NT$ 15,000,000		
NT$ 15,000,000 (inclusive) -NT$ 30,000,000		
NT$ 30,000,000 (inclusive) -NT$ 50,000,000		
NT$ 50,000,000 (inclusive) -NT$ 100,000,000		
More than NT$ 100,000,000		
Total	2	2

2.2 Compensation for the Five Highest Remunerated Management Personnel

Unit: NT$ thousands

Job title	Name	Salary (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)(Note 3)		Employees' Profit-Sharing Bonus (D) (Note 4)				(A+B+C+D) as a % of Net Income (Note 6)		Compensation Received from Non-consolidated Affiliates or Parent Company (Note 7)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities (Note 5)	
								Cash	Shares	Cash	Shares			
Chairman and CEO	Pei-Jiun Chen	3,632	3,632	94	94	3,863	3,863	0	0	0	0	7,589 (1.67%)	7,589 (1.67%)	None
Vice President	Chih-Yung Lin	2,766	2,766	108	108	1,617	1,617	0	0	0	0	4,491 (0.99%)	4,491 (0.99%)	
Associate Vice President	Wei-I Chou	2,048	2,048	108	108	1,294	1,294	0	0	0	0	3,450 (0.76%)	3,450 (0.76%)	
Associate Vice President	Chin-Hao Liang	1,855	1,855	106	106	766	766	0	0	0	0	2,728 (0.6%)	2,728 (0.6%)	
Financial and Accounting Officer	Yi-Ping Chen (Note 8)	967	967	50	50	448	448	0	0	0	0	1,464 (0.32%)	1,464 (0.32%)	

Note 1. "Management personnel" in the "Five Highest Remunerated Management Personnel" means managerial officers of the Company. "Managerial officers" means those falling within the applicable scope defined on 27 March 2003 Order No. Tai-Cai-Zheng-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance. The "five highest remunerated" is calculated as those ranked in the top five in remuneration based on the sum of the amounts of salary, retirement pay and pension, rewards and special disbursements, and employee profit-sharing compensation (i.e., the sum of items A+B+C+D) received by each of the Company's managerial officers from all companies in the consolidated financial reports. If any concurrently serving director(s) is among those tops, fill out this table and Table 1.1 above.

Note 2. This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in the most recent fiscal year.

Note 3. This refers to the amount of all rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, and other remuneration of the five highest remunerated management personnel in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a right offering, etc.—should be included in the calculation of remuneration.

Note 4. This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 2.3 should also be completed.

Note 5. Disclose the total amount of remuneration in each category paid to the five highest remunerated management personnel by all companies in the consolidated financial report (including the Company).

Note 6. Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 7. a. In this column, specifically disclose the amount of remuneration received by the five highest remunerated management personnel of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. Remuneration means remuneration received by the five highest remunerated management personnel of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

Note 8. Resignation on August 15, 2022

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

2.3 Name of the managers received the employee remuneration and the deployment of remuneration in 2022: N/A

(IV) Analysis of the ratio of total remuneration paid by The Company and by all companies included in consolidated financial report to Directors, Supervisors, President, and Vice Presidents / Net income (%) for the most recent two years, and explanation of remuneration policy, standard, and combination, the procedure of remuneration determination, and the relation between business performance and future risk:

1. Analysis of the ratio of the total remuneration paid to the directors and general managers of the Company to the net profit after tax in the past two fiscal years.

Unit: %

Title	The ratio of the total remuneration paid to the directors and general managers of the Company to the net profit after tax			
	2021		2022	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
Director	(1.47)	(1.47)	(0.399)	(0.399)
President and Vice President	(6.37)	(6.37)	(2.66)	(2.66)

2. The policy, standards and packages, and the procedures for determining the remuneration, along with their correlation with operating performance and future risk exposure.

2.1 Director

The payment policy is stipulated in the Company's articles of association and implemented after being proposed by the Company's salary and compensation committee and approved by the board of directors and shareholders' meeting.

Article 22 of Articles of Incorporation of the Company:
Regardless of company profit or loss, the remuneration payable to directors will be decided at the Board meeting according to their contributions to the Company and with reference to the industry payout standard. If the Company have surplus earnings, it shall pay dividends on according with Article 25.

Article 25 of Articles of Incorporation of the Company:
Annual earnings concluded by the Company are the first subject to pay the tax and reimbursement of previous losses, followed by a 10% provision for legal reserve unless legal reserves have accumulated to the same amount as the Company’s paid-up capital, and condition or reversal of special reserve as the laws may require. Any earnings remaining may be prioritized for the current year’s preferred share dividends and then added to opening undistributed earnings for distribution at the board of directors’ proposal. Distributions that involve the issuance of new shares are subject to resolution at a shareholder meeting.

Since the Company is in a highly developing industry, the dividend distribution policy is based on the Company's current year's earnings and previous years' accumulated earnings, considering the Company's profitability, capital structure, and future operating needs to determine the Company's planned dividend distribution. The distribution of stock dividends is limited to no more than 50% of the total dividends, and the remaining cash dividends are distributed. The board of directors will consider operating and capital expenditure requirements, propose a distribution plan and submit it to the shareholders' meeting for decision.

Article 25-1 of Articles of Incorporation of the Company:

The Company shall allocate 10% to 12% as employee compensation, which shall be distributed in stock or cash according to the Company earnings of the current year by the board of directors' resolution. The distribution objects include employees of subsidiary companies who meet certain conditions. The board of directors can withdraw no more than 2% of the profit amount to distribute the director's remuneration. Employee and directors' remuneration distribution shall be reported to the shareholders' meeting.

However, profits must first be taken to offset cumulative losses, if any. Then the Company shall allocate employee compensation and directors' remuneration in proportion to the preceding paragraph.

2.1.1 The directors of the Company are paid allowances for participating in the board of directors and functional committees each time.

2.1.2 The Independent directors of the Company are responsible for corporate governance and receive fixed monthly remuneration based on their participation in the Company's business activities and contribution value.

2.1.3 The Company still has accumulated losses in 2022 and shall not distribute to directors' remuneration.

2.2 Presidents and Vice President

The remuneration of the Company's executives is determined in accordance with the "Executive Compensation Regulations," which include various components such as base salary, allowances, and bonuses. The related bonuses are based on performance indicators set forth in the "Performance and Competency Evaluation Operation Regulations." The Human Resources department prepares a proposal for the distribution of performance bonuses, which is then submitted for approval by the Chairman and further reviewed by the Compensation Committee. Upon approval by the Board of Directors, the bonuses are implemented. The Company continuously reviews its remuneration system in accordance with the actual business conditions and relevant laws and regulations.

The composition of the remuneration package provided by the Company, as specified in the organization regulations of the Compensation Committee, includes cash rewards, stock options, restricted stock units, retirement benefits or separation payments, various allowances, and other substantial incentive measures. The scope of remuneration aligns with the guidelines for disclosure of director and executive remuneration in the annual report of publicly listed companies.

2.3 The process of establishing remuneration.

2.3.1 The remuneration for directors and executives is regularly evaluated based on the "Board and Functional Committee Performance Evaluation Guidelines" and the "Performance and Competency Assessment Guidelines" applicable to managers and employees. The remuneration of the Chairman and executives is also determined through a joint assessment of the Taiwan human resources market, similar industry categories, and the Company's compensation and welfare policies. When hiring, promoting, or adjusting salaries, factors such as the manager's job title, qualifications, professional capabilities, and job responsibilities are considered for salary determination. The salary is then reviewed and approved at each level, with final approval from the Chairman, before being submitted to the Compensation Committee for review and

implementation upon approval by the Board of Directors.

2.3.2 The performance evaluation and reasonableness of remuneration for directors and executives are assessed and reviewed annually by the Compensation Committee and the Board of Directors. In addition to considering individual performance achievements and contributions to the Company, the evaluation also takes into account the overall operational performance of the Company, future industry risks and trends, and regular reviews of the remuneration system based on actual business conditions and relevant regulations. Furthermore, considering the current trends in corporate governance, a reasonable compensation package is provided to achieve a balance between sustainable business operations and risk management.

2.4 The correlation between business performance and future risks.

2.4.1 The review of our company's remuneration policy, related payment standards, and systems is primarily based on the overall operational performance of the Company. Payment standards are determined based on achievement of performance goals and contribution levels, aiming to enhance the overall organizational effectiveness of the board of directors and executives. We also consider industry compensation benchmarks to ensure that the compensation for our management team remains competitive within the industry, thereby retaining outstanding managerial talent.

2.4.2 The performance objectives for our executives are aligned with "risk management" to ensure that risks within their responsibilities are effectively managed and mitigated. The actual performance results are used to determine performance ratings, which are then linked to relevant human resources and compensation policies. The important decisions made by our management team are balanced considering various risk factors. The performance of these decisions is reflected in the Company's profitability, thereby correlating the remuneration of the management team with the effectiveness of risk management.

III. Implementation of corporate governance

(I) Board of Directors Meeting Status

The board of directors convened 15(A) meetings in 2022 with the following attendance:

Title	Name (Note 1)	Attendance inPerson (B)	By Proxy	Attendance Ratein Person (%) [B/A]	Remarks
Chairman	Center Laboratories, Inc. Representative: Jung-Chin Lin	11	0	100%	Re-election, reassigning a representative on October 6, 2022.
	Center Laboratories, Inc. Representative: Pei-Jiun Chen	4	0	100%	
Director	Center Laboratories, Inc. Representative: Chun-Hong Chen	14	1	93%	Re-election
Director	JCR Pharmaceuticals Co., Ltd.	1	0	100%	Newly elected
Director	Nien Hsing International Investment Co., Ltd.	15	0	100%	Re-election
Director	Jason Technology Co., Ltd.	15	0	100%	Re-election
Director	China Investment and Development Co., Ltd.	15	0	100%	Re-election
Director	Royal Foods Co., Ltd.	9	0	100%	Newly elected
Director	Yong Lien Corp.	3	2	60%	Former
Independent Director	Kuo-Pin Kao	15	0	100%	Re-election
Independent Director	Yu-Sheng Tsai	14	1	93%	Re-election
Independent Director	Allen Y Chao	9	0	90%	Newly elected
Independent Director	M. Sherry Ku	5	0	100%	Former

Note1. JCR Pharmaceuticals Co., Ltd appointed Yoh Ito to present, Nien Hsing International Investment Co., Ltd. appointed En-Tzn Liu to present, China Investment and Development Co., Ltd. appointed Hsiu-Yuan Lee to present, Jason Technology Co., Ltd. appointed Chia-Ling Lin to present, and Royal Foods Co., Ltd. Appointed Su-Chi Wang to present.

Note2. (1) The Company re-elected directors at the general meeting of shareholders on May 30, 2022.

(2) Royal Foods Co., Ltd. was elected as a director in the shareholder meeting on May 30, 2022, and resigned from the position on October 26, 2022.

(3) JCR Pharmaceuticals Co., Ltd. was elected as a director in the shareholder meeting on December 27, 2022.

Other matters to be recorded:

1. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the opinions of all independent directors and the Company's handling of the opinions of the Independent Directors:

   1.1 Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit

Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Audit Committee Meeting Status (P.39).

1.2 In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.

2. Where a director shall abstain from motions that pose a conflict of interests, please specify the director's name, the content of the motion, cause of the conflict of interests, and the circumstance of the vote.

Date of Board Meeting	Name of Director	Resolutions	Reason for Recusal	Participation in Voting
03/10/2022	Center Laboratories, Inc. Representative: Jung-Chin Lin and Chun-Hong Chen. Nien Hsing International Investment Co., Ltd. Representative: En-Tzn Liu Yong Lien Corp. Representative: Wann-Lai Cheng China Investment and Development Co., Ltd. Representative: Hsiu-Yuan Lee Jason Technology Co., Ltd. Representative: Chia-Ling Lin	Issuing new shares by cash capital increase through private placement.	Intended subscribers to participate in the private placement.	Did not participate in discussion or voting.
04/19/2022	Center Laboratories, Inc., Representative: Jung-Chin Lin and Chun-Hong Chen. Nien Hsing International Investment Co., Ltd., Representative: En-Tzn Liu Yong Lien Corp. Representative: Wann-Lai Cheng China Investment and Development Co., Ltd., Representative: Hsiu-Yuan Lee Jason Technology Co., Ltd., Representative: Chia-Ling Lin	Opinion letter on the necessity and reasonableness of conducting private placement provided by the underwriter commissioned by the Company	Intended subscribers to participate in the private placement.	
05/30/2022	Kuo-Pin Kao Yu-Sheng Tsai Allen Y Chao	Concurrently serve as a member of the 5th Compensation Committee appointed by the Board of Directors.	Concurrently serve as a member of the compensation committee.	

Date of Board Meeting	Name of Director	Resolutions	Reason for Recusal	Participation in Voting
07/27/2022	Center Laboratories, Inc. Representative: Jung-Chin Lin and Chun-Hong Chen.	Matters associated with the pricing date of the privately placed common shares, the privately placed price and capital increase base date	Center Laboratories, Inc. is a subscriber to the private placement.	
11/08/2022	Center Laboratories, Inc. Representative: Pei-Jiun Chen	1. Lifting the prohibition of competition for the Company's directors. 2. Remuneration of the Company's newly appointed chairman	Related to the director herself, due to conflict of interest.	
12/27/2022	Kuo-Pin Kao	Appoint a representative from the board of directors to oversee the company's audit unit.	He is the designated appointee as mentioned in the resolution.	
	Center Laboratories, Inc. Representative: Pei-Jiun Chen	The adjustment to the Company's officers for 2023	Concurrently hold the position of president at the Company.	

3. Information on the cycle and period, scope, method, and content of the Board of Directors' self- evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation Content
Once a year	From 01/01/2022 to 12/31/2022	1. The Board of Directors 2. Individual directors 3. Functional committees	Board of Directors, functional committees (including Audit Committee and Compensation Committee) and self-evaluation of directors.	1. The criteria for evaluating the performance of the board of directors, which cover the following five aspects: A. Participation in the operation of the Company. B. Improvement of the quality of the board of directors' decision-making. C. Composition and structure of the board of directors. D. Election and continuing education of the directors; and E. Internal control. 2. The criteria for evaluating the performance of the directors, which cover the following six aspects: A. Alignment of the goals and missions of the Company.

				B. Awareness of the duties of a director. C. Participation in the operation of the Company. D. Management of internal relationship and communication. E. The director's professionalism and continuing education; and F. Internal control. 3. The criteria for evaluating the performance of functional committees, which cover the following five aspects: A. Participation in the operation of the Company. B. Awareness of the duties of the functional committee. C. Improvement of quality of decisions made by the functional committee. D. Makeup of the functional committee and election of its members and E. Internal control.

The Company conducted the performance evaluating of board of directors, directors, and functional committee (including Audit Committee and Compensation Committee) and self-evaluation in accordance with the "Rules for Performance Evaluation of the Board of Directors and Functional Committees". On March 13, 2023, the Company reports the results of the evaluation.

The results of the evaluation: (Scoring results are weighted according to each measurement aspect, with a full score of 100 points)

3.1 Evaluation results of the board of directors: the result is 98.07 points, and the improvement plan based on the results are: (1) maintain or increase the participation rate of directors; (2) review the frequency of board meetings.

3.2 Evaluation results of the individual director members: the result is 95.99 points.

3.3 Evaluation results of Compensation Committee: the result is 96.69 points, which compliance with the operating practices and functionality of the compensation committee.

3.4 Evaluation results of the Audit Committee: the result is 100 points.

4. The goals for strengthening the Board's functions in the current and the previous year (e.g., establishment of an Audit Committee, promotion of information transparency, etc.) and evaluation of the implementation:

4.1 The Company continues to improve information transparency, discloses information related to corporate governance to safeguards shareholders' rights and interests.

4.2 The Company has established a Compensation Committee and an Audit Committee and will establish other functional committees in accordance with business needs in

the future to enhance corporate governance.

(II) Audit Committee Meeting Status

1. Information on the Operation of the Audit Committee
The Audit Committee had convened 13 (A) meetings in 2022 with thefollowing attendance:

Title	Name	Attendance in person (B)	By Proxy	Actual attendancerate (%) (B/ A)	Remarks (Note)
Independent Director (Convener)	Kuo-Pin Kao	13	0	100%	Re-election
Independent Director	Yu-Sheng Tsai	12	1	92%	Re-election
Independent Director	Allen Y Chao	8	0	100%	Newly elected
Independent Director	M. Sherry Ku	5	0	100%	Former

Note. The Company held a general meeting of shareholders on May 30, 2022, to fully re-elect directors.

Other matters to be recorded:

1.1 If any of the following circumstances occurs in the operation of the Audit Committee meeting, please indicate the date of the meeting, the session number, the contents of the motion, the contents of independent directors' objections, reservations or major proposals,the resolutions of the Audit Committee, and the Company's handling of the opinions of theAudit Committee:

1.1.1 The circumstances referred to in Article 14-5 of the Securities and Exchange Act: Please refer to the following table.

Date (The session number)	The motion	The contents of independent directors' objections, reservations or major proposals	Resolution	The Company's handling of the opinions of meeting
01/17/2022 (1st Term 16th Meeting)	1. Motion for the budget for 2022 operational plan. 2. Motion for the Company’s intension to negotiate credit lines with financial institutions. 3. Motion for amendment to the Company's “Payroll Cycle”.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
03/10/2022 (1st Term 17th Meeting)	1. Motion for the Company’s 2021 Business Report and Financial Statements. 2. Motion for the Company’s 2021 loss allocation. 3. Motion for amendment to the Company’s “Articles of Incorporation”. 4. Motion for issuing new shares by cash capital increase through private placement.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.

Date (The session number)	The motion	The contents of independent directors' objections, reservations or major proposals	Resolution	The Company's handling of the opinions of meeting
	5. Motion for issuing restricted stock awards. 6. Motion for amendment to the Company's "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles", and "Corporate Social Responsibility Best Practice Principles". 7. Motion for the Company's 2021 Statement of Internal Control System. 8. Motion for issuing employee stock options.			
03/31/2022 (1st Term 18th Meeting)	1. Revising the Company's approval authority. 2. Motion for disposing of marketable securities of the Company's investment companies.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
04/19/2022 (1st Term 19th Meeting)	1. Motion for amendment to the Company's "Operating Procedures for Acquisition and Disposal". 2. Motion for lifting the prohibition of competition for the Company's directors and their representatives of the tenth term.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
05/10/2022 (1st Term 20th Meeting)	1. Motion for the Company's financial statements for 2022Q1. 2. Motion for setting the capital increase base date for the execution of the conversion of employee stock options into common shares. 3. Motion for the Company's cash capital increase through private placement to issue new shares approved by the 2021 annual general meeting.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
06/08/2022 (2nd Term 1st Meeting)	1. Motion for the Company's intention to obtain credit lines. 2. Motion for a list of employees for subscription of the first employee stock option certificates of 2022.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
07/05/2022 (2nd Term 2nd Meeting)	1. Ratification of the motion for the Company's first issuance of employee stock options and stock option plan for 2022. 2. Motion for issuing the Company's 2022 first employee stock option certificate and final approval of a list of subscribed employees and their number of subscriptions. 3. Motion for issuing the Company's first new restricted employee shares and final	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.

Date (The session number)	The motion	The contents of independent directors' objections, reservations or major proposals	Resolution	The Company's handling of the opinions of meeting
	approval of a list of subscribed employees and their number of subscriptions.			
07/27/2022 (2nd Term 3rd Meeting)	1. Motion for the Company's intention to enter into a share subscription agreement and related agreements to issue new shares by cash capital increase through private placement. 2. Matters associated with the pricing date of the privately placed common shares, the privately placed price and capital increase base date.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
08/10/2022 (2nd Term 4th Meeting)	1. Motion for the Company's financial statements for 2022Q2. 2. Motion for accounts receivable (and other amounts) that are more than three months past due and are not of nature of loans of funds. 3. Motion for the Company's intension to negotiate credit lines with financial institutions. 4. Motion for setting the capital increase base date for the execution of the conversion of employee stock options into common shares. 5. Motion for revising the "CO-103 Warehouse Management" of the "internal control "production cycle." 6. Motion for additional budget for filling line of macromolecular bioproducts.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
09/16/2022 (2nd Term 5th Meeting)	1. Motion for the Company's share capital subsidiary. 2. Motion for the Company's intention to appoint financial and accounting officers.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
11/08/2022 (2nd Term 6th Meeting)	1. Motion for the Company's financial statements for 2022Q3. 2. Motion for accounts receivable (and other amounts) that are more than three months past due and are not of nature of loans of funds. 3. Motion for the budget of the cell therapy pilot plant. 4. Motion for setting the capital increase base date for the execution of the conversion of employee stock options into common shares. 5. Motion for lifting the prohibition of competition for the Company's directors. 6. Motion for transactions with related parties.	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
11/30/2022 (2nd Term	1. Motion for the Company's intention to invest in KriSan Biotech.	None	Approved by all attending	Approved by vote of

Date (The session number)	The motion	The contents of independent directors' objections, reservations or major proposals	Resolution	The Company's handling of the opinions of meeting
7th Meeting)	2. Motion for the utilization plan for the capital privately placed in 2022. 3. Motion for remuneration to the Company's CPAs for 2023 as well as regular evaluation of the independence of CPAs and their suitability. 4. Motion for the Company's intension to negotiate credit lines with financial institutions. 5. Motion for revising the internal control system "Property, plant and equipment cycle". 6. Motion for revising the internal control system "Procurement and payment cycle". 7. Motion for the Company's 2023 audit plan.		committee members.	participating directors after discussion.
12/26/2022 (2nd Term 8th Meeting)	1. Motion for amendment to the Company's "CL-112 Procedures for Handling Material Inside Information". 2. Motion for amendment to the Company's "CL-132 Standard Operating Procedures for Handling Requests of Directors". 3. Motion for amendment to the Company's "CL-130 Rules for Performance Evaluation of Board of Directors and Functional Committees".	None	Approved by all attending committee members.	Approved by vote of participating directors after discussion.
	4. Motion for the second issue of the Company's first employee stock option certificate in 2022 and the list of approved employees and their numbers.	Postpone the discussion		

1.1.2 Other resolution which was not approved by the Audit Committee but was approved by two thirds or more of all directors: None.

1.2 Where an independent director shall abstain from motions that pose a conflict of interests,please specify the director's name, the content of the motion, cause of the conflict of interests, and the circumstance of the vote: None.

1.3 Communication between independent directors and the chief internal auditor and CPAs (must include material matters of communication, methods, results relating to the Company's financial reports and business conditions):

The independent directors, internal audit supervisors, and CPAs regularly communicate at the board of directors on the Company's finances and business status, as well as discuss the Company's operations at any time. Communication between parties is good, and any communication matters are reapproved by the Audit Committee. No objections were raised by any committee members.

1.3.1 Communication with the Chief Internal Auditor

(1) The Audit Supervisor prepares monthly audit reports and submits them to the

Independent Directors for review.

(2) In the case of significant financial or operational matters, the Audit Supervisor promptly contacts the Independent Directors to report on the issues and provide an update on the company's actions.

(3) Communication between the Independent Directors (i.e., the Audit Committee) and the Internal Audit Supervisor is as follows:

Date	Subject Matters	Result
03/10/2022 (1st Term 17th Audit Committee)	Oct. 2021 to Feb. 2022 Report on the implementation status of internal audit	No opinion from independent directors
	Explanation Internal ControlSystem Statements	The Proposal was resolved unanimously
05/10/2022 (1st Term 20th Audit Committee)	First quarter 2022 Report on the implementation status of internal audit	No opinion from independent directors
08/10/2022 (2nd Term 4th Audit Committee)	Second quarter 2022 Report on the implementation status of internal audit	No opinion from independent directors
	Amendment of the Company's 2021 internal audit plan	The Proposal was resolved unanimously
10/21/2022 (Symposium)	1. Third quarter 2022 Report on the implementation status of internal audit 2. Report the internal audit plan for 2023 and discuss the main audit matters. 3. Report and communication on the implementation status of the items to be tracked found in the audit. 4. Discussion on information security issues. 5. Discussion on manpower allocation of auditing 6. Discuss the frequency of individual communication symposiums.	No opinion from independent directors
11/08/2022 (2nd Term 6th Audit Committee)	Third quarter 2022 Report on the implementation status of internal audit	No opinion from independent directors

1.3.2 Communication with the CPA

Date	Subject Matters	Result
03/10/2022 (1st Term 17th Audit Committee)	2021 Financial Report	The Proposal was resolved unanimously.
05/10/2022 (1st Term 20th Audit Committee)	First quarter 2022 Financial Report	
08/10/2022 (2nd Term 4th Audit Committee)	Second quarter 2022 Financial Report	
11/08/2022 (2nd Term 6th Audit Committee)	Third quarter 2022 Financial Report	

(III) The status of the Company's implementation of corporate governance, any deviation from such implementation of the "Corporate Governance Best Practice Principles forTWSE/TPEx Listed Companies" and reason thereof:

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Has the Company instituted its own corporate governance best practice principles in accordancewith the "Corporate GovernanceBest Practice Principles for TWSE/TPEx Listed Companies" and made disclosure?	✓		The Company has established the "Corporate Governance Best Practice Principles" approved by the Board of Directors.	No significant difference.
II. Shareholding structure &shareholders' rights (I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?	✓		(I) The Company has a spokesperson anddeputy spokesperson system to properly handle shareholder suggestions, doubts, and disputes in accordance with internal procedures.	No significant difference.
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of and the ultimate controllers of the Company?	✓		(II) The Company's stock agency assists the Company in managing the list of the dominant shareholders that exercise de facto control of and the ultimate controllers of the Company.	No significant difference.
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	✓		(III)The Company conducts transactions with affiliated companies in accordance with the "Procedures for Transactions with Specific Companies, Group Enterprises and Related Parties" and "The Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises."	No significant difference.
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market	✓		(IV) Any trading between insiders is prohibited in accordance with the Company's "Procedures for Handling Material Inside Information."	No significant difference.

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
for the trading				
III. The Organization and Function ofthe Board (I) Has the board of directors formulated diversity policies, specific management objectives andfully implement them?	✓		(I) Chapter Three, "Strengthening the Functions of the Board of Directors" of the Company's Corporate Governance Best Practice Principles stipulates that the nomination and selection of members of the board of directors of the Company are based on the provisions of the Company's Articles of Incorporation, adopting a candidate nomination system. In addition to evaluating the qualifications and experiences of each candidate, we comply with the " Procedure Governing the Election of Directors" and the "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the board members. The selection and nomination of board members must comply with the Company's operations, business model, and development needs. In addition to possessing the knowledge, skills, and accomplishment necessary to fulfill their duties. The board as a whole need to have the following capabilities: Business Judgment, Accounting and Financial analysis, Operational management, Crisis Management, Industry Knowledge, International Market View, Leadership and Decision-Making to ensure the professionalism, independence, and diversity of the board. The selection and nomination of board members must comply with the Company's operations, business model, and development needs. In	No significant difference.

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			addition to possessing the knowledge, skills, and accomplishment necessary to fulfill their duties. The board as a whole need to have the following capabilities: Business Judgment, Accounting and Financial analysis, Operational management, Crisis Management, Industry Knowledge, International Market View, Leadership and Decision-Making to ensure the professionalism, independence, and diversity of the board.	
(II) Has the Company voluntarily established other functional committees besides the establishment of a compensation committee and audit committee?	✓		(II) The Company has established the Compensation Committee and the Audit Committee, and other kinds offunctional committee area yet to be established.	Except for the addition of other functional committees as needed in the future, there are no significant differences.
(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, and has it conducted performance evaluations at regular intervals each year?	✓		(III) The Company has stipulated the "Rules for the Performance Evaluation of the Board of Directors and Functional Committees" and implemented self-evaluation accordingly for the Board of Directors,the individual director members, and the functional committees. The evaluation results of 2022, which has been reported to the Board meeting on March 13, 2023, as reference for deciding on remuneration and re-election nomination of individual directors.	No significant difference.
(IV) Has the Company assessedthe independence status of the CPAs at regular intervals?	✓		(IV) The Company reviews the independence of CPAs in Board meetings regularly every year and assess whether the certified public accountants are independent based on Statements of Auditing Standards and the Norm of Professional Ethics for Certified Public	No significant difference.

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			Accountant of the Republic of China. After assessing the independence of the Company's CPAs, accountants Wei-Liang Tai and Chia-Yu Chi the result which shows the CPAs both meet the Company's independence assessment criteria has been submitted to the Board meeting on November 30, 2021, and has been approved. Please refer to Note 1 for the assessment items.	
IV. Does the TWSE/TPEx listed company have a dedicated unit/staff member in charge of theCompany' corporate governance affairs (including but not limited to providing information requiredfor director/supervisor's operations, convening board/shareholders' meetings in compliance with the law, apply for/change company registry and producing meeting minutes of board/shareholders' meetings)?	✓		The Company's board of directors appointed Teh-Chu Sun on November 8, 2022, to concurrently serve as the Company's ChiefCorporate Governance Officer, who is the most senior executive for corporate governance affairs. Manager Teh-Chu Sun has been working as the unit manager of stock affairs for more than a decade and has met statutory qualifications. Corporate Governance Officer is in charge of: (1) handling matters relating to board meetings and shareholders' meeting according to laws (2) producing minutes ofboard meetings and shareholders' meetings (3) assisting in onboarding and continuous development of directors (4) furnishing information required for business executionby directors (5) assisting directors with legal compliance (6) other matters set out in the articles of incorporation or contracts. After taking office, Teh-Chu Sun completed 12 hours of training for new corporate governance officers in 2021 pursuant to the laws and regulations. Please refer to Note 2 for details of the training.	No significant difference.
V. Has the Company set up channels of communication for stakeholders(including but not limited to shareholders,	✓		The company has established a stakeholder section on website for stakeholders, such as customers, suppliers, and the public, to voice their	No significant difference.

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
employees, customers, and suppliers), dedicated a section on the Company's website for stakeholder affairs, and responded adequately to stakeholders' inquiries on significant corporate social responsibility issues?			opinions or provide feedback to the management team or the board of directors through various channels, such as letters or phone calls. If stakeholders have any grievances or issues with their rights being infringed, they can directly contact the spokesperson/Chairman and President, Pei-Jiun Chen, at 03-6670880 or by email at info@mycenax.com.tw. We take the interests and concerns of stakeholders seriously and are committed to maintaining effective communication and engagement with them.	
VI. Does the Company commission any professional shareholder services agency to hold shareholders' meeting and otherrelevant affairs?	✓		The Company has commissioned the shareholder services agent, Capital SecuritiesCorporation to handle affairs relevant to the shareholders' meeting.	No significant difference.
VII. Information Disclosure (I) Has the Company set up awebsite to disclose information pertaining to financial services and corporate governance?	✓		(I) The Investor Relations section on theCompany's website (https://www.mycenax.com.tw/) is established to disclose finance, business, and corporate governance information as a reference for investors.	No significant difference.
(II) Has the Company utilized other methods of information disclosure (such as setting up a website in English, assigning someone to be responsible for the collection and disclosure ofcompany information, implementing the spokesperson system, and/or recording the investors' conference and uploading it to the Company website)?	✓		(II) The Company has not only designated a dedicated person to collect and disclose the Company's information, but also implemented the system of spokesperson and deputy spokesperson. Investor conference briefings are available for download in the Investors' Relations Section/ Financial information on the Company's website.	No significant difference.
(III) Has the Company publish and report annual financialreport within two months after the end of a		✓	(III)The Company's financial reports and monthly operating status are all uploaded and declared within the legaltime limit. Due to the large	

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
fiscal year, and publish and report financial reports forthe first, second and third quarters as well as its operating status for each month before the specified deadline?			number of invested entities within the Group, annual financial report has not yet beenfiled and announced in as early as February.	
VIII. Has the Company 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 Company)?	✓		1. Employee rights: The Company has always been committed to treating employees with integrity. The Employee Welfare Committee implements various employee welfare measures, including education, training, retirement benefits, and regular meetings between labor and management, to protect the legitimate rights and interests of employees in accordance with Labor Standards Act. 2. Employee care: The Company establish a good relationship with employees by enriching their lives through a comprehensive and stable welfare system, a good education and training system. For examples, providing cultural and recreational activities, employee travel, health checks, and parking facilities. 3. Investor Relations: The Company has spokespersons, deputy Spokesperson, and Investor Relations responsible individuals to handle shareholder recommendations。 4. Supplier Relations: The Company maintains good relationships with suppliers. 5. Stakeholders' rights: Stakeholders have the right to communicate and provide suggestions to the Company to maintain their legitimate interests. Communication records will also be displayed on the Company's website. (https://www.mycenax.com.tw/ESG Zone/Stakeholders) 6. Studies of directors: Please refer to Note 3.	No significant difference.

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			7. Implementation of Risk Management Policy and Measurement Standards: The Company has established various internal regulations in accordance with the law and conducted risk management and assessment. 8. Implementation of customer policies: The Company maintains stable and good relationships with customers to create profits for the Company. 9. Purchase of liability insurance for the directors of the Company: The Company purchased liability insurance with a sum insured of USD 1 million from Shinkong Insurance Co., Ltd. 10. Succession Planning and Operation of Board Member: The "Corporate Governance Best Practice Principles" established by the Company stipulate that the composition of the Board of Directors selected by the Company takes into account diversification and formulates appropriate diversification policies based on its own operation, business model, and development needs. The standards include but are not limited to the following two aspects: (1) Basic qualifications and values: gender, age, nationality, culture, etc. The proportion of female directors shall reach one-third of the total number of directors. (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology) professional skills, and industry experience, etc. On November 8, 2016, the Company established the "Rules for Performance Evaluation of Board of Directors " which was revised on May 12, 2021, as the " Rules for Performance Evaluation of Board of Directors and Functional	

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			Committees". Through performance evaluations, which include measuring Understanding of company goals and missions, Director's understanding of their duties and responsibilities , Participation in the Company's operation, Internal relation maintenance and communications, Directors' professionalism and continued knowledge development, Internal control and Other specific opinions, the Company verify that the Board of Directors is operating effectively and to evaluate the performance of directors as a reference for future selection of directors. 11. Succession Planning and Operation of important management members: The Company has established individual development plans, training programs, cross-industry learning, and job rotations for the Company’s important management members, based on their individual abilities and job requirements. The purpose is to cultivate their management ability, leadership skills, and business skills. The training programs are planned by the Company's training system. In order to cultivate the multidimensional strategic perspectives of the management members, the Company has developed a job rotation plan for the management members based on organizational needs, which is a systematic and cross-functional approach to cultivate a well-rounded management team. The Company also arranges for important management members to serve as board members in affiliated companies or participate in the Company's board of directors to familiarize themselves with board operations and participate in the long-term strategic planning and	

Assessed items	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			vision of the Company and affiliated companies.	

IX. Please explain the improvement of the Company's corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the past year, and propose priorities and measures for criteria that have not been improved: (not applicable if not included as a company to be evaluated)

(I) The Company has established an audit committee and it is operating smoothly. It continues to strive to improve information related to corporate governance evaluation, enhance information transparency, and continue to work hard to strengthen the effectiveness of the board of directors, so as to enhance the functions of the board of directors, enhance shareholders' rights and interests, protect shareholders' rights and promote sustainable development.

(II) The Company has revised the " Rules for Performance Evaluation of Board of Directors and Functional Committees" for the second time on December 27, 2022, and regularly inspects the performance evaluation of the board of directors and functional committees.

(III) The priority improvement countermeasures for the Company's unscored matters are as follows: Continuously enhance information transparency by disclosing the continuous optimization on the annual report and company website and promoting sustainable development.

Note 1. Independence evaluation standard of the CPAs.

No	Assessed items	Results of assessment	Compliance with independence criteria
1	Whether there is no direct or significant indirect financial interest relationship between the certified accountant and the Company.	Yes	Yes
2	Whether the CPA is not in a commercial relationship with the Company that will affect the CPA's independence.	Yes	Yes
3	No potential employment relationship exists when the CPA audits the Company’s report.	Yes	Yes
4	No borrowing/lending of fund between the CPA and the Company.	Yes	Yes
5	The CPA never accepts any expensive gift or present from the Company or the Company’s directors or managerial officers (valuing more than the value required under the general social etiquette standards).	Yes	Yes
6	The CPA has never provided the Company with the audit service for consecutive 7 years.	Yes	Yes
7	The CPA does not hold any of the Company’s shares.	Yes	Yes
8	The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director, managerial officer, or any position materially critical to the audited case in the most recent 2 years and will never hold said positions in the future audit period.	Yes	Yes
9	Whether the CPA meets the requirements about independence referred to in the Statement of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, and whether the Company acquires the “Statement of Independence” issued by the CPA.	Yes	Yes

Note 2. The training of corporate governance officer.

Date	Host Institution	Course Name	Hour(s)
01/18/2023	Accounting Research and Development Foundation	Analysis of false financial statements cases and how to gain insight into key financial information from financial statements.	3
01/11/2023	Accounting Research and Development Foundation	Common Deficiencies in "Financial Report Review" and Important Internal Control Regulations	6
11/22/2022	Independent Director Association Taiwan	The strategy, objective, material topics, financial and non-financial disclosures of the Sustainable Report.	3

Note 3. The training of directors.

Title	Name	Date	Host Institution	Course Name	Hour(s)
Chairman	Center Laboratories, Inc., Representative: Pei-Jiun Chen	12/02/2022	Taiwan Corporate Governance Association	The Positioning and Changes of Directors' Functions under the Trend of ESG	3
		11/25/2022		Legal Restrictions and Analysis of Judicial Rulings regarding Shareholding of Directors and Supervisors	3
Director	Center Laboratories, Inc., Representative: Chun-Hong Chen	09/06/2022	Taiwan Securities Association	On-the-job Training Seminar for Senior Executives	7.5
		08/26/2022	Taiwan Academy of Banking and Finance	Corporate Governance- the Practice of Board of Directors and Supervisors	3
		03/29/2022		Corporate Governance- the Practice of Board of Directors and Supervisors	3
Director	Nien Hsing International Investment Co. Ltd., Representative: En-Tzn Liu	11/04/2022	Securities & Futures Institute (SFI)	2022 Global Facts & Trends of Green Economy and Corporate Low Carbon Innovation	3
		08/05/2022		The latest practical development of insider trading in Taiwan and the way of enterprise prevention and response	3
Director	Jason Technology Co., Ltd., Representative: Chia-Ling Lin	09/16/2022	Taipei Exchange (TPEx)	Financial information that is most likely to be ignored by directors	3
		08/25/2022	Securities & Futures Institute (SFI)	Introduction to Right of Disgorgement and Related Cases	3
Director	China Investment and Development Co., Ltd., Representative: Hsiu-Yuan Lee	12/28/2022	Corporate Operating and Sustainable Development Association	Risk Management of Corporate Material Transaction	3
		12/28/2022	Corporate Operating and Sustainable Development Association	Operation of capital market of M&A transactions in biotechnology industry	3
		08/25/2022	Taipei Exchange (TPEx)	Insider Equity Promotion and Briefing Session of OTC-Listed and Emerging Stock Board Companies	3
		05/12/2022	Taiwan Stock Exchange Corporation (TWSE)	International Double Summit Online Forum	2
Independent Director	Kuo-Pin Kao	10/25/2022	Taiwan Corporate Governance Association	Analysis on Important Court Decisions on Corporate Governance: Focusing on Director's Liability	3
		09/27/2022		How the Audit Committee interprets and applies the Audit Quality Indicators	3
		09/16/2022		Digital investigation analysis of major criminal and financial cases	3

Title	Name	Date	Host Institution	Course Name	Hour(s)
Independent Director	Yu-Sheng Tsai	07/15/2022	Taiwan Academy of Banking and Finance	Global and Taiwan Tax Reform and Corporate Tax Governance from ESG Trends and Epidemic Environment	3
		06/22/2022	Taiwan Investor Relations Institute	Corporate Governance and Corporate Sustainability Workshop	3
Independent Director	Allen Y Chao	10/27/2022	The Business Development Foundation of the Chinese Straits	Legal obligations and responsibilities related to intellectual property of directors and supervisors	3
		10/18/2022		Geopolitics and post-pandemic, outlook on global industrial development trends	3

(IV) If the Company has a Compensation Committee or Nomination Committee, pleasedisclose their composition, duties, and operation:

1. Compensation Committee Member Information

Identity \ Name / Qualification		Professional qualification and experience	Independence criteria	No. of other listed companies working as Compensation Committee member for
Independent Director (Convener)	Kuo-Pin Kao	Please refer to Chapter 3. Corporate Governance Report, II. Directors and management, (II) Directors.	Note	0
Independent Director	Yu-Sheng Tsai			1
Independent Director	Allen Y Chao			0

Note

1. 1 Including but not limited to whether the members, their spouses, or relatives within the second degree of kinship are the directors, supervisors or employees of the Company or its affiliated companies: None.

1.2 The number and percentage of the shares of the Company held by the members, their spouses, relatives within the second degree of kinship (or held in the name of another person): None.

1.3 Whether they are the directors, supervisors or employees of a company which has a specific relationship with the Company (please refer to the provisions in the subparagraphs 5 to 8 of paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): None

1.4 The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years: None

2. Information on the Operation of the Compensation Committee:

2.1 There are three members in the Compensation Committee of the Company.

2.2 The term of office for the members is from May 30, 2022, to May 29,2025.

The Compensation Committee had convened 5 (A) meetings in 2022. The qualification and attendance of the members are as follows:

Title	Name	Actual no. of meetings attended (B)	By Proxy	Actual ttendance rate (%) [B/A]	Remarks (Note)
Convener	Kuo-Pin Kao	5	0	100%	Re-election
Committee Member	Yu-Sheng Tsai	5	0	100%	Re-election
Committee Member	Allen Y Chao	4	0	100%	Newly elected
Committee Member	M. Sherry Ku	1	0	100%	Former

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the suggestions made by the Compensation Committee, the date and session of the Board of Directors' meeting, resolutions, the voting result, and handling of opinions of the Compensation Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than the suggestion of the Compensation Committee, the discrepancies and related reasons shall be stated): None.

II. If the members of the Compensation Committee have any dissenting or qualified opinions on the resolutions of the Compensation Committee, where such opinions are documented or issuedthrough written statements, the date, and session of the meeting of the Compensation Committee, resolutions, all the members' opinions, and handling of these opinions shall be stated: None.

Note: The Company's board of directors appointed Kuo-Pin Kao, Yu-Sheng Tsai, and Allen Y Chao as members of the 5th Compensation Committee on May 30, 2022, with Kuo-Pin Kao serving as the convener.

3. Motions for discussion by the Compensation Committee in 2022 and resolutions:

Date	Motions	Resolutions	The Company's response to the Compensation Committee's opinion
03/31/2022	Motion for the adjustment to the Company's officers for 2022.	Approved as proposed by the committee and submitted for approval by the board of directors.	
06/08/2022	1. Motion for the 2021 distribution of performance bonus for company officers. 2. Motion for a list of employees for subscription of the first employee stock option certificates of 2022. 3. Motion for a list of employees allocated with restricted stock awards in 2022.		
09/16/2022	Motion for the Company's intention to appoint financial and accounting officers.		
11/08/2022	Motion for remuneration of the Company's newly appointed chairman.		
12/26/2022	1. Motion for amendment to the Company's "CL-130 Rules for Performance Evaluation of Board of Directors and Functional Committees".		
	2. Motion for the second issue of the Company's first employee stock option certificate in 2022 and the list of approved employees and their numbers.	After considering subjective and objective factors following the proposal, there is a need for reassessment. The attending committee members agreed not to discuss this case.	
	3. Motion for the adjustment to the managers salary for 2023.	Approved as proposed by the committee and submitted for approval by the board of directors.	

4. The function of the Compensation Committee:
   4.1 Formulate and regularly review the annual and long-term performance targets and remuneration policies, systems, standards and structures of the Company's directors and managers.
   4.2 Regularly evaluate the achievement of the performance goals for the Company's directors, managers, and determine individual content andamount of remuneration.

5. The Nomination Committee: The Company does not have a Nomination Committee.

(V) Promoting the Implementation of Sustainable Development and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons.

Promoted items	Implementation status(Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Has the Company established a governance structure for promoting sustainable development and a specific (or ad hoc) unit to promote for sustainability, and have the management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	✓		The Company's Administration Management Division is responsible for promoting and coordinating other units to advance corporate sustainability. The division establish and revising corporate social responsibility policies, regularly discussing and responding to stakeholder concerns with relevant departments. At the end of each fiscal year, the division compiles a Sustainability Report to document the progress and regularly reports the results to the board of directors.	No significant difference.
II. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on theprinciple of materiality? (Note 2)	✓		Each management unit of the Company evaluates and reviews the risks related to environmental, social, and corporate governance issues that may have significant impacts on investors and other stakeholders. Depending on the level and significance of the risk assessments, the Company periodically reports the findings to the board of directors.	No significant difference.
III. Environment issue (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	✓		(I)Administration Management Division serves as the department responsible for corporate social responsibility and coordinates with other management units to promote corporate social responsibility according to their respective duties. The Company has established an environmental management system, which is formulated and implemented by the EHS team.	No significant difference.
(II) Does the Company endeavor to upgrade the efficient use of energy and make use of environmental-friendly recycled materials?	✓		(II)The Company has always placed great emphasis on energy conservation and environmental protection. In order to achieve sustainable use of resources, we prioritize reducing the generation of waste whenever feasible from a technical and economic perspective. After materials have lost their original function, they should be considered for reuse in a systematic order, followed by material recycling, energy recovery, and proper disposal. In 2022, we started holding energy-saving meetings, energy usage statistics and analysis, and proposing action plans for improvement to strengthen resource sustainability and	No significant difference.

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status(Note 1)</th><th rowspan="2">Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>environmental friendliness. The action plan includes proper waste classification, resource recycling, legal and proper waste disposal, water resource recycling and reuse, planning to reduce carbon emissions, and greening the factory area.</td><td></td></tr>
<tr><td>(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt related countermeasures?</td><td>✓</td><td></td><td rowspan="2">(III) and (IV) In recent years, greenhouse gases have caused increasingly severe climate change, and the Company has been responding to the potential risks posed by climate change by continuously monitoring greenhouse gas emissions, water usage, and total waste weight to evaluate and improve energy-saving and carbon-reducing policies. The implementation in the past two years is as follows:
1. The energy-saving plan for 2022, we adopted measures such as adjusting and controlling the temperature of air conditioning in non-production areas, regularly cleaning, and maintaining air conditioning equipment to effectively achieve heat exchange efficiency, reducing idle areas with longer downtime, regularly reviewing power analysis/BMS systems for energy-saving diagnosis, and reducing ventilation air changes at night. The annual electricity consumption was 2,821,085 kWh in 2022, while it was 3,091,640 kWh in 2021. The electricity consumption decreased by 270,555 kWh in 2022, a significant energy-saving of 8.75%.
2. Carbon reduction in GMP Plant 2, which opened in January 2022, has 25% green space. Under the energy management of controlling the air conditioning load and feasibility of the downtime, as well as cooperating with government energy policies, the Company actively participates in the "store electricity in the community" strategy and internal energy-saving planning and develops a timetable for greenhouse gas inventory and verification.
3. Greenhouse Gas Reduction
Greenhouse gas emissions in the past 2 years:
<table><tr><th>Year</th><th>Category 1 Total Emissions (metric tons CO2e)</th><th>Intensity (metric tons CO2e/million NT dollars)</th><th>Category 2 Total Emissions (metric tons CO2e)</th><th>Intensity (metric tons CO2e/million NT dollars)</th><th>Category 3</th></tr></table></td><td>No significant difference.</td></tr>
<tr><td>(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of the waste in the past 2 years and establish policies for reduction of greenhouse gas emission and water consumption or other waste management?</td><td>✓</td><td></td><td>No significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status(Note 1)</th><th rowspan="2">Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td>✓</td><td></td><td>
<table>
<tr><td>2021</td><td>3.7</td><td>0.0047</td><td>1709</td><td>2.2072</td><td>neglect.</td></tr>
<tr><td>2022</td><td>3</td><td>0.004</td><td>1563</td><td>2.1344</td><td>neglect.</td></tr>
</table>
The greenhouse gas emissions were 1,566 metric tons of CO2 equivalent in 2022, while it was 1,712.7 metric tons of CO2 equivalent in 2021. It means that a reduction in greenhouse gas emissions of 146.7 metric tons of CO2 equivalent, which is 8.5% lower than the previous year. The reduction effect is significant.
4. Waste Management
Amount of waste generated in the last 2 years.
<table>
<tr><th>Year</th><th>Hazardous Industrial Waste</th><th>Non-hazardous industrial waste</th><th>Tonnes/Turnover (per million)</th></tr>
<tr><td>2021</td><td>2.86 tonne</td><td>16.94 tonne</td><td>0.025571544</td></tr>
<tr><td>2022</td><td>3.275 tonne</td><td>18.42 tonne</td><td>0.029627</td></tr>
</table>
The waste generated from the GMP plant is classified according to the waste code of the Environmental Protection Administration, and a legal removal and treatment company is appointed to clean up the waste according to the law; the total amount of waste removed in 2022 was 21.695 tonne, an increase of 1.895 tonne or 9.57% compared to 19.8 tonne in 2021. However, there was no proportional increase in the amount of waste generated, but a decrease of approximately 30% in the proportion of waste generated. The Company will continue to improve waste management, improve resource recovery rate and reduce waste generation with the goal of reducing waste production by 1% for the same production capacity.
5. Conserve water
<table>
<tr><th>Year</th><th>Total water consumption.</th><th>Water consumption per unit area.(tonne/m2)</th></tr>
<tr><td>2021</td><td>13,093 tonne</td><td>2.952</td></tr>
<tr><td>2022</td><td>16,399 tonne</td><td>3.698</td></tr>
</table>
Regarding water usage, we recycle RO wastewater to produce the air conditioning system, and store and reuse rainwater. In 2022, the GMP plant's</td><td></td></tr>
</table>

Promoted items	Implementation status(Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
	✓		total water usage from the public water supply was 16,399 tonne, which increased by 3,306 tonne or 25.25% compared to the previous year's usage of 13,093 tonne. The main reason for the increase in water usage was due to a 41.31% increase in production batch quantity in 2022 compared to the previous year. 6. Water Pollution Control The biological wastewater of the GMP plant is adjusted by pH value and treated by microorganisms, and finally filtered through the MBR pool membrane, so that the wastewater treatment efficiency is increased by 30%, and COD, BOD, and SS are reduced by 98%. The discharge water is tested monthly by the Science and Technology Council, and the discharge water is tested twice a year by an external third-party unit and cooperates with the government to declare water pollution.	
IV. Social issues (I). Does the Company develop management policies and procedures inaccordance with relevant regulations and international human rights conventions?	✓		(I) On November 9th, 2021, the Company's Board of Directors established a Human Rights Policy. The Company recognizes and supports the principles of basic human rights as set forth in international conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. We fully embody our responsibility to respect and protect human rights by treating our employees, including contractors and interns, with dignity and respect. Our safeguard measures include compliance with labor laws and regulations, creating a friendly work environment, reasonable working hours, establishing a safe and healthy workplace, promoting harmonious labor-management communication, and providing channels for complaints, in order to ensure that all employees of the Company are treated fairly, equally, and with dignity.	No significant difference.
(II). Does the Company establish and implement proper employee welfare measures	✓		(II) The proportion of female employees and senior executives in the	No significant difference.

Promoted items	Implementation status(Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?			Company is 53% and 30%, respectively. The Company provides employees with various welfare policies, including labor and health insurance, retirement benefits, various types of leave (such as parental leave) protected by the Labor Standards Act, and profit-sharing bonuses based on the Company's profits and individual performance. In addition, the Company have established a welfare committee to provide employees with various welfare and job-related activities. For more information, please refer to the annual report, Chapter 5. Operational Highlights, V. Labor relations.	
(III). Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		(III) The Company's safety and health education and training are divided into two categories according to different job natures: Work environment measures, employee education policies and their implementation of employee safety and health, please refer to the annual report, Chapter 5. Operational Highlights, V. Labor relations. Occupational safety and health management follows the CWA15793 standard to establish and implement a biological risk management system. In 2022, the Company began drafting the ISO 45001 management system framework document to refer to international standards and ensure employee health and safety. In 2022, the Company did not experience any significant work injury or death incidents among employees and contractors. There was a total of 2 occupational injury accidents, accounting for 0.52% of the total number of employees. The statistics for work injuries are as follows:	No significant difference.

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status(Note 1)</th><th rowspan="2">Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td>✓</td><td>
<table>
<tr><th>Year</th><th>2021</th><th>2022</th></tr>
<tr><td>Number of Occupational Injuries</td><td>3</td><td>2</td></tr>
<tr><td>Total Lost Workdays</td><td>0</td><td>7</td></tr>
<tr><td>Total Working Hours</td><td>620,832</td><td>746,141</td></tr>
<tr><td>Occupational Injury Rate</td><td>0.96</td><td>0.53</td></tr>
<tr><td>Lost Day Rate</td><td>0</td><td>1.87</td></tr>
<tr><td>Disabling Injury Frequency</td><td>0</td><td>2.68</td></tr>
<tr><td>Disabling Injury Severity Rate</td><td>0</td><td>9.38</td></tr>
<tr><td>Composite Injury Index</td><td>0</td><td>0.15</td></tr>
</table>
Note 1: Total working hours are the total working hours of all employees.
Note 2: Injury Rate (IR) = number of work-related injuries * 200,000 / total working hours.
Note 3: Lost Day Rate (LDR) = total lost working days * 200,000 / total working hours.
Note 4: Disabling Injury Frequency Rate (FR) = number of work-related injuries * 1,000,000 / total working hours.
Note 5: Disabling Injury Severity Rate (SR) = total lost working days * 1,000,000 / total working hours.
Note 6: Frequency-Severity Indicator (FSI) = the square root of (FR * SR / 1,000).
Note 7: Injury Rate, Lost Day Rate, Disabling Injury Frequency Rate, and Frequency-Severity Indicator are rounded to the second decimal place, and any digits after the third decimal place are discarded.
Note 8: Disabling Injury Severity Rate is rounded to the nearest whole number, and any digits after the decimal point are discarded.</td><td></td></tr>
<tr><td>(IV). Does the Company have an effective career capacity development training program established for the employees?</td><td>✓</td><td></td><td>(IV)Based on the annual survey results regarding the training needs of managers and employees, the Company develops the Company-wide education and training plan for the following year, aiming to employees</td><td>No significant difference.</td></tr>
</table>

Promoted items	Implementation status(Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			to continue learning and advance their careers. Implementation status in 2022: 1.New Employee Training: A total of 37 sessions, consisting of 158 participants, with a total of 648 training hours. 2.Professional Category Training Courses: A total of 10 sessions, consisting of 611 participants, with a total of 1833 training hours.	
(V). Does the Company follow relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumer or customer rights and interests regarding issues such as customer health and safety, customer privacy, marketing and labeling of products and services?	✓		(V) The Company strictly adheres to relevant laws and international standards pertaining to customer health and safety, privacy, marketing, and labeling of products and services. As a CDMO specializing in biopharmaceutical development and manufacturing, the Company maintain continuous communication with customers through designated personnel and establish customer complaint handling procedures under the responsibility of relevant units. The Company regularly monitor and evaluate the effectiveness of these procedures to implement product improvement and enhance service flow. Policy: It is the policy to deal promptly with any complaints from customers about product quality or service defects in order to maintain their trust and confidence and seek to improve service quality. Procedure: 1.When the business or project management unit receives a customer complaint request, it should report to the project management supervisor for handling, assign dedicated personnel to understand the reasons, and handle it according to the following project categories. 2.For customer complaints related to GMP products, GMP manufacturing, and GMP-related services, it should be handled in accordance with the customer complaint procedure, in coordination with the Quality System Management Department. 3.For customer complaints related to non-GMP services, it should be	No significant difference.

Promoted items	Implementation status(Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			handled by the project management personnel and forwarded to the responsible unit for responding to the complaint. 4. For quality abnormalities or delivery errors, when customers request returns, the project customer service personnel should notify the relevant departments to handle the sales return and discounts.	
(VI). Does the Company establish supplier management policies and ask them to follow relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How is the implementation status?	✓		(VI) In accordance with the Company's supplier management policies, the Company evaluate suppliers before cooperation with them and jointly comply with relevant laws and regulations, as well as strive to promote corporate social responsibility in line with the principles of sustainable development	No significant difference.
V. Does the Company refer to the internationallyaccepted reporting standards or guidelines to prepare reports that disclose non-financial information of the Company, such as sustainability reports? Do any third-party assurance or verification opinion is acquiredfor the above-mentioned reports?		✓	The Company will publish its 2022 Sustainability Report in the 3rd quarter of 2023.	The Company will publish its 2022 Sustainability Report in the 3rd quarter of 2023.
VI. If a Company has its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,"please describe the differences between its operation and the established principles: The Company has formulated "Sustainable Development Principles" in accordance with" Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". All the Company's operations follow to the relevant standards without any significant deviation. Starting from 2023, the Company will publish its Sustainability Report.				
VII. Other important information to help understand the implementation of promoting sustainable development: The Company has redefined its core values of Integrity and accountability, Value creation for customers, Employee fulfillment, and Community Involvement in accordance with its corporate positioning and the goal of sustainable development. All employees of the Company are expected to promote sustainable				

Promoted items	Implementation status(Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
development based on these corporate values.				

Note 1. If the "Implementation Status" is "Yes," please specifically describe adopted policies, strategies, measures and implementation status. If "Implementation Status"is "No," please describe any deviation materials and reasons in the column of Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons, as well as future policies and measures to be taken.

Note 2. Materiality principle refers to the significant influence of environmental, social and governance on investors and other stakeholders.

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

Assessed items	Implementation Status			Deviations from the "Ethical Corporate Management BestPractice Principles for TWSE/TPEx-Listed Companies" and reasons thereof:
	Yes	No	Summary	
I. Establish ethical business policies and programs (I) Does the Company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?	✓		(I) The Company has established the "Ethical Corporate Management Principles" and "Codes of Ethical Conduct" and disclosed them on the Company's website as the basis for board members and management to implement its policies on integrity and accountability. The members of the 10th board of directors and management have signed the Integrity Pledge to commit to actively promoting integrity and accountability.	No significant difference.
(II) Does the Company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(II) The Company has established the “Ethical Corporate Management Principles" and "Codes of Ethical Conduct", and " Procedures for Handling Material Inside Information" and has promoted them internally to enhance understanding and adherence to ethical standards among employees, managers, directors, and relevant stakeholders. This is to prevent any violation or occurrence of insider trading.	No significant difference.
(III) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	✓		(III) The Company has established the “Ethical Corporate Management Principles" and "Codes of Ethical Conduct”, which have been incorporated into various internal control system processes. Each transactional process undergoes multiple layers of review and oversight to prevent any unethical or erroneous behavior.	No significant difference.

II. Implementing ethical corporate management (I) Has the Company assessed the integrity records of its business partners, and specified ethical business policy in contracts with its trading partners?	✓		(I) Before engaging with a customer, the Company conducts an evaluation to avoid partnering with those who have a history of unethical behavior.	No significant difference.
(II) Has the Company established a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan?	✓		(II) The Corporate Ethics Program of the Company is supervised by Administration Management Division. The division is responsible for promoting integrity in the Company and regularly (at least once a year) reporting the Company's integrity management policy, its plan for preventing unethical behavior, and progress monitoring to the board of directors. On November 30th, 2022, the division reported to the board of directors.	No significant difference.
(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(III) In the “Procedure for Board of Directors Meetings” of the Company, there is a directorate interest avoidance system. The Company has also established a “Codes of Ethical Conduct” with a clear operational process for avoiding conflicts of interest.	No significant difference.
(IV) Has the Company established effective accounting system and internal control systems to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?	✓		(IV) The Company has established relevant accounting and internal control systems, and internal auditor regularly report to the board of directors on the status of audit execution	No significant difference.
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		(V) In 2022, the Company held internal and external education and training related to the issue of integrity management, including compliance with integrity management regulations, accounting systems, and internal control. A total of 88 individuals participated, for a combined 140 hours of training.	No significant difference.
III. Implementation of the Company's whistleblowing system (I) Does the Company define a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and assign competent dedicated personnel to	✓		(I) The Company has established a "Whistleblowing Policy" that provides channels for reporting and processing illegal and unethical behavior by employees and external parties. This policy also includes reward and punishment systems. In addition, there is an appeal mechanism in place for individuals who are the subject of a complaint.	No significant difference.

deal with the situation?				
(II) Has the Company defined the standard operating procedure for investigation after acceptance of a whistleblowing, the follow-up actions to be taken after the investigation, and relevant nondisclosure mechanism?	✓		(II) The Company has established a "Whistleblowing Policy" that specifies investigation procedures and related confidentiality mechanisms for reported matters.	No significant difference.
(III) Does the Company have taken proper measuresto protect the whistleblowers from inappropriate disciplinary actions due to their whistleblowing?	✓		(III) The Company is committed to keeping the identity and content of whistleblowers confidential and promise that no inappropriate action will be taken against them for reporting.	No significant difference.
IV. Enhancement of Information Disclosure Has the Company disclosed the content of its "Ethical Corporate Management Best Practice Principles" on its official website and MOPS, and the results of implementation?	✓		The Company has established the e “Ethical Corporate Management Principles" and "Codes of Ethical Conduct” which are disclosed on the Company's website. These serve as the basis for company board members and management to implement the integrity management policy.	No significant difference.
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the principles: The Company has established Ethical Corporate Management Principles based on Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and there is no material discrepancy between the Company's ethical management and Ethical Management Principles.				
VI. Other important information relevant to the understanding of actual ethical management (e.g., review and amend its policies): Following the letter of Taiwan Corporate Governance Association Ref No. 1080008378, the Company revised the “Ethical Corporate Management Principles". The revision was approved by the board of directors on March 10, 2022, and was submitted to the shareholder's meeting of 2022.				

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

For the inquiry and reference on corporate governance related regulations and documents of the Company, please go to the "Corporate Governance" section of MOPS (http://mops.twse.com.tw), or the "Investor Relations" section of the Company's website (http://www.centerlab.com.tw) > "Corporate Responsibilities" > "CorporateGovernance."

(VIII) Other information material to the understanding of corporate governance within the Company shall also be disclosed:

The Company's insiders such as newly appointed directors and managers will, at the commence of the venue, receive the latest version of the "Relevant Regulations and Precautions Related to Insiders' Equity of OTC-listed Companies or Listed Emerging Companies "prepared by Taipei Exchange and is reminded of this on a monthly basis, in order to ensure compliance of the regulations.

(IX)Disclosure of internal control system:

1. Statement of Internal Control System:

Mycenax Biotech Inc.
Statement on Internal Control

Date: March 13, 2023

Mycenax Biotech Inc. (The Company) states the following with regard to its internal control system during fiscal year 2022, based on the findings of its self-assessment:

I The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.

II An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

III The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.

IV The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2022,_its internal control system (including the supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

VI This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII This Statement has been passed by the Board of Directors Meeting of the Company held on March 13, 2023, where 0 of the 9 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Mycenax Biotech Inc.

Chairman and CEO: Pei-Jiun Chen

2. The special audit of the internal control system conducted by CPA hired by the company: None.

(X)If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal yearup to the publication date of the annual report, where the result of such penalty could havea material effect on shareholder equity or securities prices, the annual report shall disclosethe penalty, the main shortcomings, and condition of improvement: None.

(XI)Major resolutions of the Board and the shareholders' meeting in the most recent year to the day this report was printed:

1. Material resolutions from the 2022 Shareholders' Meeting and Implementation Status

1.1 Proposal for the Company's Business Report and Financial Statements of 2021: The proposal was accepted as submitted.

1.2 Proposal for 2021 Deficit Compensation: The proposal was accepted as submitted.

1.3 The amendments to the Company's "Articles of Incorporation": The amendments were approved as proposed and the Company's follow-up implementation according to law.

1.4 The amendments to the Company's "Procedures for Acquisition and Disposal of Assets": The amendments were approved as proposed and effective from May 30, 2022.

1.5 The issuance of Employee Restricted Stock Awards: The item has been approved as proposed and the issuance has been completed on July 6, 2022.

1.6 The issuance of new common shares for cash in private placement: The item has been approved as proposed and has been raised. The stock delivery has been completed on October 31, 2022.

1.7 To elect Directors: The elected directors are as follows and the term of office is from May 30, 2022, to May 29, 2025.

Director	Center Laboratories, Inc., Representative: Jung-Chin Lin
Director	Center Laboratories, Inc., Representative: Chun-Hong Chen
Director	Nien Hsing International Investment Co., Ltd.
Director	Jason Technology Co., Ltd.
Director	China Investment and Development Co., Ltd.
Director	Royal Foods Co., Ltd.
Independent Director	Kuo-Pin Kao
Independent Director	Yu-Sheng Tsai
Independent Director	Allen Y Chao

1.8 To lift non-competition restrictions on the Tenth Board Members: The item has been approved as proposed.

2. Material resolutions from the 2022 Special Shareholders' Meeting and Implementation Status

2.1 By-election a Director on the Tenth Board Members: The elected director is as follows and the term of office is from December 27, 2022, to May 29, 2025.

Director	JCR Pharmaceuticals Co., Ltd.

2.2 To lift non-competition restrictions on the Tenth director, Pei-Jiun Chen: The item has been approved as proposed.

3. Material Resolutions from the Board of Directors

Date	Summary
01/17/2022	1. Motion for the budget for 2022 operational plan. 2. Motion for the Company's intension to negotiate credit lines with financial institutions. 3. Motion for amendment to the Company's "CW Payroll Cycle".
03/10/2022	1. Motion for the Company's 2021 business report and financial statements. 2. Motion for the Company's 2021 loss allocation. 3. Motion for amendment to the Company's "Articles of Incorporation". 4. Motion for issuing new shares by cash capital increase through private placement. 5. Motion for issuing restricted stock awards. 6. Motion for election of directors. 7. Motion for amendment to the Company's "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles", and "Corporate Social Responsibility Best Practice Principles". 8. Motion for determining the date, location and the cause of convening the Company's 2022 annual general meeting, as well as proposals of shareholders and nomination of director candidates. 9. Motion for the Company's 2021 Statement of Internal Control System. 10. Motion for issuing employee stock options.
03/31/2022	1. Revising the Company's approval authority. 2. Motion for disposing of marketable securities of the Company's investment companies. 3. Motion for assigning a representative for a related party contract. 4. Motion for the adjustment to the Company's officers for 2022.
04/19/2022	1. Motion for amendment to the Company's "Operating Procedures for Acquisition and Disposal". 2. Motion for nomination of director (including independent directors) candidates for 2022. 3. Motion for lifting the prohibition of competition for the Company's directors and their representatives of the tenth term.
05/10/2022	1. Motion for the Company's financial statements for 2022Q1. 2. Motion for setting the capital increase base date for the execution of the conversion of employee stock options into common shares. 3. Motion for the Company's cash capital increase through private placement to issue new shares approved by the 2021 annual general meeting.
05/30/2022	I. Election 1. Motion to elect the Company's chairman. II. Matters for discussion 1. Motion for appointment of the Compensation Committee members.
06/08/2022	1. Motion for the Company's intention to obtain credit lines. 2. Motion for the 2021 distribution of performance bonus for company officers.

Date	Summary
	3. Motion for a list of employees for subscription of the first employee stock option certificates of 2022. 4. Motion for a list of employees allocated with restricted stock awards in 2022.
07/05/2022	1. Ratification of the motion for the Company's first issuance of employee stock options and stock option plan for 2022. 2. Motion for issuing the Company's 2022 first employee stock option certificate and final approval of a list of subscribed employees and their number of subscription (employee stock options issued this time was 2,828 units). 3. Motion for issuing the Company's first new restricted employee shares and final approval of a list of subscribed employees and their number of subscriptions.
07/27/2022	1. Motion for the Company's intention to enter into a share subscription agreement and related agreements to issue new shares by cash capital increase through private placement. 2. Matters associated with the pricing date of the privately placed common shares, the privately placed price and capital increase base date.
08/10/2022	1. Motion for the Company's financial statements for 2022Q2. 2. Motion for accounts receivable (and other amounts) that are more than three months past due and are not of nature of loans of funds. 3. Motion for the Company's intension to negotiate credit lines with financial institutions. 4. Motion for setting the capital increase base date for the execution of the conversion of employee stock options into common shares. 5. Motion for revising the "CO-103 Warehouse Management" of the "internal control "production cycle." 6. Motion for additional budget for filling line of macromolecular bioproducts.
09/16/2022	1. Motion for the Company's share capital subsidiary. 2. Motion for the Company's intention to appoint financial and accounting officers.
10/06/2022	1. Motion to elect the Company's chairman
11/08/2022	1. Motion for the Company's financial statements for 2022Q3. 2. Motion for accounts receivable (and other amounts) that are more than three months past due and are not of nature of loans of funds. 3. Motion for the budget of the cell therapy pilot plant. 4. Motion for setting the capital increase base date for the execution of the conversion of employee stock options into common shares. 5. Motion for the change in custodian for the Company's chop for endorsements/guarantees. 6. Motion for election of directors of the 10th term. 7. Motion for lifting the prohibition of competition for the Company's directors. 8. Motion for determining the date, location and director candidates of convening the Company's extraordinary general meeting in 2022. 9. Motion for a list of director candidates for the directors of the 10th term at the extraordinary general meeting in 2022. 10. Motion for transactions with related parties. 11. Motion for remuneration of the Company's newly appointed chairman.

Date	Summary
	12.Motion for the Company’s intention to establish a corporate governance officer.
11/30/2022	1. Motion for the Company's intention to invest in KriSan Biotech. 2. Motion for the utilization plan for the capital privately placed in 2022. 3. Motion for remuneration to the Company’s CPAs for 2023 as well as regular evaluation of the independence of CPAs and their suitability. 4. Motion for the Company’s intension to negotiate credit lines with financial institutions. 5. Motion for revising the internal control system “CF property, plant and equipment cycle”. 6. Motion for revising the internal control system “CP procurement and payment cycle”. 7. Motion for the Company’s 2023 audit plan.
12/27/2022	1. Motion for amendment to the Company’s “CL-112 Procedures for Handling Material Inside Information”. 2. Motion for amendment to the Company’s “CL-132 Standard Operating Procedures for Handling Requests of Directors”. 3. Motion for representatives for the Board of Directors to monitor internal auditor of the Company. 4. Motion for amendment to the Company’s “CL-130 Rules for Performance Evaluation of Board of Directors and Functional Committees”. 5. Motion for the adjustment to the managers salary for 2023.
01/17/2023	1. Motion for the budget for 2023 operational plan. 2. Motion for revising the Company’s internal approval authority. 3. Motion for lifting the prohibition of competition for the Company’s officers. 4. Motion for the independent director compensation adjustment proposal of the company.
03/13/2023	1. Motion for the Company’s business report and financial statements of 2022. 2. Motion for 2022 Deficit Compensation. 3. Motion for amendment to the Company’s 'CM-110 Operating Procedures for Related Party Transactions' under the management system of the internal control system." 4. Motion for amendment to the Company’s “Articles of Incorporation”. 5. Motion for issuing new shares by cash capital increase through private placement. 6. Motion for lifting non-competition restrictions on board members. 7. Motion for the issuance and subscription procedures for the Company's 2022 first employee stock option certificates. 8. Motion for determining the date, location and the cause of convening the Company’s 2023 annual general meeting, as well as proposals of shareholders. 9. Motion for the Company’s 2022 Statement of Internal Control System. 10.Motion for setting the capital increase base date for the execution of the conversion of employee stock options into common shares. 11. Motion for amendment to the Company’s “CL-103 Board Meeting Rules and Procedures”.

(XII)Documented opinions or declarations in written made by directors or supervisors againstimportant board resolutions in the most recent year, up till the publication date of this annual report: None.

(XIII)Summary of the resignation of the personnel related to the Company (Chairman, president,chief accounting officer, chief financial officer, chief internal auditor, corporate governance officer, and R&D officer) in the most recent year, up until the publication date of this annual report:

Title	Name	Date	Resignation data	Reasons for Resignation or Dismissal
Chairman	Jung-Chin Lin	May 30, 2022	October 3, 2022	Reassignment
Financial and Accounting Officer	Yi-Ping Chen	February 17, 2021	August 15, 2022	Career Planning

IV. Information on CPA professional fees

(I) Information on CPA professional fees of 2022

Unit: NT$ thousands

Name of Accounting Firm	Name of CPA	Audit period	Audit professional fees	Non-audit professional fees	Total	Remarks
Full-Go & Co., CPAs	Jin-di Wu	2022/01/01-2022/12/31	1,180	370	1,550	Note
	Wei-liang Dai					

Note: Non-audit professional fee includes Tax service NT$120 thousands, Report on Agreed-upon Procedures for the Execution of Syndicated Loan Agreement NT$100 thousands, Review of Employee Stock Option Warrant Declaration Cases NT$100 thousands, Review Process of Non-Supervisory Position Salary Checklist Based on Median Salaries of Full-time Employees NT$50 thousands.

(II) If the audit fees paid during the year when the accounting firm is replaced are less than the previous year, the amount of the audit fees before and after the replacement, and the reasonsfor reduction shall be disclosed: None.

(III) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: None.

V. Information on replacement of Certified Public Accountant (CPA): None.

VI. The chairman, president, finance or accounting manager who has worked in the CAP firm or affiliates enterprise in the most recent year, the name, position, and the service period shall be disclosed: None.

VII. Shareholding changes of directors, managerial officers, and major shareholders:

(I) Changes in shares held by directors, managers, and shareholders holding 10% or more of shares:

Unit: Share(s)

Title	Name	2022		From the current fiscal yearup April 22,2023	
		No. of increase (decrease) ofshares held	No. of increase (decrease) ofshares pledged	No. of increase (decrease) ofshares held	No. of increase (decrease) ofshares pledged
Chairman Director Major shareholder	Center Laboratories, Inc.	8,000,000	0	0	0
	Representative: Pei-Jiun Chen (Concurrently serving as CEO)	440,000	0	0	0
	Representative: Chun-Hong Chen	0	0	330,000	0
Director Major shareholder	JCR Pharmaceuticals Co., Ltd.	42,000,000	0	0	0
	Representative: Yoh Ito	0	0	0	0
Director	Nien Hsing International Investment Co., Ltd.	0	0	0	0
	Representative: En-Tzn Liu	0	0	0	0
Director	Jason Technology Co., Ltd.	0	0	0	0
	Representative: Chia-Ling Lin	0	0	0	0
Director	China Investment and Development Co., Ltd.	0	0	0	0
	Representative: Hsiu-Yuan Lee	0	0	0	0
Independent Director	Kuo-Pin Kao	0	0	0	0
Independent Director	Yu-Sheng Tsai	0	0	0	0
Independent Director	Allen Y Chao	0	0	0	0
Vice President	Chih-Yung Lin	(30,000)	0	(15,000)	0
Associate Vice President	Wei-I Chou	0	0	0	0
Associate Vice President	Chin-Hao Liang	0	0	0	0
Financial and Accounting Officer	Yu-Ching Chang	0	0	0	0

Corporate Governance Officer	Teh-Chu Sun	0	0	0	0

Note: Those who still serve in their respective positions when the Annual Report is published.

(II) Counterparty of equity transfer or counterparty of equity pledge is a related party information:

1. Counterparty of equity transfer is a related party: None.
2. Counterparty of equity pledge is a related party: None.

VIII. Information of the interrelationship as related party, spouse, blood relatives within the second degree of kinship among the top ten shareholders in shareholding:

April 22, 2023. Unit: Share(s)

Name	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in thenames of others		Name and relation in case of thetop-ten shareholders who are related parties to each other, in aspousal relationship or within the second degree of kinship.		Remarks
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
JCR Pharmaceuticals Co., Ltd.	42,000,000	20.40	-	-	-	-	-	-	-
JCR Pharmaceuticals Co., Ltd. Chairman: Shin Ashida	-	-	-	-	-	-	-	-	-
Center Laboratories, Inc.	41,974,314	20.39	-	-	-	-	LeJean Biotech Co., Ltd	LeJean Biotech Co., Ltd is a director of Center Laboratories, Inc.	-
							Chia-Ling Lin	Chia-Ling Lin is the director representative of Center Laboratories, Inc.	-
Center Laboratories, Inc. Chairman: Su-Chi Wang	-	-	-	-	-	-	-	-	-
Nien Hsing Textile Co., LTD.	8,089,665	3.93	-	-	-	-	-	-	-
Nien Hsing Textile Co., LTD. Chairman: Wei-Han Chen	-	-	-	-	-	-	-	-	-
Chien-Hsing Wu	3,630,000	1.76	-	-	-	-	-	-	-
Hsin-Ying Fan	2,248,000	1.09	-	-	-	-	-	-	-
Yi-Hsu Huang	1,949,498	0.95	-	-	-	-	-	-	-
Chia-Ling Lin	1,543,070	0.75	23	0.00	-	-	Center Laboratories,	Chia-Ling Lin is the director	-

							Inc.	representative of Center Laboratories, Inc.	
							LeJean Biotech Co., Ltd. Chairman: Li-Chu Ou	First degree of kinship	-
							Hung-Hsuan Lin	Second degree of kinship	-
							Wei-Hsuan Lin	Second degree of kinship	-
Hung-Hsuan Lin	1,520,006	0.74	-	-	-	-	LeJean Biotech Co., Ltd. Chairman: Li-Chu Ou	First degree of kinship	-
							Chia-Ling Lin	Second degree of kinship	-
							Wei-Hsuan Lin	Second degree of kinship	-
Wei-Hsuan Lin	1,470,152	0.71	-	-	-	-	LeJean Biotech Co., Ltd. Chairman: Li-Chu Ou	First degree of kinship	-
							Chia-Ling Lin	Second degree of kinship	-
							Hung-Hsuan Lin	Second degree of kinship	-
LeJean Biotech Co., Ltd.	1,386,546	0.67	-	-	-	-	Center Laboratories, Inc.	LeJean Biotech Co., Ltd is a director of Center Laboratories, Inc.	-
LeJean Biotech Co., Ltd. Chairman: Li-Chu Ou	4,584	0.00	-	-	-	-	Chia-Ling Lin	First degree of kinship	-
							Hung-Hsuan Lin	First degree of kinship	-
							Wei-Hsuan Lin	First degree of kinship	-

IX. The number of shares held by the company, the company's directors, managers and its directlyor indirectly controlled business toward the same investment businesses, as well as the combinedcalculated shareholding percentage:

Unit: Share(s)

Companies invested (Note)	By the Company		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by this Company		Overall investment	
	Shares	% of shareholding	Shares	% of shareholding	Shares	% of shareholding
KriSan Biothech Co., Ltd.	10,000,000	19.15	10,675,000	20.44	20,675,000	39.59

Note: Investment of the Company accounted for under the equity method.

Chapter 4. Capital Overview

I. Capital and shares

(I) Source of Share Capital

Class of the shares held up to the date of publication of the annual report.

As of April 22, 2023; Unit: NT$; Shares

Year and Month	Issue price	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Capital Increase by Assets Other than Cash	Others
May 2022	31.1 or 21.7	500,000,000	5,000,000,000	154,121,000	1,541,217,000	Exercise of Employee Stock Options: NT$7,880,000	—	Note 1
July 2022	0	500,000,000	5,000,000,000	154,121,000	1,551,217,000	Restricted stock award issuance: NT$10,000,000	—	Note 2
August 2022	31.1 or 21.7	500,000,000	5,000,000,000	155,179,000	1,551,791,000	Exercise of Employee stock options: NT$ 574,000	—	Note 3
October 2022	32.5	500,000,000	5,000,000,000	205,179,000	2,051,791,000	Private placement common shares issuance: NT$ 500,000,000	—	Note 4
November 2022	31.1 or 21.7	500,000,000	5,000,000,000	205,306,000	2,053,060,000	Exercise of Employee stock options: NT$ 1,269,000	—	Note 5
March 2023	21.7	500,000,000	5,000,000,000	205,315,000	2,053,150,000	Exercise of Employee stock options: NT$ 90,000	—	Note 6

Note 1: Hsinchu Science Park Bureau Certificate No. 1110016243. Approval date is May 25, 2022.

Note 2: Hsinchu Science Park Bureau Certificate No. 1110023032. Approval date is July 21, 2022.

Note 3: Hsinchu Science Park Bureau Certificate No. 1110026519. Approval date is August 19, 2022.

Note 4: Hsinchu Science Park Bureau Certificate No. 1110035352. Approval date is October 26, 2022.

Note 5: Hsinchu Science Park Bureau Certificate No. 1110037324. Approval date is November 22, 2022.

Note 6: Hsinchu Science Park Bureau Certificate No. 1120009108. Approval date is March 23, 2023.

As of April 22, 2023; Unit: Shares

Class of shares	Authorized Share Capital				Remarks
	Outstanding shares		Unissued shares	Total	
	OTC-listed	Private placementof common shares			
Registered common shares	137,878,000	68,000,000	294,122,000	500,000,000	—

Note: The outstanding shares include 563,000 common shares resulting from the conversion of employee stock option certificates and 40,000 shares of New Restricted Employee Shares that have been repurchased but have not yet completed the registration change as of the publication date of the annual report.

(II) Shareholder structure

Shareholding Record Date: April 22, 2023; Unit: Shares

Shareholder structure / Quantity	Government institutions	Financial institutions	Other institutions	Foreign institutions & foreigners	Natural persons	Total
Number of Shareholders	0	1	62	20	14,234	14,317
Number of Shares Held	0	110,000	62,547,271	44,093,560	99,127,169	205,878,000
Shareholding percentage (%)	0.00%	0.05%	30.38%	21.42%	48.15%	100.00%

(III) Shareholding distribution status

1. Common Share

Shareholding Record Date: April 22, 2023; Unit: Shares

Shareholding Range	Number of Shareholders	Shareholding	Shareholding percentage (%)
1-999	1,960	214,525	0.10%
1,000-5,000	9,868	19,553,924	9.50%
5,001-10,000	1,207	9,737,795	4.73%
10,001-15,000	365	4,704,844	2.29%
15,001-20,000	241	4,476,769	2.17%
20,001-30,000	196	5,047,288	2.45%
30,001-40,000	107	3,853,071	1.87%
40,001-50,000	81	3,761,132	1.83%
50,001-100,000	145	10,319,256	5.01%
100,001-200,000	75	10,344,650	5.03%
200,001-400,000	37	10,624,320	5.16%
400,001-600,000	12	6,122,715	2.97%
600,001-800,000	6	4,220,465	2.05%
800,001-1,000,000	4	3,684,911	1.79%
Over 1,000,001	13	109,212,335	53.05%
Total	14,317	205,878,000	100.00%

Note: The outstanding shares include 563,000 common shares resulting from the conversion of employee stock option certificates and 40,000 shares of New Restricted Employee Shares that have been repurchased but have not yet completed the registration change as of the publication date of the annual report.

2. Preferred Share: None.

(IV) Major Shareholders

Shareholding Record Date: April 22, 2023; Unit: Shares

Shares / Names of major shareholders	Shareholding	Shareholding Percentage
JCR Pharmaceuticals Co., Ltd	42,000,000	20.40%
Center Laboratories, Inc.	41,974,314	20.39%
Nien Hsing Textile Co., LTD.	8,089,665	3.93%
Chien-Hsing Wu	3,630,000	1.76%
Hsin-Ying Fan	2,248,000	1.09%
Yi-Hsu Huang	1,949,498	0.95%
Chia-Ling Lin	1,543,070	0.75%
Hung-Hsuan Lin	1,520,006	0.74%
Wei-Hsuan Lin	1,470,152	0.71%
LeJean Biotech Co., Ltd.	1,386,546	0.67%

(V) Market Price, Net Worth, Earnings, and Dividends in the past Two years

Unit: NT$; share

Item / Year			2021	2022	From the current fiscal year up March 31,2023
Market value per share	Highest		54.3	55	42.2
	Lowest		28.95	32.9	35.9
	Average		41.74	43.9	39.71
Net value per share	Before distribution		12.84	15.13	-
	After distribution		-	-	-
Earnings per share	Weighted average shares		148,484	165,337	-
	Earnings per share (Lose)	Before retroactive adjustment	(0.61)	(2.74)	-
		After retroactive adjustment	-	-	-
Dividends per share	Cash dividends		-	-	-
	Stock grants	Stock dividends from retained earnings	-	-	-
		Stock dividend for capital reserve	-	-	-
	Cumulative unpaid dividends (Note 4)		-	-	-
Price-earnings	(P/E) Ratio (Note 1)		-	-	-
	Price-dividend ratio (Note 2)		-	-	-
	Dividend yield (Note 3)		-	-	-

Note 1: Price/Earnings Ratio = Average Market Price/ Diluted Earnings Per Share

Note 2: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share

Note 3: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price

Note 4: The Company did not distribute cash dividends in 2021 and 2022.

(VI) The Company's dividend policy and implementation status

1. The dividend policy defined by the Articles of Incorporation:
   Annual earnings concluded by the Company are the first subject to pay the tax and reimbursement of previous losses, followed by a 10% provision for legal reserve unless legal reserves have accumulated to the same amount as the Company's paid-up capital, and condition or reversal of special reserve as the laws may require. Any earnings remaining may be prioritized for the current year's preferred share dividends and then added to opening undistributed earnings for distribution at the board of directors' proposal. Distributions that involve the issuance of new shares are subject to resolution at a shareholder meeting.
   Since the Company is in a highly developing industry, the dividend distribution policy is based on the Company's current year's earnings and previous years' accumulated earnings, considering the Company's profitability, capital structure, and future operating needs to determine the Company's planned dividend distribution. The distribution of stock dividends is limited to no more than 50% of the total dividends, and the remaining cash dividends are distributed. The board of directors will consider operating and capital expenditure requirements, propose a distribution plan and submit it to the shareholders' meeting for decision.

2. Dividend payout plans proposed during the most recent shareholders' meeting:
   The Company's financial statements for the year 2022 resulted in a net loss after taxes, and there is still an accumulated deficit to be offset. Therefore, no dividend will be distributed for this year. (In accordance with the board resolution dated March 13, 2023, and subject to approval at the Company's shareholders' meeting, it is hereby proposed to formally acknowledge the decision for the year 2023.)

3. Major changes expected in the dividend policy: None.

(VII) The impact of stock dividend distribution proposed by this shareholders' meeting on the Company's operating performance and earnings per share: The Company did not disclose the 2023 financial forecast information and thus does not apply.

(VIII) Compensation for employees and Directors

1. The percentages or ranges with respect to employee and director compensation, as set forth in the Company's Articles of Incorporation.
   The company shall allocate 10% to 12% as employee compensation, which shall be distributed in stock or cash according to the Company earnings of the current year by the board of directors' resolution. The distribution objects include employees of subsidiary companies who meet certain conditions. The board of directors can withdraw no more than 2% of the profit amount to distribute the director's remuneration. Employee and directors' remuneration distribution shall be reported to the shareholders' meeting.
   However, profits must first be taken to offset cumulative losses, if any. Then the company shall allocate employee compensation and directors' remuneration in proportion to the preceding paragraph.

2. Actual distribution of compensation to employees and directors (including the number, sum, and price of shares distributed), and where there were discrepancies with the approved compensation for employees and directors, describe the sum, the cause, and treatment of the discrepancy: None; Any difference will be treated as a change in accounting estimates, and will be recognized as an adjustment of expense in 2022.

3. Distribution of remuneration adopted by the Board of Directors:
   3.1 Amount of the remuneration paid to employees, directors and supervisors in cash or stock. If there is a difference between the estimated amount and the amount of recognized expenses, the difference, cause and treatment should be disclosed: Not applicable.
   3.2 The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports for the current period and total employee compensation: Not applicable.
4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director compensation, additionally the discrepancy, cause, and how it is treated: Not applicable.

(IX) The situation of the Company's repurchases of its own shares: None.

II. Corporate Bonds: None.

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Status of Employee stock option Plan

(I) Issuance of Employee Stock Options:

As of April 22, 2023

Employee Stock Options Granted	1st 2015 of Employee Stock Option	
Approval Date by the Securities & Futures Bureau	December 22, 2015	December 22, 2015
Issue (Grant) Date	March 21, 2016	November 9, 2016
Number of units issued	2,500	1,000
Number of units still available for issuance	0	0
Percentage of Shares Exercisable to Outstanding Common Shares	1.95%	0.78%
Option Duration	7 years	7 years
Source of Option Shares	New Common Share	New Common Share
Vesting Schedule	2nd Year: Up to 40% 3rd Year: Up to 70% 4th Year: Up to 100%	2nd Year: Up to 40% 3rd Year: Up to 70% 4th Year: Up to 100%
Shares Exercised	52,500 shares	389,000 shares
Value of Shares Exercised	NT$ 2,464,245	NT$ 12,143,890
Shares Unexercised	0 shares (Expired)	46,700 shares
Adjusted Exercise Price Per Share	NT$ 44.8	NT$ 29.9
Percentage of Shares Unexercised to Outstanding Common Shares	0%	0.02%
Impact to Shareholders' Equity	Dilution to shareholder's equity is limited	

As of April 22, 2023

Employee Stock Options Granted	1st 2019 of Employee Stock Option	1st 2022 of Employee Stock Option
Approval Date by the Securities & Futures Bureau	December 13, 2019	June 23, 2022
Issue (Grant) Date	March 05, 2020	July 19, 2022
Number of units issued	3,585	2,828
Number of units still available for issuance	0	172
Percentage of Shares Exercisable to Outstanding Common Shares	2.80%	1.83%
Option Duration	7 years	5 years
Source of Option Shares	New Common Share	New Common Share
Vesting Schedule	2nd Year: Up to 40% 3rd Year: Up to 70% 4th Year: Up to 100%	2nd Year: Up to 40% 3rd Year: Up to 70% 4th Year: Up to 100%
Shares Exercised	1,063,000 shares	0 shares
Value of Shares Exercised	NT$ 22,956,400	NT$ 0
Shares Unexercised	1,500,500 shares	2,828,000 shares
Adjusted Exercise Price Per Share	NT$ 20.8	NT$ 36.1
Percentage of Shares Unexercised to Outstanding Common Shares	0.73%	1.37%
Impact to Shareholders' Equity	Dilution to shareholder's equity is limited	

(II) Employee Stock Option Granted to Management Team and to Top 10 Employees:

As of April 22, 2023; Unit: shares and NT$ thousands

	Title	Name	Number of Option Acquired	Number of Option Acquired / Number of Option Issued (%)	Exercised				Not Exercised			
					Number of Option	Exercise Price (NT$)	Option amount	Number of Option / Number of Option Issued	Number of Option	Exercise Price (NT$)	Option amount	Number of Option / Number of Option Issued (%)
Management Team	President	Pei-Jiun Chen	2,100	1.02%	440	$21.7	9,548	0.21%	1,070	$20.8 $36.1	26,234	0.52%
	Associate Vice President	Wei-I Chou										
	Vice President	Ching-Chu Feng (Note)										
	President	Kuo-Lan Wen (Note)										
	Vice President	Ching-Ying Chen (Note)										
	Associate Vice President	Chiung-Hsiang Chen (Note)										
	Associate Vice President	Wan-Tzu Chang (Note)										
	Director	Yun-Han Lin (Note)										
	Vice President	Chih-Yung Lin										
	Associate Vice President	Chin-Hao Liang										
	Manager	Teh-Chu Sun										
Employees	Director	Hung-Ming Huang	1,333	0.65%	340.3	$48.3 $32.3 $21.9	9,044	0.17%	780.7	$48.3 $32.3 $21.9 $37.55	27,785	0.38%
	Associate Manager	Hsin-Te Li										
	Associate Project Manager	Sheng-Hu Lin										
	Supervisor	Ya-Ching Shih										
	Associate Manager	Cheng-Kang Yang										
	Associate Director	Chia-Wang Chiang (Note)										
	Associate Manager	Ming-I Chiu										
	Manager	Chih-Hung Kuo										
	Associate Manager	Kung-Jen Chang										
	Supervisor	Li-Tse Tsou (Note)										

Note: As of the printing date of the annual report, the employee has left the Company.

VI. Status of New Employees Restricted Stock Issuance

(I) Issuance of New Restricted Employee Shares

As of April 22, 2023

Type of New Restricted Employee Shares	2022 New Restricted Employee Shares
Date of Effective Registration	June 23, 2022
Issue date	July 5, 2022
Number of New Restricted Employee Shares Issued	1,000,000
Issued Price (NT$)	None
New Restricted Employee Shares as a Percentage of Shares Issued	0.48%
Vesting Conditions of New Restricted Employee Shares	(I) Indicator A (55% of the total number of shares issued): After being allocated restricted stock awards, employees still employed on their own vesting date who did not violate the Company's labor contract, work rules, non-compete, confidentiality or contractual agreements during their employment and have met the Company's operational performance targets and their personal performance evaluation criteria, are entitled the following ratios of shares once the vesting conditions are met: 1. Vesting conditions (1) Personal performance: At the end of each vesting period, the work target score for the most recent year reaches 3.5 (inclusive) or higher. (2) Company operational goals: a. The Company's operating revenue as shown on the 2023 financial statements audited by the CPAs reaches NT$1 billion or more (inclusive). b. The Company's operating revenue as shown on the 2025 financial statements audited by the CPAs reaches NT$2.5 billion or more (inclusive). 2. Vesting ratio (1) March 31, 2024: 40% of allotted shares (2) March 31, 2026: 60% of allotted shares (II) Indicator B (45% of the total number of shares issued): After being allocated restrict stock units, employees still employed on their own vesting date and did not violate the Company's labor contract, work rules, non-compete, confidentiality or contractual agreements during their employment and have met the operational performance targets set by the Company: 1. Vesting conditions Within 24 months after a customer has applied for a license to market a medicine to PMDA, production line 1 at Plant I (2F, No. 8 and 10, Kedong 3rd Rd., Zhunan Township) and production line 2 (1F, No. 8 Kedong 3rd Rd., Zhunan Township) are certified by PMDA. 2. Vesting ratio (1) Within 18 months after the customer applied for a license to market a medicine to PMDA, production line 1 at Plant I and production line 2 are certified by PMDA, 100% of the total number of vesting shares are allocated. (2) Within 18 to 24 months after a customer has applied for a license to market medicine to PMDA, production line 1 at Plant I and production line 2 are certified by PMDA, 80% of the total number of vesting shares are allocated.
Restricted Rights of New Restricted Employee Shares	I. The restricted stock awards may not be sold, pledged, transferred, given to others, or used as guarantee or otherwise disposed of. II. Voting rights at shareholders' meetings: The same as those with the Company's other common shares. III. Rights of shareholders to allocate (subscribe) shares and dividends: The same as those with the Company's other common shares Employees are entitled to receive cash dividends and stock dividends allotted by the Company and the said cash dividends and

	stock dividends allotted are deemed to have reached the vesting conditions and are not required to be delivered to the trust for custody.
Custody Status of New Restricted Employee Shares	I. After issuance, restricted stock awards must be immediately delivered to the trust for custody. Before vesting conditions are met, employees may not request the trustee to return the restricted stock awards for any reason or in any way until the vesting conditions are met. II. During the period of delivery of the restricted stock awards to the trust, the Company shall act as the sole agent of the employees in negotiating, signing, amending, extending, cancelling, and terminating the trust deed with the trust institution (including but not limited to), and for the delivery, utilization and disposition of the trust property. Attendance, proposals, speeches and voting rights at the shareholders' meeting are executed by the custodian trustee in accordance with the contract.
Measures to be Taken When Vesting Conditions are not Met	Restricted stock awards granted to an employee who has not yet met the vesting conditions will be taken back and cancelled by the Company at the price originally issued in accordance with the law. However, the employee is not required to return or pay back the allotted shares or dividends derived. 1. Departure (voluntary/retirement/redundancy/dismissal): Restricted stock awards that have not met the vesting conditions are deemed to not have met the vesting conditions on the effective date of termination of employment. The Company will take back and cancel their shares free of charge. 2. Leave without pay: The rights and obligations of restricted stock awards not yet vested are not affected and are subject to the regulations of these rules. The actual number of shares that may be vested in each year, except for meeting the vesting conditions of these rules, are calculated based on the proportion of the actual number of months of employment of the employee in the corresponding company's operational goal. However, the percentage of months of employment for Indicator A - Company Operational Goal b is calculated based on the period from January 2024 to December 2025. On the vesting date, an employee on leave without pay is deemed to have not met the vesting conditions. The Company will take back and cancel the restricted stock awards not yet vested. 3. General death: restricted stock awards that have not met the vesting conditions are deemed to not have met the vesting conditions on the date of death. The Company will take back and cancel their shares free of charge in accordance with the law. 4. Disability or death due to an occupational disaster. An employee who is unable to continue working due to a physical disability resulting from an occupational disaster, vesting conditions met in the year of their departure or death are deemed to have met the vesting conditions for the year. By complying with the regulations of these rules, the shares or benefits of the said employee may be received by their heirs, provided they must complete the necessary legal procedures and provide the relevant proof of evidence. However, the Company will take back and cancel their shares free of charge in accordance with the law. 5. Position transfer: If an employee voluntarily transfers to an affiliate, the restricted stock awards awarded to the said employee are handled in the same manner as that of a departing employee. However, if a position transfer is requested by the Company, the restricted stock awards granted to the said employee are not affected. 6. If the Company is restructured pursuant to the Business Mergers and Acquisitions Act, the vesting conditions for restricted stock awards are deemed to have met, or vesting conditions not yet met and the ratio of vesting available are determined by the Board of Directors.
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	40,000 shares
Number of Released New Restricted Employee Shares	0 shares

Number of Unreleased New Restricted Shares	960,000 shares
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)	0.47%
Impact on possible dilution of shareholdings	The dilution of the Company's earnings per share in future years is limited and has no material impact on the equity of the existing shareholders.

(II) List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

As of April 22, 2023; Unit: shares and NT$ thousands

	Title	Name	No. of New Restricted Shares	New Restricted Shares as a Percentage of Shares Issued	Released				Unreleased			
					No. of Shares	Issued Price (NT$)	Amount	Released Restricted Shares as a Percentage of Shares Issued	No. of Shares	Issued Price (NT$)	Amount	Released Restricted Shares as a Percentage of Shares Issued
Manager	President	Pei-Jiun Chen	600	0.29%	0	0	0	0%	600	0	6,000	0.29%
	Vice President	Chih-Yung Lin										
	Associate Vice President	Wei-I Chou										
Employee	Director	Hung-Ming Huang	400	0.19%	0	0	0	0%	360	0	3,600	0.17%
	Director	Tzu-Ling Yeh										
	Senior Manager	Keng-Te Ho										
	Senior Manager	Yu-Nung Lin										
	Manager	Cheng-Han Tsai										
	Manager	Chih-Hung Kuo										
	Associate Manager	Hsiang-Kai Lin (Note)										

Note: As of the printing date of the annual report, the employee has left the Company.

VII. Issuance of new shares in connection with mergers or acquisitions: None.

VIII. Implementation of the company's capital allocation plans:

(I) For a detailed description of the plan for each public issue and private placement, until the date of the report's release

1. Cash capital increase in 2020 through the issuance of new common stocks

1.1 Content of the plan

1.1.1 Date and document number of the effective authorization

The Financial Supervisory Commission authorized the application on November 27, 2020 (Letter No. 1090370430). Regarding the upcoming Lunar New Year holiday and the better issuance timing for the interests of the Company and shareholders, the Company applied for extending the offering period of three months to May 27, 2021. It was authorized by the Financial Supervisory Commission on December 23, 2020 (Letter No. 1090378664).

1.1.2 Total amount of the plan: NT$ 1,860,928 thousand.

1.1.3 The source of funds:

Issuance 25,000 thousand new common shares for capital increase, with par value of NT$10 per share and issuance price of NT$30.5 per share. The total fund was composed of NT$762,500 thousands through fundraising and NT$1,098,428 thousands through the Company's own capitals or bank loans.

1.1.4 Plan items, implementation progress of fund, and expected benefit.

Unit: NT$ thousands

Plan items	Expected date of completion	Total amount ofthe plan	Expected implementation progress of fund						
			2019	2020	2021				2022
					Q1	Q2	Q3	Q4	Q1
Construction of GMP Plant 2 (Zhunan)	2022 Q1	819,828	9,114	296,398	251,942	167,705	59,743	29,258	5,668
Acquisition of Machinery and Equipment	2022 Q1	648,000	—	40,600	90,000	130,500	150,000	193,400	43,500
Strengthen working capital	2021 Q1	393,100	—	—	393,100	—	—	—	—
Total	-	1,860,928	9,114	336,998	735,042	298,205	209,743	222,658	49,168
Expected benefits	A. Construction of GMP Plant 2 and Acquisition of Machinery and Equipment: As CDMO market is thriving, the Company constructed the GMP Plant 2 and invested the machinery. After the completion of GMP Plant 2, it will increase the capacity and the revenue. B. Strengthen the working capital: Aims to strengthen the competitiveness and promote the flexibility of capital allocation through keeping a stable long-term capital, lowering the financial cost.								

1.1.5 Date of upload to FSC-designated disclosure website: November 27, 2020.

1.1.6 The project has not undergone any plan changes.

1.2 Status of implementation

Unit: NT$ thousands

Plan items	Execution Status as of 2023Q1			Reasons for Plan's Progress Leading or Lagging, Impact on Shareholders' Equity, and Improvement Plan
Construction of GMP Plant 2 (Zhunan)	Utilized funds	Planned	819,828	Completed.
		Actual	819,828	
	Execution progress (%)	Planned	100%	
		Actual	100%	
Acquisition of Machinery and Equipment	Utilized funds	Planned	648,000	In process, which the purchasing was affected during Covid-19 pandemic.
		Actual	616,318	
	Execution progress (%)	Planned	100%	
		Actual	95.11%	
Strengthen working capital	Utilized funds	Planned	393,100	Completed.
		Actual	393,100	
	Execution progress (%)	Planned	100%	
		Actual	100%	

1.3 Benefit evaluation

1.3.1. Construction of GMP Plant 2 and Acquisition of Machinery and Equipment
The purchasing of machinery and equipment was slightly delayed due to the Covid-19 pandemic. The project is in process which implemented according to previous plan. However, the planned benefit hasn’t generated yet.

1.3.2. Strengthen working capital
The cash capital increase of the Company in 2020 was completed in the first quarter of 2021, and it increased the working capital. Therefore, the solvency and financial structure of the Company improved after the capital increase.

2. Private placement in 2022

2.1 Content of the plan

2.1.1 Date and document number of the effective authorization:
National Science and Technology Commission Hsinchu Science Park Administration, Letter No. 1110035352, Dated October 26, 2022.

2.1.2 Total amount of the plan: NT$ 1,625,000 thousand.

2.1.3 The source of funds: The private placement issues 50,000 thousand shares, with par value of NT$10 per share and issuance price of NT$32.5 per share, and the total amount is NT$1,625,000 thousand.

2.1.4 Plan items, implementation progress of fund, and expected benefit.

Unit: NT$ thousands

Plan items	Usage	Required funding
Strengthen working capital	Strengthen working capital	475,000
Others	Long-term development strategy	1,150,000
Total		1,625,000
Expected benefit: Aims to enhance the competitiveness of the Company, solid the financial structure, reduce the operating risks, and positively contribute to the shareholders' equity.		

2.1.5 Date of upload to FSC-designated disclosure website: July 27, 2022.

2.1.6 The project has not undergone any plan changes.

2.2 Status of implementation and benefit evaluation.

Unit: NT$ thousands

Plan items	Usage	Required funding	Execution Status as of 2023 Q1
Strengthen working capital	Strengthen working capital	475,000	290,955
Others	Long-term development strategy	1,150,000	221,906
	Total	1,625,000	512,861

Where implementation has failed to yield the expected progress or benefits, the annual report shall provide specific reasons: None.

(II) The above-mentioned plan involves the expansion or construction of real estate, plants and equipment, and the replenishment of operating capital. The following matters shall be disclosed:

1. Provide comparative explanations for items such as real estate, plants and equipment, operating revenues, operating costs, and operating income.
For additional details, please refer to "Chapter 7. Review of Financial Conditions, Financial Performance, and Risk Management."

2.The fluctuations in the current assets, current liabilities, and total liabilities of the Company; provide a comparative analysis and explanation of the Company's interest expenses, operating revenues, and earnings per share; and assess the Company's financial structure.
For additional details, please refer to “Chapter 6. Financial Information” and “Chapter 7. Review of Financial Conditions, Financial Performance, and Risk Management.”

Chapter 5. Operational Highlights

I. Business activities

(I) Scope of business

1. Principal business activities:

C802041 Manufacture of Drugs and Medicines
C802060 Veterinary Drug Manufacturing
CF01011 Medical Devices Manufacturing
F108021 Wholesale of Western Pharmaceutical
F401010 International Trade
C199990 Manufacture of Other Food Products Not Elsewhere Classified
C802990 Other Chemical Products Manufacturing
IG01010 Biotechnology Services
IG02010 Research and Development Service
Research, design, development, manufacture, and sale of the following products:
(1) New Protein Molecules and Biosimilars
(2) Process Development Services
(3) CMO of New Proteins and Biosimilars
(4) Stem Cell Products
(5) Immune Cell Products
(6) Antibody – Drug Conjugate, ADC

Mycenax's mission is to become a Contract Development & Manufacturing Organization (CDMO) specializing in the process development and GMP production of biological drugs. We aim to become a global supplier of professional and comprehensive services, including development and manufacture of biological drugs for clinical and commercial use. This includes the assessment of druggability, production clone establishment, process development, drug characterization, analytical methods development and qualification, PIC/S GMP manufacturing and filling. Mycenax can offer one-stop service for biologics.

Over more than ten years of developing our own biologics, Mycenax has been building a value chain for biologics. In addition to two major expertise on mammalian cell culture and microbial fermentation, we are equipped with the capacity to develop the chemistry, manufacturing, and control (CMC) of biologics in compliance with international regulations. For new class of biologics, Mycenax is also devoted to the process development of allogenic cell therapy. We have mastered the pioneering technology of scale-up production to expand our pipeline including stem cell and immune cell products. Moreover, Mycenax has been also developing antibody-drug conjugates (ADC). ADC lab was established in Zhubei for conjugation process development. We collaborated with the Industrial Technology Research Institute (ITRI) for the screening of linkers and payload to support exploring on new combination of small molecule drugs to antibodies. Meanwhile, Mycenax invested KriSan Biotech to build an ADC GMP plant to expand the business scope of innovative antibody drugs.

Our objective is to build a foundation in Taiwan by connecting the upstream and downstream industries to provide world-class contract development and manufacturing

service and expand our business from the Asian Pacific market to the global market.

2. Proportion of Revenue from Major Products

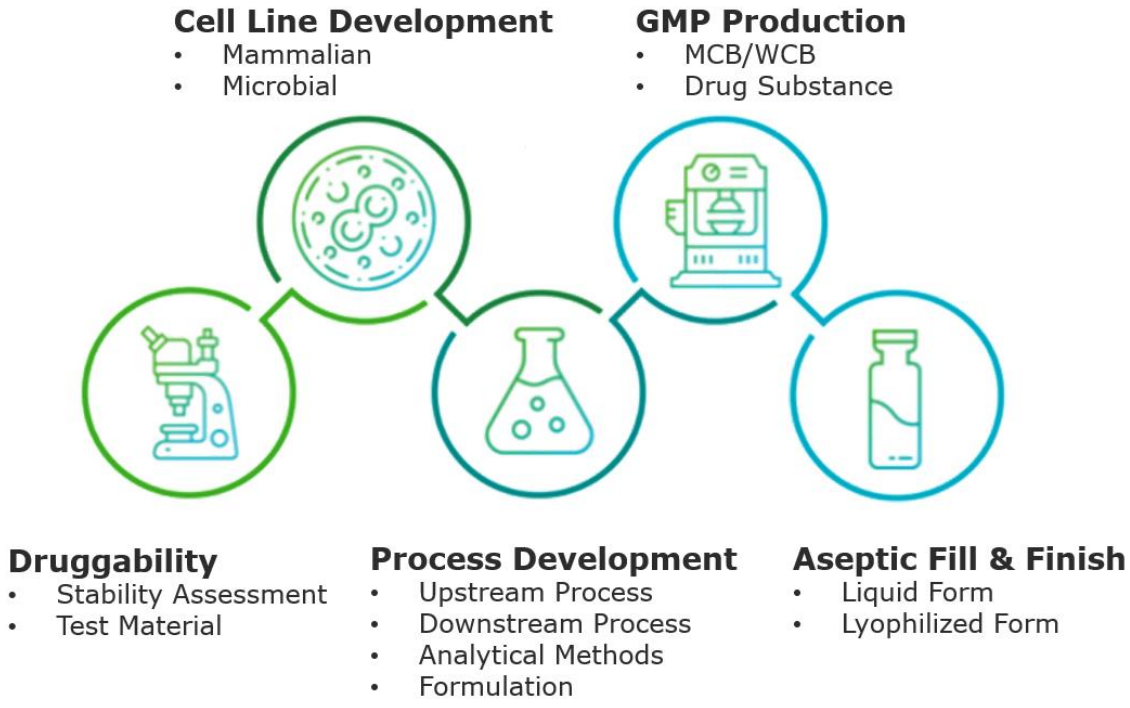
Unit: NT$ thousands

Year / Major products	2021		2022	
	Amount	%	Amount	%
Technical service income	591,998	76%	614,857	84%
Others	182,272	24%	117,419	16%
Total	774,270	100%	732,276	100%

3. Current products (services) of the Company

Contract Development & Manufacturing Organization (CDMO) of Biologics

Provide one-stop service from DNA to GMP for biologics. It consists of upstream translational medicine and production clone establishment to the downstream process development, GMP production and aseptic filling. Our service covers from the process development to the manufacturing of drug products. Mycenax is fully capable of providing solutions to the client's development needs. We offer the shortest timelines, the most effective production process and the best quality (as shown in the figure below).



Mycenax's development and manufacturing services are as below:

Services	Introduction
Translational Medicine	Provide professional plan for early on research and development of biologics to improve the subsequent process yield. This includes two major cell production systems: mammalian cells and microbial strains.

Services	Introduction
	• Mammalian cells Codon optimization/antibody humanization/optimization of signal sequence/Fc engineering for ADCC-enhancement/design of glyco-engineering antibodies • Microbial strains Design of protein expression vector/optimization of genetic sequence/design of tagged fusion protein
Development of cell lines	Provide a bridging stage for the development of mammalian cell lines and microbial strains designed for the manufacturing process. • Mammalian cells CHO-S (Thermo Fisher), Sp2/0 and CHOZN (Merck) cell cloning/ Monoclonality/Advanced High Throughput Cell Cloning System (Beacon® Optofluidic System)/Cell line stability testing • Microbial strains E. coli expression platform/monoclonality/plasmid stability testing
Process Development	Provide service for upstream and downstream process development and analytical methods development for biologics. • Upstream <u>Mammalian cells</u> Optimization of basic and fed-batch culture media/Optimization of parameters of culture process/Culture system Ambr 15 and Ambr 250/3L and 5 L Bioreactors/25L wave bioreactors/Scale-up testing of 50L bag single-used bioreactors. <u>Microbial strains</u> Optimization of basic and fed-batch culture media/Optimization of parameters of culture process/Adjustment of fed-batch culture in 5L fermentation tank/Scale-up testing of 30L stainless fermentation tank. <u>Cellular Therapy</u> Culture of natural killer (NK) cells and γδT cells/culture of adherent allogenic stem cells. • Downstream Optimization of clarification, harvest and filtration process/high pressure cell disruption, harvest, filtration (microbial manufacturing process)/screening of purification column (affinity, ionicity, molecular sieve, hydrophobicity) and design of purification strategies that can be scaled up/design of viral removal process/adjustment of filtration process for buffer replacement/design of continuous affinity purification of antibodies/validation studies for end-stage manufacturing process (Process characterization). • Provide antibody-drug conjugates (ADC) drug screening test, antibody conjugating process development and optimization, scale-up process test. • Development of analytical methods Protein characterization/product release test/stability studies/cell therapy pDNA and ADC product test. • Development of dosage forms Development of liquid and lyophilized forms of proteins/formulation design and stability studies/design of aseptic filtration and filling process/compatibility test of final containers/ Draggability evaluation.

Services	Introduction
GMP manufacture	Provide manufacturing services for biologics. • GMP Plant 1 (Zhunan) Production line 1: 50L/200L (mammalian cells/cell therapy) Production line 2: 500Lx2/2,000Lx1 (mammalian cells) Production line 3: 50L/200L (microbial strains) • GMP Plant 2 (Zhunan) Production line A: 2,000Lx2 (mammalian cells) Production line B: 2,000Lx1 (mammalian cells)
Aseptic filling of preparations	Provide aseptic filling service for biologics. • GMP Plant 1 (Zhunan) Liquid filling: vial/pre-filled syringe (max. quantity 10,000/batch) Lyophilized vial filling: vial (max. quantity 3,500/batch) • GMP Plant 2 (Zhunan) (estimated to be completed at the end of 2023) Liquid filling: vial/pre-filled syringe (max. quantity 50,000/batch) Lyophilized vial filling: vial (max. quantity 30,000/batch)

4.New Products or Services under Development

Mycenax specializes in the CMC technology with continuous optimization and innovation for the development and manufacturing of biologics. We are aggressively exploring new products for the future market trend and have planned services in the following new fields:

4.1 Process Development of Allogenic Cells

For the process development of immune and mesenchymal stem cells, we finished the Taipei Lab expansion for the construction of a designated cell therapy development lab. We established a technology platform for the analysis and scale-up to support production of cellular products. We can assist the clients in the early stage for commercializing cell therapy products.

4.2 Process Development of Antibody-Drug Conjugates (ADCs)

For the process development of antibody-drug conjugates (ADCs), we established a chemical conjugation lab in Zhubei. We provide the service in the development of conjugating process for the clients in the early stage. Mycenax signed a Memorandum of Cooperation (MoC) with the Industrial Technology Research Institute to match and expand Taiwan's ADC front-end technology including the screening platform for the linkers and cytotoxic compounds as payloads.

4.3 Process Development of Plasmid DNA

The development of DNA and mRNA vaccines is progressing rapidly as the epidemic changes. It increases the demand for plasmid DNA production using a microbial system. Our microbial process development team has designed a high productivity platform to increase the yield by more than 5 times. The analytical methods were also developed. In the future, these will be promoted to the clients to meet the demands.

4.4 Process Development for Continuous Production

Continuous production, compared with traditional batch production, has the advantage of requiring smaller bioreactors, lower equipment costs, less demand for manpower and plant size. It can enhance the production yield and resin utilization to achieve lower production costs. Mycenax has adopted a continuous upstream and downstream production process in a biosimilar project outsourced by a foreign client. It is the first case in Taiwan to successfully complete the continuous production of antibody drugs

Continuous process development is the current trend of process optimization. Mycenax has the ability to achieve the world's first case. We will continue to strive for excellence in this field and maintain a leading edge.

4.5 Late-Stage Biological Drug Services

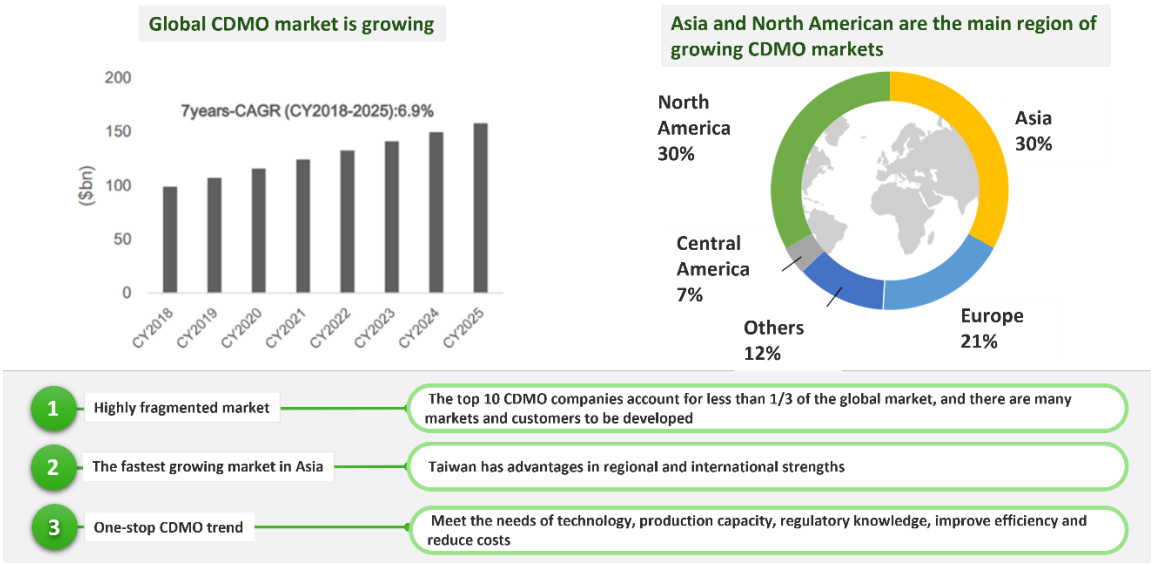
Package Service for Process Characterization (PC) and Process Validation (PV)

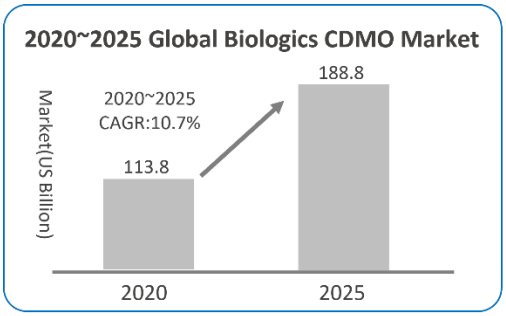
The PC and PV of biologics are much more complex than the small molecules. It includes the confirmation of various production steps, such as the setting of the operation range, establishment of key quality factors, verification, and validation of the equipment, confirmation of the expiry date of the materials. Its content is diverse and complex. To satisfy the client's demands for late-stage clinical projects, we have established complete document templates and implementation experience. In the future, Mycenax will provide package service for the clients to establish PC and PV for their late-stage biologics.

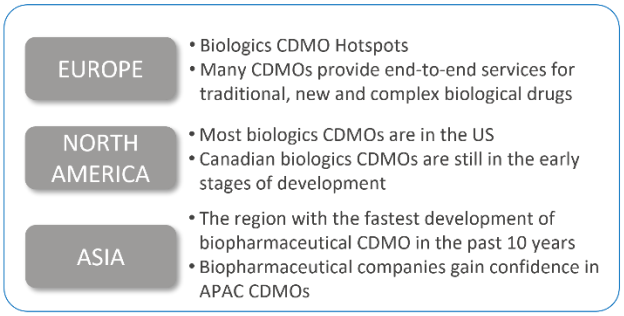
(II) Industry overview

1. Current Status and Development of Industry

Mycenax specializes in the CDMO of biologics. The global biologics CDMO market size is projected to reach USD 188 billion in 2025, at a compound annual growth rate of 10.7%. From the perspective of the global market, the growth rate of biological CDMO will be faster than the biologics market and entire pharmaceutical industry. The Asia-Pacific region is the fastest-growing region. According to the analysis, the world's top five CDMO companies account for nearly 60% of the global market, but most of them focus on the developed European and American regions. There are still many untapped market and customer opportunities in the Asia-Pacific region. As the trend of international trade is rapidly changing, Mycenax will actively expand the Asian market with Taiwan's regional advantages in order to become the largest CDMO service company in Asia.







2. Correlation of Upstream, Midstream and Downstream of Industry

The global CDMO service market is expected to grow along with the entire biologics market. Since biologics production is complex and capital intensive, the biologics developers, no matter whether they are in the clinical trial stage or the commercial stage, they need to seek cooperation with the entrusted CDMOs in order to save resource investment in non-core areas.

Meanwhile, the large pharmaceutical companies also reply on CDMOs to make up for the lack of internal capabilities and production capacity in order to establish a more robust supply chain and to enter emerging markets.

For small and medium biotech companies, working with CDMOs is a key component of business model as these companies need to dedicate most resources to research and development. CDMO outsourcing accounts for a higher proportion so that they can focus on the core areas of strength and accelerate the development of new drugs.

Mycenax is dedicated in providing fast and regulatory compliant CDMO service for biologics. We offer one stop shop service from cell line development to process development and manufacturing to achieve the most efficient timeline.

3. Product Development Trend

The types of biologics are becoming more diverse with the advance of technology. In response to the market trend, Mycenax will develop and deploy the technology for the products in new fields, focus on the recent development trends, and plan the following products to target the development and service for the next generation products:

3.1 Cell Therapy

According to the market analysis, the global cell therapy fundraising reached USD 11 billion in 2020, 242% growth over the same period of the previous year. There are currently 492 immune cell therapy products targeting tumors in the world and 202 cell therapy products in other fields. It's obvious that cell therapy is booming around the world. The conventional treatment using chimeric antigen receptor T cell (CAR-T) is an autologous cell therapy, which is limited by time and the production process thereby affecting the course of treatment. Allogeneic cell therapy has become a new trend in recent years. To improve therapeutic potential and safety, γδ-T, natural killer (NK) cells, NKT or cytokine-induced killer (CIK) cells are further purified from T cells to significantly reduce the risk of graft-versus-host disease (GVHD) and host-versus-graft activity (HVGA) caused by allogenic cells. Therefore, it can offer effective and cost-efficient treatment. The advantages and disadvantages of the two treatments are compared in the table below to demonstrate the prospect of allogenic cell therapy.

Products	Time	Costs	Quality Control	Feasibility/Success Rate
Autologous Cell Therapy	Approximately 2-12 weeks based on the condition of the patient's autologous cells	Customized, higher costs	Depending on the quality of the patient's autologous cells, difficult to control	The state of the patient's cells will directly affect the quality of the prepared cells and the success rate
Allogenic Cell Therapy	Can be prepared in advanced, available at any time	Massive production, Lower costs	Excellent quality control and testing to ensure treatment effect	"Spot" cell therapy products that can be stored in advance and transported to the patients in need at any time in the world

Mycenax has the experience of collaborating with a client in the scale-up production of allogenic cell therapy at 200L GMP run. This was approved by US FDA for phase I study. Mycenax will continue to advance the scale-up technique for allogenic stem cell culture with the hope of becoming a global factory for allogenic stem cell production.

In addition, mesenchymal stem cell culture is also a growing part of cell therapy. According to the analysis of American clinical database, there are 1,008 clinical trials related to mesenchymal stem cells in the world from 2010 to August 2020. Most of the stem cell clinical trials in Taiwan are allogeneic cell therapy. Mesenchymal stem cells are less likely to cause rejection due to its characteristics, so they can be used as allogenic therapy. Besides its functions are diversified, it has the potential to treat a variety of diseases including graft-versus-host disease (GVHD), stroke, knee arthritis, etc. At present, a variety of stem cell drugs have been marketed, including Alofisel in Europe, Temcell in Japan, prochymal in Canada and New Zealand. There are also a number of clinical trials in progress, demonstrating the thriving development of the mesenchymal stem cell market.

Currently, Mycenax's Research and Development Center in Taipei has established a designated lab for cell therapy to aggressively expand the development service in this field. We are also planning to establish a GMP production base for cell therapies in the Zhubei Biomedical Park after the second quarter of 2024 to promote the mass production service for advanced cell therapy as a pioneer in next generation.

3.2 Antibody-Drug Conjugates (ADC)

The main concept of ADC is to use antibodies as missiles to deliver tumor-killing toxins/compounds as warheads to tumors to lock tumor cells and kill them with poison. The first ADC drug (Gemtuzumab ozogamicin, Mylotarg®) launched in 2000 was used to treat leukemia. However, according to the post-marketing clinical follow-up, there was a trend of increased lethal incidence so that the drug was withdrawn in 2010. After the developer readjusts the patient age, the dosing frequency and dosage, Mylotarg® was relaunched in 2017 with significant efficacy but lower side effects. This case offers a new perspective of ADC drugs, through the process improvement and dosage design, ADC drugs can have much lower side effects. The global ADC market size was USD 2.7 billion in 2019. It is estimated that from 2020, with the upcoming market approvals for new

products and the expansion of new indications, the market size is predicted to USD 17.7 billion in 2027, at a CAGR of 25.9%. This suggests that ADC is getting more attention in new drug market. International investments and mergers and acquisitions have increased significantly. For example, multinational pharmaceutical companies such as AstraZeneca, Merck, and Boehringer Ingelheim have already deployed in related fields.

Mycenax has conducted the outsourced development for new ADC. To strengthen the development of ADC, we signed a MOU with the ITRI for strategic collaboration in the development of ADC early this year. We are also proactively negotiating the introduction of exclusive ADC technology platform to accelerate our technological leadership in this field. Mycenax also cooperate with KriSan Biotech to launch related investment plans. By leveraging KriSan Biotech's capability in developing small molecule drugs, Mycenax has been planning to build a GMP production base for ADC in Tainan Science Park to expand our manufacturing service with the hope of becoming the next-generation manufacturing leader of ADC.

3.3 Expansion of Filling Line

Mycenax's filling line in the existing GMP plant 1 (Zhunan) has been built more than ten years. With the improvement of filling technology and the change of the dosage form, the product forms are becoming more diverse. The client's requirements for the capacity, flexibility, efficiency, and regulatory specifications of the filling line have also been significantly increased. To improve the capacity of our filling service, Mycenax planned a multi-dosage filling line with a batch capacity of 50,000/batch in the established GMP Plant 2 (Zhunan) to expand filling line and serve more clients.

3.4 Mass Production of Commercialized Products

With the thriving development of new biological drugs and biosimilar drugs in the past decade, the production of many products will enter the late mass production stage. The market predicts that from 2020 that biologics will enter an important stage of massive production. Mycenax planned an expansion of GMP Plant 2 (Zhunan) for mammalian cells from 2019 to install 2 production lines. Each production line can be equipped with up to three 2,000L bioreactors. The GMP Plant 2 (Zhunan) has been opened in 2022 with verifications completed. Mass production is expected to start in the first half of 2023 in order to meet the future mass production needs of clients.

4. Competition

Since 2005 Mycenax has been building biomedical development and manufacturing platforms that meet the international quality standards. Mycenax have been certified by the TFDA as cGMP manufacturer of bulk drug substances for biotechnology products in 2006 and cGMP manufacturer of aseptic preparations for aseptic filling/lyophilization of finished products in 2007. In 2013, we have obtained PIC/S GMP certification from the TFDA. Even though many companies have joined the CDMO field in recent years, Mycenax has amassed the experience of product development technology and plant scale from over a dozen of products and has become the leading CDMO company in Taiwan. Meanwhile, we keep deepening our root in the research and development ability, production capacity, cost optimization, new technology development and application, and client relationship in order to maintain a high level of competitivity and to keep pace with CDMO companies in Asia, Europe, and the U.S.

(III) Technology and Development Overview

1. Development Expenses Invested in the Most Recent Year and As of Printing Date of Annual Report

Unit: NT$ thousands

Year	2021	2022
Research and Development expenses	96,134	144,001

2. Technology or Product Successfully Developed

2.1 Massive Production Platform for Mammalian Cells

During the development of biological drugs, besides meeting the regulatory requirement for quality, controlling development schedule and cost is also crucial to the success of product development. Protein drugs are primarily produced by cells. An efficient mass production platform can shorten the time for preliminary process development and lower the production cost. Mycenax has established a stable culture technique for 2L/5L bioreactors and is capable of scale-up production up to 50L, 200L, 500L, and 2,000L. With this professional and flexible platform, we have successfully collaborated with domestic and international clients on various CDMO projects.

2.2 Cell Line Preparation and Process Development Platform

Mycenax continues the optimization of the existing CHO-S and CHOZN GS-/- cell line preparation platform with the aim of achieving higher yields and more stable cell lines within a shorter timeframe. The CHOZN GS-/- platform has been applied to five CDMO development projects since 2021, and has been paired with Beacon® Optofluidic System, which can automatically perform single-cell cloning, to screen antibody-producing cell lines. These cell lines have achieved high yields of 4-6 grams per liter and maintained stability for up to 60 generations, meeting international industrial standards. The platform has received high praise from our clients. We combine our proprietary development technology and automated equipment, such as Beacon® and ambr®, to shorten the production cycle of protein drugs from DNA to GMP Production (completion of IND Package) to 10--14 months, satisfying the CDMO client's demand for fast drug development. In the future, by leveraging the talents and technical advantages of the R&D team, Mycenax will deepen our root in the high-end fields of cell line and process developments for non-antibody protein drugs. With the strategy of "innovative development ability (D) and adequate manufacturing capacity (M)", our services shall be expanded in response to the protein drug demands for special indications such as rare diseases.

2.3 Continuous Production Platform

Continuous production platform is designed to provide an automated sequential process, from upstream cell production to downstream purification, and finally to the automated cascade production of active pharmaceutical ingredients. The aim of integrating these processes is to lower the investment cost of production facilities and reduce the demand for manpower.

The current production process for biological drugs is divided into upstream cell culture and downstream protein purification. In 2021, Mycenax partnered with Cytiva, a continuous equipment developer, to develop a continuous production process and established a satellite lab equipped with a full continuous platform at our Zhubei

Research & Development Center in August. The platform can effectively link the previously stand-alone workstations via automated control software to achieve continuous production. In addition, the three-step chromatographic purification procedure of antibody production and virus inactivation steps were successfully integrated into the continuous process in 2022. The related achievements were presented at a webinar co-hosted with Cytiva in the fourth quarter of the same year and received enthusiastic responses. In the future, Mycenax will accumulate the experiences of using the continuous process in traditional and non-traditional antibody drugs, thereby providing clients with automated, cost-effective, and highly stable process options.

2.4 Plasmid DNA Production Platform

Over the years, with the rising of cell and gene therapies, coupled with the development of mNRA vaccine, the demand for plasmid DNA production has also increased significantly. In 2019, the market of viral vector and plasmid DNA production service was 0.32 billion USD. It is estimated that it will reach 1.3-2.1 billion USD by 2027, with a compound annual growth rate of 14.08% from 2020 to 2027. In response to market demand and to provide more diverse services, Mycenax established a plasmid DNA production platform in 2021, and successfully applied the platform to the expression of viral vectors with highly repetitive sequences in the first half of 2022. These plasmids are essential for the production of viruses used in cell and gene therapies. The relevant processes of the platform, which are from process optimization to GMP production, can be completed within 4 months, and have international-level production capacity and quality, thereby accelerating the drug development timeline for the clients.

2.5 ADC Technology Platform

In 2022, Mycenax established a dedicated laboratory for antibody-drug conjugate (ADC) at Zhubei Research & Development Center, in which the chemical synthesis of drugs and antibody conjugation experiments can be conducted. At present, Mycenax has successfully completed L-cysteine conjugation experiments using three antibody models, and the drug-antibody ratio (DAR) of the conjugate can be precisely controlled. Moreover, the feasibility of the scale-up production has been confirmed in the laboratory, and one of the antibody models shows highly similar product quality compared to a commercially available drug with the same structure. In the future, Mycenax will continue to delve into research on conjugation methods, conjugation sites, and linkers through internal development and external collaboration efforts in order to provide a variety of options to help clients select suitable, effective, and stable drug conjugates.

2.6 Platforms for Liquid and Lyophilized Dosage Forms

Mycenax persistently optimizes and expands the platforms for development of biological drug dosage forms. In addition to optimizing the existing platforms for protein liquid dosage forms, we have also established a platform for lyophilized dosage forms to provide more comprehensive services. Among the biological drug categories, some are relatively unstable drugs, such as recombinant protein drugs produced by microorganisms or chemically linked antibody-drug conjugates. With the development technology for lyophilized dosage forms, excess water can be removed by combining the screening of excipients and low-temperature sublimation of ice crystals, thereby preserving the quality of the biological drugs and meeting the demand for long-term storage. This approach improves the stability of these types of drugs and pushes them forward to clinical trials. Our technology platform has been validated with various types

of proteins, and it only takes 4-6 months to develop a stable protein lyophilized dosage form and lyophilization process. This resolves the stability issues that clients encounter in biological drug development projects, significantly shortening the timeline for development of dosage forms and improving the success rate.

2.7 Characterization Analysis Platform

With the thriving development of biological drugs, the quality analysis of the relevant products has also attracted more attention. In addition to the release analysis for quality control, the characterization analysis of products has also become an essential part of drug development cycle. Upholding the mission of providing the most comprehensive analysis service, we persistently optimize and expand our analysis platform for biological drugs. In addition to release tests such as basic purity and activity, we have also established a characterization analysis platform. On this platform, mass spectrometry is used to analyze the primary protein structure, post-translational modification, and location of glycosylation; circular dichroism spectrophotometer, dynamic light scattering, and other analytical methods are used to analyze high-order structure; activity analysis and affinity analysis (application of surface plasmon resonance) can also be conducted. We aim to provide more comprehensive services throughout the drug development cycle. In the early clinical stage, we provide an integrated service for product analysis to help our clients better understand the biological drugs during development. This can drastically shorten the development timeline and improve the success rate of drug development. In the clinical stage, we offer integrated analysis capabilities. In terms of IND submission, we can also help clients address issues raised by the regulatory authorities with more comprehensive solutions.

2.8 Druggability Assessment Platform

Due to the high cost and high failure rate of drug development, fast and predictive tests should be used to assess the developability of biopharmaceutical products in the early stages based on product characteristics, including purity, aggregation, thermal stability, charge heterogeneity, glycosylation, multi-reactivity, potency, and low pH stability, as well as accelerated storage conditions. In the early stages, developability assessment helps to assess whether candidate drugs have the potential to be developed into stable, manufacturable, safe, and effective drugs. More importantly, developability assessment should be performed as early as possible to eliminate candidate drugs that are not likely to be successfully developed. This will minimize the risk of costly late-stage failures and avoid potential issues that may arise during clinical application. With existing drug development technologies and professional analysis capabilities, Mycenax has established an early-stage drug target screening platform. Taking development of bispecific antibodies as an example, we have established a platform-based evaluation mechanism to provide the necessary physical and chemical stability assessments needed in the early stages, thereby reducing the risks associated with subsequent drug development and manufacturing.

2.9 Analysis Capabilities for Novel products (Cell Therapy, ADC and pDNA)

As Mycenax strives to enhance novel product development capabilities, relevant analytical supports become crucial and indispensable. For novel products such as cell therapy, ADC, and pDNA, we have established corresponding analysis platforms, including Cell Therapy: The ability to analyze surface markers, cytotoxicity, and cell differentiation is essential to support the development of cell therapy products such as chimeric antigen receptor T cells (CAR-T), γδ T cells, natural killer (NK) cells, and others.

ADC: Based on the existing protein product analysis capabilities, a DAR value analysis platform has been established to strengthen the development capacity of ADC products.
pDNA: A series of pDNA analysis platforms have been established, including quantitative and purity analysis methods. By utilizing the aforementioned analytical capabilities, Mycenax can not only support internal process development but also improve the quality control of CDMO projects.

2.10 Massive Production Platform for Adherent Allogenic Stem Cells

The key to developing allogeneic cell therapy products lies in the ability to scale up production. Traditional 2D adherent cell processes rely heavily on manual labor and are limited in terms of yield. To overcome this bottleneck, Mycenax has established a 3D production technology platform. On the platform, cells are attached to microcarriers and suspended in bioreactors for cultivation, allowing for linear amplification of cell production according to clients' development needs. Currently, we have successfully established a small-scale parameter testing platform (Ambr® 250 system) and a small-scale production platform (2L), which can be scaled up to a 50L production platform. It is estimated that the cell yield can reach 15 billion/50L batch, which meets international industry standards. Mycenax hopes to serve clients with CDMO needs for adherent cell mass production processes through this platform and plans to develop a service platform for stem cell-derived exosome processes.

(IV) Long-, Short-Term Sales Development Plans

To meet the customers' needs of from preclinical development to marketing, we expand the uniqueness of the service with the so-called "big D and medium M" model of innovative development ability (D) and adequate manufacturing capacity (M) under the development capability of both efficiency and innovation.

1. Short-term sales development plans

1.1 With this business model, the source and revenue of CDMO cases of traditional and novel biological drugs can be increased through continually deepening the Asian market and expanding the European and American markets.

1.2 Complete the filling line of GMP Plant 2 (Zhunan) and cell therapy pilot plant.
The regulatory certification of plants can bring in more customers in need of clinical phase III and commercial mass production to accelerate revenue growth.

1.3 Work with KriSan Biotech to construct a one-stop service platform for ADC from process development to GMP production.

2. Long-term sales development plans

2.1 Attract world-class pharmaceutical companies to join the biopharmaceutical industry chain in new fields.

2.2 Continue to strengthen the technology platform and expand service areas to create a comprehensive biopharmaceutical CDMO kingdom.

II. Market and Sales Status

(I) Market Analysis

1. Regions where Mycenax's Main Products (Services) were Marketed (Provided) over the Past Two Years.

Unit: NT$ thousands

Regional Differences	2021		2022	
	Sales Amount	%	Sales Amount	%
Domestic sales	101,355	13%	278,167	38%
Asia	405,591	52%	325,583	44%
America	73,225	10%	7,070	1%
Europe	194,099	25%	121,456	17%
Total	774,270	100%	732,276	100%

2. Market Share and Future Demands and Supply and Growth

Our CDMO service is highly competitive in the global market. In addition to continuously deepening the Taiwan market, we are actively expanding in Asian regions such as Korea and Japan. Mycenax is equipped with the four key components of biological pharmaceutical companies: technology, equipment, highly efficient management, proper execution and application of regulations. For all domestic biomedical companies, our services and PIC/S GMP plant are exactly the most needed technologies for biomedicine to move beyond the research and development stage to pharmaceutical development and clinical trials. In the future, we will keep deepening the Asian market and increase our market share in the European and U.S. markets.

3. Competitive Niche

3.1 Biological Drug Development and Manufacturing Platform that Meets the International Specifications

Mycenax has been building biomedical development and manufacturing platforms that meet the international quality guidelines since 2005. In 2006 and 2007, we received TFDA certification of cGMP manufacturer of bulk drug substance for biotechnology products and cGMP manufacturer of aseptic preparations for aseptic filling/lyophilization of finished products, respectively. In 2013, we obtained TFDA PIC/S GMP certification. It means we are qualified to manufacture biologics. We provide one-stop service from upstream to downstream process. We have a professional team that specializes in cell culture, protein purification, protein analysis and biopharmaceutical development regulations. Our technology platforms encompass cell banks, mass culture, culture medium recovery, purification, aseptic filling of finished products that can be applied to the development of most biotechnology products. Meanwhile, we persistently optimize quality and quantity in our services in terms of research and development capacities, production capacities, cost optimization, new technology development and application, and client relations to strength our core competitiveness.

3.2 Well Experience in Product Development and Strong Execution

By developing our own products and executing the entrusted service cases, we have accumulated considerable experience in product development and management. Our

industrial positioning is to undertake research and development results and do assessment from the perspectives of science, regulation, and economy to quickly formulate development strategies and execute plans, including timeline, batch quantity and budgets. Then a biological drug development platform was selected to produce the product that meets the regulatory requirements and satisfies the demand for mass production at an economic scale under the most effective and high-quality control.

4. Favorable and Unfavorable Factors and Countermeasures for our Development Vision

4.1 Favorable Factors

4.1.1 Industrial Trends in Service Specialization

The global biopharmaceutical CDMO service market has grown along with the overall biopharmaceutical market. The globalization of the division of labor in the biopharmaceutical industry and R&D/production outsourcing has become an industry trend. The cost and difficulty of pharmaceutical research and development are increasing, and the cost competition after the expiration of patented drugs has prompted the division of labor in the biopharmaceutical industry to become more refined and globalized. Large pharmaceutical companies and small and medium-sized biotechnology companies are increasingly dependent on outsourcing service providers thereby the penetration rate of production outsourcing went up. For large pharmaceutical companies, it is increasingly necessary to rely on CDMOs to make up for the lack of internal capabilities and production capacity, establish a more robust supply chain, and enter emerging markets such as China. For small and medium-sized biotechnology companies, cooperation with CDMO is a key part of their business model. Most of their financing needs to be invested in research and development, and a higher proportion of CDMO outsourcing helps to focus on their core areas of strength and accelerate the development of new drugs.

4.1.2 The Biotechnology and Medical Industry is Promoted by the Government

Biotechnology is the key technology program promoted by the government since 1980. The government nourishes biotechnology research and development talents by offering national research projects, establishing biotechnology research institutions and establishing biotechnology-related university and institutes. In 2022, under the long-term active promotion of the government, the "Regulations on the Development of the Biotechnology and Pharmaceutical Industry" will be officially implemented. For the development of the biotechnology and pharmaceutical industry in Taiwan, relevant tax incentives will be used to drive economic transformation and the advantages of the industrial ecological chain. R&D or CDMO company will establish the second national protection mountain after foundry.

4.1.3 Aging Population Structure and Improvement of Living Standards

Due to the gradual aging of our population, according to the "2021 Simple Life Table" published by the Ministry of the Interior, the average life expectancy of Chinese people is 80.86 years. In addition, the average life expectancy of Taiwan people is higher than the global average for both men and women. In recent years, with the improvement of medical standards, the improvement of quality of life and

the popularity of sports, the average life expectancy of Taiwan people has shown an upward trend for life expectancy, which shows that Taiwan people are living longer and longer. With the advent of an aging society, people's dependence on drugs will also increase. And with the improvement of national income and the general improvement of living standards, it is expected that Taiwan people will pay more attention to health insurance and medical quality, and the demand for medicines will continue to increase in the future, thereby expanding the scale of the pharmaceutical market. It is conducive to the development of the biotechnology and pharmaceutical industry. Therefore, the development prospect of the industry is still optimistic in the future.

4.1.4 A complete biological drug development technology platform that meets international requirements.

The Company has the most critical CMC and cGMP manufacturing core technologies for the development of biological drugs and continues to build a development platform for novel biological drugs. The innovative development capability (D) and appropriate production scale (M) are constructed under the business model of big D and medium M. It is coupled with the successful marketing experience of biopharmaceutical development, and provides biopharmaceutical development from the establishment of cell banks, the establishment of CMC analysis methods, upstream cell culture, downstream cell recovery and purification, to the filling and freeze-drying of end products and other complete biologics development technology platform to provide entrusted drug development and manufacturing services required by biotechnology/pharmaceutical companies.

4.2 Unfavorable Factors and Countermeasures

4.2.1 Lack of talents to expand the European and American markets.

Countermeasures:

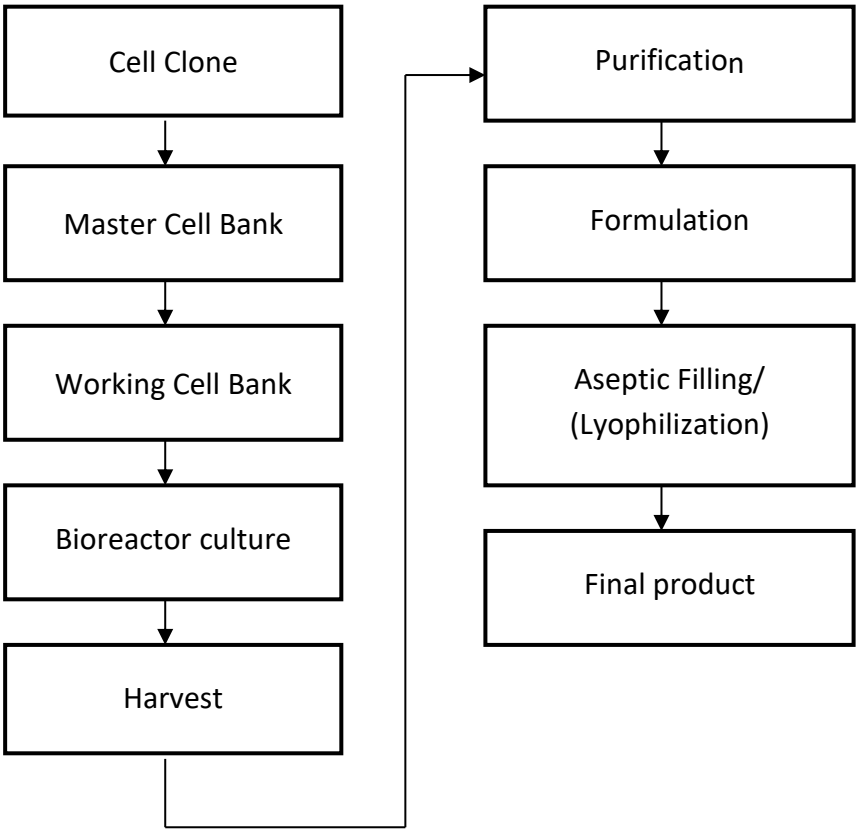
The Company has established a subsidiary in the United States and will hire local business development personnel to step into and expand the American and European markets, thereby increasing CDMO case sources and revenue.

4.2.2 Competing with international biologics CDMO companies.

Countermeasures:

Mycenax takes the CDMO brand positioning of "big D in medium M" with "Innovative development abilities (D) and Adequate manufacturing capacity (M)" to provides one-stop services for the development and manufacture of traditional biologics and novel biological drugs. It aims to deeply cultivate the Asia-Pacific region and expand the European and American markets.

(II) Important intended use of the main products and production process



(III) Supply status of main materials

The Company is a Contract Development and Manufacturing Organization (CDMO) company specializing in the development and GMP manufacturing of biopharmaceuticals. The main raw materials are cell lines, culture media, and buffer solutions. The Company has a good relationship with the major suppliers to keep the supply chain stable.

(IV) List of Major Customers for Procurement and Sales

1. Major suppliers for more than 10 percent of the company's total purchase amount in one of the most recent two years

Unit: NT$ thousands

Item	2021				2022			
	Name	Amount	Percentage of total purchase amount (%)	Relationshipwith the issuer	Name	Amount	Percentage of total purchase amount (%)	Relationshipwith the issuer
1	s	66,193	21	None	a	45,741	17	None
2	a	34,044	11	None	g	34,843	13	None
3	-	-	-	-	s	27,941	10	None
	Others	216,095	68		Others	161,668	60	-
	Net purchase amount	315,332	100		Net purchase amount	270,193	100	-

Note: A list of any suppliers accounting for 10 percent or more of the Company's total procurement amount in either of the 2 most recent years, the amounts bought from each. Where the Company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

The reason for increases/decreases:

What the Company procured was mainly the raw materials and indirect materials used in CDMO projects. The purchase amount varies according to the production need and the project progress.

2. Major customers for more than 10 percent of the company's total sales amount in one of the most recent two years.

Unit: NT$ thousands

Item	2021				2022			
	Name	Amount	Percentage of the annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net sales (%)	Relationship with the issuer
1	Gedeon Richter Plc	179,968	23	None	Gedeon Richter Plc	114,260	16	None
2	Y	167,003	22	None	AK	112,654	15	Yes
3	-	-	-	-	AP	99,732	14	None
	Others	427,299	55	-	Others	405,630	55	-
	Net sales	774,270	100	-	Net sales	732,276	100	-

Note: A list of any customers for 10 percent or more of the company's total sales amount in either of the 2 most recent years, the amounts sales from each. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

The reason for increases/decreases:

The Company is a Contract Development and Manufacturing Organization (CDMO) company. Revenue is recognized when the service obligations are fulfilled according to the contract terms. The revenue amount of the clients varies according to the progress of their cases each year. In addition, the revenue from the sale of LusiNEX in 2022 is recognized by the payment milestone.

(V) Production Value and Volume in the Most Recent Two Years

The Company is a contract development and manufacturing organization (CDMO) company. Its output value is determined according to the work items of the commissioned case, and there are no products with fixed mass production. Therefore, it is not applicable.

(VI) Sales Value and Volume in the Most Recent Two Years

Unit: NT$ thousands

Year / Sales / Main products (or department)	2021				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Technical service income	—	100,713	—	491,285	—	276,634	—	338,223
Others	—	642	—	181,630	—	1,533	—	115,886
Total	—	101,355	—	672,915	—	278,167	—	454,109

The reason for increases/decreases:

The Company is a contract development and manufacturing organization (CDMO) company. It couldn't show the quantity due to the service is uncountable. The revenue amount varies according to the progress of each project.

III. Employees

The employee information for the last two years and as of April 22, 2023, is as follows:

Year		2021	2022	From the current fiscal yearup to April 22, 2023
No. of employees	R&D	91	91	77
	Management	72	74	70
	Manufacturing	198	213	183
	Total	361	378	330
Average age		32.95	35.19	35.86
Average years of service		2.50	3.04	3.28
Academic qualification distribution (%)	Ph.D.	5.82	5.03	4.85
	Master's degree	55.96	54.76	55.76
	College	37.95	39.42	38.79
	Senior highschool	0.28	0.79	0.61
	Below seniorhigh school	-	-	—

IV. Environmental protection expenditure

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor relations

(I) Implementation status of employee benefit measure, on-the-job education, training, the retirement system, negotiation between employers and employees, and other employee rights:

1. Employee benefit

In order to look after employees and provide employees with a good working environment, the Company has set up the Employee Welfare Committee to organize various benefits and welfare activities, including allowances for birthday, wedding, childbirth, three festivals and Labor Day, and subsidies for funerals, domestic and foreign travels, in-hospitalization allowances, dinner parties, year-end party lottery, and regular free health check, etc.

The Company's various welfare policies and measures are as follows:

1.1 Wedding allowance: NT$3,800 per person.

1.2 Childbirth allowance: NT$3,800 for each child.

1.3 Funeral allowance: NT$3,000 for the bereavement of a direct relative or spouse.

1.4 Hospitalization Condolence Allowance: The maximum reimbursement for visitation and

condolences is NT$1,000 based on actual expenses, while the hospitalization condolence allowance ranges from NT$2,000 to NT$6,000 based on the length of hospital stay.

1.5 Other welfare benefits:

1.5.1 Company gatherings and year-end parties: The Welfare Committee will organize various activities periodically based on budget and needs. It is also responsible for planning the gift-giving and dining arrangements for the annual year-end party.

1.5.2 Employees are given a birthday leave on their birthdays.

1.5.3 Mid-Autumn Festival and Dragon Boat Festival cash gift is NTD 3,600, employees with less than six months of seniority will receive NTD 2,500.

1.5.4 Emergency assistance: If employees encounter the following situations, the Company, out of care and concern for its employees, will provide the following assistance programs to support its employees and their dependents.

Assistance categories	Range of relatives	Assistance content
Death	Employee	A bereavement allowance of NT$30,000
	Employee's spouse	Care and Support Payment of NT$ 30,000
Catastrophic illness (such as cancer, disability, or a major accident)	Employee	1.Seven days of paid sick leave 2.Care and Support Payment of NT$ 10,000
	Employee' parents, spouses, and children	1.Paid Care Leave for 3 working days. 2.Care and Support Payment of NT$ 5,000

The recognition of catastrophic illness is based on the standards of the group insurance policy for critical illness, and only one application is allowed for the same family member and illness event.

2. Distribution of employee remuneration: In case of profit for a certain year, employee remuneration shall be distributed in an amount between10%-12% of the profit for that year. The proposal shall be submitted first to the Board of Directors for resolution, and then to the shareholders' meeting.

3. Employee Insurance: In addition to the labor and health insurance provided by the Labor Standards Act, all employees are also eligible for group insurance planned by the Company for all employees.

4. Employee training and advanced studies:
In order to address the operational and developmental needs of the organization, and to enhance the critical competencies, professional knowledge, and technical skills of employees to fulfill their job responsibilities and achieve the organizational objectives, the company has established an Education and Training Management Policy.

5. Retirement System and Implementation Status:
Starting from July 1, 2005, the Company appropriates an amount equivalent to 6% of the employees' monthly salary to the employee account designated by the Bureau of Labor Insurance in accordance with the Labor Standards Act. For employees who applies to the old pension system, pension payments are based on years of service and average salary for the

first six months prior to retirement in accordance with the Labor Standards Act. The Company contributes 2% of total employee salary to the pension fund each month. The Supervisory Committee of Labor Retirement Reserve makes deposits in its name to the designated account at Bank of Taiwan.

6. Employment relations negotiations and status of employee rights protections:
Taking labor-management relations importantly, the Company endeavors to create a mutual-benefit environment and establish a streamlined communication channel. Employees can communicate problems and suggestions regarding rights or interests with the Company's management in any form. The Company's labor-management relationship is stable and harmonious, and there are no major labor disputes.

The Company establishes work rules by laws to regulate various working conditions and protect the rights and interests of employees. In addition, the Company has set up the Employee Welfare Committee to implement various employee welfare measures. Also, the Committee organizes labor-management meetings and other internal meetings to communicate and coordinate various administrative measures to improve and safeguard employees' rights and interests.

7. Measures for protecting work environment and employee personal safety:

7.1 To ensure that the Company complies with environmental protection and fire-related regulations, the "Environmental Safety Declaration Management Measures" have been established, with the following main contents:

7.1.1 Toxic chemical substance management:

(1) Approval documents: Approval documents must be obtained from the Environmental Protection Bureau before purchasing toxic substances.

(2) Requirements: Before purchasing, the EHS department must check and verify the accuracy of the request for purchase of the toxic substance.

(3) Records of usage and purchase: After filling out the "Toxic Chemical Substance Operation Record Form," the record sheet must be submitted for review every month.

7.1.2 Waste declaration management:

The Company's waste is divided into general industrial waste and hazardous industrial waste according to the Environmental Protection Administration's announcement and is cleared periodically in accordance with the Waste Disposal Act.

(1) Records: The waste is properly disposed of by the waste transportation companies according to the "Industrial Waste Transportation Plan" every month.

(2) Declaration: The waste must be declared before transportation and confirmed after transportation. Temporary storage and production capacity declaration must be submitted before the 5th and at the end of each month.

7.1.3 Water pollution control management:

(1) Records: The usage and discharge volume for each week is calculated by copying the water meter readings from the tap water and discharge water meters.

(2) Declaration:

• A record sheet of water usage and wastewater volume is provided to the

Zhunan Sewage Treatment Plant of the Hsinchu Science Park Administration every month to tally the usage and discharge situation.

- Declare the use of wastewater facilities and equipment, wastewater discharge, and wastewater testing results every six months in accordance with the Water Pollution Control Measures and Test Reporting Management Regulations.

7.1.4 Fire safety management:

(1) Regular inspection: Fire equipment is inspected every year (September to October), and public safety inspections are carried out every two years (August to September).

(2) Record and declaration: Inspection reports are issued by inspection companies. A full plant fire education and training must be carried out every six months (June and December) and declared.

(3) Hazardous substance declaration: The Company conducts a survey of hazardous substances and declares it according to regulations every January and July and it is better than the regulations to purchase public liability insurance in all regions and institutions.

7.2 The Company has established an Occupational Safety and Health (OSH) Management Unit in accordance with the Occupational Safety and Health Act. The unit consists of an OSH Director, Safety and Health Administrators, Occupational Health Nurses, and Environmental Protection Specialists. The unit members hold various qualifications including Class A Occupational Safety Management Engineer, Class A Occupational Health Management Engineer, Class B Occupational Safety and Health Management Administrator, ISO 45001 Lead Auditor, Registered Nurse with Certification in Occupational Health Nursing, Emergency Medical Technician Class 1, Class A Professional Technical Personnel in Waste Management, Class A Professional Technical Management Personnel in Toxicity and Concerned Chemical Substances, and Fire Protection Manager. The unit is responsible for executing OSH and environmental protection matters, which include:

7.2.1 Education and training: In order to ensure the safety and health of employees in the Company, newly hired employees receive general safety education and training before starting their job, and employees receive at least three hours of safety and health education and training every three years. In 2022, 88 newly hired employees received general safety education and training, and 27 external training participants received occupational safety-related training, including 4 boiler operation (Class B), 13 first pressure vessel operators, 1 high-altitude work vehicle operator, 3 first-aid personnel, 2 supervisors for organic solvent operations, 2 supervisors for specific chemical substance operations, and 2 fire prevention managers.

7.2.2 Certification management: Relevant unit personnel are required to participate in external training for dangerous mechanical equipment operators (first pressure vessels or boilers), supervisors for organic operations, supervisors for specific chemical substance operations, fire prevention managers, and first-aid personnel to ensure that operators have professional knowledge to prevent work-related accidents. Currently, there are 9 people with a professional license in boiler operation (Class B), 23 in first pressure vessel operation, 6 supervisors for organic operations, 6 supervisors for specific chemical substance operations, 6 fire prevention managers, and 11 first-aid personnel.

7.2.3 Establishment of four major health protection management regulations: In order to

maintain the health of employees in the workplace, the Company established Measures for Protecting and Managing Maternal Health, Measures for Preventing and Managing Abnormal Workload-triggered Disorders, Directions for Prevention and Management of Unlawful Infringement in the workplace, and Measures for Preventing and Managing Ergonomic hazards.

(1) In 2022, 12 people received maternal health protection, and 2 took maternity leave. Work assessment and physician health guidance were provided, and assistance was given for necessary work adjustments.

(2) For the prevention of disease caused by abnormal workloads, there were 11 people at moderate risk and no one at high risk. Health consultations and interview assessments were provided, and work-hour management assistance was given when necessary.

(3) For prevention of Ergonomic hazards, the physical and muscle injury survey was regularly conducted to assess the condition of employees and perform graded management. There were 6 suspected hazards, and health consultations and correct posture education were provided.

(4) There were no cases of Unlawful Infringement in the workplace in 2022.

7.2.4 Annual health checkup: In order to manage employee' health, all employees receive annual health checkup and health grading management to ensure their physical and mental health while working.

Health Checkup Grading

Health Grading Management	Grade 1	Grade 2	Grade 3	Grade 4
Total (%)	12.97 %	49.37 %	27.53 %	10.13 %
Special Health Checkup Grading Management	Grade 1	Grade 2	Grade 3	Grade 4
Total (%)	52.63%	47.37%	0%	0%
※Number of General Health Checkup Participants: 318, Number of Special Occupational Health Checkup Participants: 19				
Health Grading Management: Grade 1: Normal health checkup results. Grade 2: Abnormal health checkup results, requiring lifestyle changes. Grade 3: Abnormal health checkup results, arranging a consultation with a designated physician and providing recommendations. Grade 4: Abnormal health checkup results, recommending follow-up visits at an outpatient clinic. Special Health Checkup Grading Management: Grade 1: All normal or partially abnormal results, judged by the physician to have no abnormalities. Grade 2: Partial or all abnormal results, judged by the physician to be abnormal, but not work-related. Grade 3: Partial or all abnormal results, judged by the physician to be abnormal, and unable to determine the relationship with work, requiring further evaluation by a specialist in occupational medicine. Grade 4: Partial or all abnormal results, judged by the physician to be abnormal and work-related.				

7.2.5 The Company is a certified health workplace by the Health Promotion Administration of the Ministry of Health and Welfare. In 2022, we installed AEDs in various workplaces, held first aid lectures, and organized weight loss competitions and lectures to strengthen the safety of employees. A total of 44 people participated in the weight loss competition, with a total weight loss of 77 kg and a total waist circumference reduction of 76 cm, averaging 1.75 kg of weight loss per person.

7.2.6 The Company has accumulated 1,389,056 hours of disaster-free work from August 2020 to December 2022.

7.2.7 Contractor management implementation: In order to prevent accidents caused by contractors working on site, we organized hazard notification and agreement

meetings with contractors and reduced the risk of work-related accidents by contractors.

7.2.8 There was a total of 689 cases of contractor management in 2022, including 239 cases of high-risk operation control (182 cases of elevated operation control, 25 cases of hot work control, 19 cases of hoisting operation, 3 cases of confined space operation, and 10 cases of live operation).

7.2.9 On-site inspections were conducted quarterly to improve the risk of on-site operations. In 2022, the Company conducted internal audits on environmental protection, safety and health in February, May (temporarily suspended due to the pandemic), August, and November, and provided improvement suggestions and ongoing follow-up.

Audit item\time	2022 Q1 Zhunan	2022 Q2 (Temporarily suspended due to the pandemic)	2022 Q3 Nangang	2022 Q4 Zhubei
Missing items	1	n/a	6	7
Improved items	1	n/a	6	7

7.2.10 Operation environmental monitor: The operation place of specific chemical substances and organic solvent, concentrations are monitored semi-annually (May and November) in accordance with the law, and the results of the environmental monitoring of chemical factors in 2022 are all under primary management, with indoor carbon dioxide concentration monitoring results below 1,000 ppm (within the legal 5,000 ppm standard)

7.2.11 The classification and management of chemicals are as follows:

(1) For chemicals that pose health hazards according to GHS 15030, CCB classification management is adopted, and the overall ventilation, engineering controls, isolation, and special requirements are managed with reference to the exposure control sheet management mode.

(2) Risk classification and management of chemicals with permissible exposure limits (PELs) using saturated vapor pressure models and estimation models for unventilated workplaces. Both environmental monitoring and assessment are managed at level one.

(3) The risk classification and management of chemicals that require environmental monitoring in accordance with regulations are all managed at level one.
Risk Classification and Management Instructions for Environmental Monitoring Chemicals and PEL Chemicals in the Workplace.
Level 1 Management: Continuously maintain the existing control or management measures.
Level 2 Management: Take necessary improvement measures for process equipment, operating procedures, or work methods.
Level 3 Management: Take effective control measures and re-evaluate upon completion of the improvements.

(4) Prioritized chemicals are recognized and reported once a year.

(5) Confirmation and reporting for Industrial Raw Materials of Precursor Chemicals by quarterly.

(6) In order to strengthen the emergency response and disaster prevention and rescue work, cooperate with the Science and Technology Park to actively

participate in the self-declaration of chemicals every six months.

7.2.12 In order to prevent occupational accidents and ensure the safety and health of employees, the "Safety and Health Work Regulations" and "Occupational Safety and Health Management Regulations" have been formulated for employees to abide by; the "Safety and Health Work Rules" has been finalized and submitted to the Ministry of Labor for approval.

7.2.13 In 2022, the Occupational Safety and Health Management Plan project 100% completed. Including the identification, assessment, and control of workplace or operational hazards, as well as hazard identification and risk management (September) and voluntary reporting of chemicals and hazardous materials (January and July).

(1) Machinery, equipment or apparatus management, self-inspection and regular inspection completion rate of 100%.
(2) The labeling and general knowledge of dangerous and hazardous substances: SDS update, chemical cloud system operation and training.
(3) The sampling strategy planning and testing of hazardous operation environment in May and November.
(4) Safety and health education and training: 88 newly employees, 160 employees, and 27 external training.
(5) Safety assessment of hazardous workplace processes or construction: Planning, evaluation and installation of local exhaust for chemical workplaces in production lines, adoption of CRW for chemical compatibility reference.
(6) Procurement management, Contract management and Change management: safety and health regulations of procurement contracts, contract management, and change management of environmental protection and new chemicals.
(7) Regular inspection, key inspection, operation checkpoint and on-site inspection: 100% completion rate of automatic inspection of each equipment, plant inspection and internal audit of environmental safety and health.
(8) Protective equipment management: evaluate the applicable protective equipment for workers and replenish the protective equipment for emergency cabinets annually.
(9) Health checkup, health management and health promotion: annual health checkup, analysis and health promotion planning.
(10) Safety and health information collection, sharing and application: Covid-19 health education sharing.
(11) Emergency response measures: change of antiseptic (chemical chelator), first aid kit check, new AED installation and maintenance.
(12) Emergency disaster prevention training: health and safety emergency response (July), self-defense firefighting team education training and drills.
(13) Investigation and statistical analysis of occupational disasters, false alarms, and incidents affecting physical and mental health: monthly occupational disaster reporting, certificate of disaster-free working hours, and investigation and processing of environmental safety and health incidents.
(14) Safety and health management records and performance evaluation measures: Occupational Safety and Health Committee (quarterly), Biosafety Committee (annual) meeting minutes and effectiveness reports.
(15) Other safety and health management measures: announcement of the 2023 Occupational Safety and Health Management Plan and Biosafety Management Plan.

7.3 In order to prevent sexual harassment in the workplace and to protect gender equality and human dignity, the Company has established the "Sexual Harassment Prevention and Punishment Act" in accordance with the "Guidelines for the Complaint and Punishment of Sexual Harassment in the Workplace".

7.4 Implement Human rights protection training: including labor safety and health training and the four major labor health protection programs. In 2022, 3 hours of training for newly employees were attended by 88 people, with a completion rate of 94.6%.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. Information and communication security management

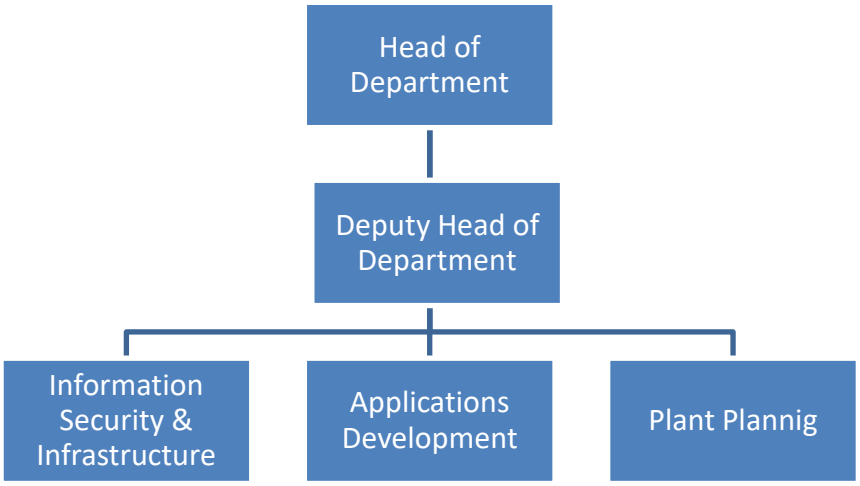
(I) Describe the information and communication security risk management framework, the information and communication security policy, the specific management plan and the resources invested in the information and communication security management, etc.

1. The cyber security risk management framework.

1.1 Information Security Organization

The Company has an Information Technology Management Department, which is responsible for coordinating information security and protection-related policy formulation, implementation, risk management, and compliance checks. The head of the department reports the effectiveness of information security management, issues and directions related to information security to the board of directors every year.

1.2 Organization of the Information Technology Management Department



2. The information and communication security policy

2.1 Information security management strategy and framework

In order to effectively implement the information security management of the whole plant, the information security organization holds regular meetings every quarter to review the applicability and protection measure of the information security according to the management cycle mechanism of Plan, Do, Check and Action (PDCA), and report the implementation results to the board of directors every year.

2.1.1 Plan: Focus on information security risk management, establish a complete Information Security Management System (ISMS), reduce corporate information security threats from the system, technology, and program, and establish confidential information protection services that meet the Company's needs and meet the highest standards.

2.1.2 Do: Construct multi-layer information security protection, continuously introduce innovative technologies for information security defense, integrate and internalize the information security control mechanism into daily operation processes such as software and hardware maintenance, systematically monitor information security, and maintain the confidentiality, completeness, and availability of the Company's important assets.

2.1.3 Check: Actively monitor the effectiveness of information security management, and conduct information security index measurement and quantitative analysis based on the audit results.

2.1.4 Action: Based on review and continuous improvement, implement supervision and audit to ensure the continuous effectiveness of information security regulations; when employees violate relevant regulations and procedures, personnel sanctions will be taken depending on the circumstances of the violation (including employee performance appraisals for the current year or necessary legal actions). In addition, based on performance indicators and maturity evaluation results, regular review and implementation of improvement measures including information security measures, education and training, and publicity to ensure that the Company's important confidential information is not leaked.

2.2 Management plan

2.2.1 Network Security

(1) Network security introduces advanced technology to perform computer scanning and system and software updates.
(2) Strengthen the network firewall and network control to prevent the spread of computer viruses across machines and across factories.

2.2.2 Endpoint Security

(1) Establish a computer equipment entry control mechanism to prevent unauthorized or malicious software from entering the Company.
(2) Set endpoint antivirus measures based on computer types to enhance malware behavior detection.

2.2.3 Application Security

(1) Formulate development process application security self-inspection form, evaluation standards and improvement goals.
(2) Continue to strengthen the application control security control mechanism and integrate it into the development process and platform.

2.2.4 Data Security

(1) Control folder access permissions through file confidentiality classification.

(2) The important data are regularly backed up, and the 3-2-1 backup principle is followed.

(3) Regularly communicate the Company's latest information security regulations and precautions.

3. Resources invested in information and communication security management:

3.1 Vulnerability Assessment:

In August, an external information security professional company was entrusted to do vulnerability assessment of the Company.

3.2 Strengthen information security framework:

3.2.1 Carry out strengthening operations such as network security and data backup based on the vulnerability assessment results.

3.2.2 Purchase relevant software and hardware equipment.

3.3 Staff education and training

3.3.1 Conducted information security education policy training for newly employees, a total of 3 sessions, 73 people were trained.

3.3.2 Information security education and training has been conducted for all employees in November, with a total of 3 sessions, and all employees have been trained.

3.3.3 Select information security incident cases every quarter to publicize the importance of information security throughout all employees.

3.4 Social Engineering drills

Conduct Social Engineering drills for all employees in December to strengthen information security awareness.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to severe cybersecurity incidents, as well as possible impact and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

On July 18, 2022, some information systems and computers were attacked by viruses. The information security personnel immediately started the defense mechanism and related recovery operations and notified the General Manager and senior executives. Conduct a comprehensive scan of the internal network environment, based on offices in various regions. After the scan is completed, the intranet connection is gradually opened and the information system services and affected computers are gradually restored.

After examining the firewall records, there is no sign of data theft, so this incident has no major impact on the Company's finances and business.

VII. Important contracts

List supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report in the most recent fiscal year:

Contract nature	Parties	Contact start / enddate	Main contents	Restricted conditions
License Rights Transfer Agreement	TSH Biopharm Corporation Ltd.	January 2018-	TSH transfers the license and its right of “TuNEX 25mg powder and solvent for solution for injection” to MyCENAX.	N/A
Syndicated Loan Agreement	Taiwan Cooperative Bank etc.	08/13/2020-08/12/2028	Syndicated Authorized Loan	Need to provide collateral for pledging
Asset Purchase Agreement	Gedeon Richter PLC.	April 2020-	Mycenax assigns the entire right, title and interest of Patent U.S. 2019-0300615 A1 and International Application No. PCT/CN2019/113112 to Gedeon Richter PLC.	N/A
Share Subscription Agreement	JCR Pharmaceuticals Co., Ltd.	07/27/2022	JCR invests Mycenax by private placement	N/A
Share Subscription and Shareholders Agreement	Center Laboratories, Inc. etc.	December 2022	Invests Kirsan	N/A
Non-Exclusive License Agreement	CHO Pharma Inc.	September 2022-	CHOptimax® License Agreement	N/A
MOU	Industrial Technology Research Institute	03/01/2022-02/28/2024	Proposed cooperation projects related to ADCs	N/A
Technical service and Licensed Agreement	Industrial Technology Research Institute	05/01/2022-12/31/2024	Cooperate with projects related to ADCs	N/A

Chapter 6. Financial Information

I. Condensed Balance Sheet and Comprehensive Income statement for the past five years

(I) Condensed balance sheet

Unit: NT$ thousands

Item \ Year		Financial information for the past five years				
		2018	2019	2020	2021	2022
Current assets		465,543	494,959	576,510	897,408	1,923,781
Property, plant, and equipment		424,892	545,077	690,078	1,146,975	1,886,916
Intangible assets		12,993	74,850	60,641	57,626	49,844
Other assets		215,287	293,108	425,324	1,037,003	592,457
Total assets		1,118,715	1,407,994	1,752,553	3,139,012	4,452,998
Current liabilities	Before distribution	180,051	231,915	424,779	540,067	634,733
	After distribution	180,051	231,915	424,779	540,067	(Note 3)
Non-current liabilities		31,649	74,126	116,107	692,280	712,690
Total liabilities	Before distribution	211,700	306,041	540,886	1,232,347	1,347,423
	After distribution	211,700	306,041	540,886	1,232,347	(Note 3)
Equity attributable to shareholders of the parent		—	—	—	—	—
Share Capital (Note 2)		1,099,545	1,279,545	1,282,876	1,533,337	2,053,060
Capital surplus	Before distribution	300,786	260,908	53,113	576,948	1,468,143
	After distribution	39,286	39,508	53,113	322,612	(Note 3)
Retained earnings	Before distribution	(519,697)	(473,311)	(207,233)	(254,336)	(406,832)
	After distribution	(258,197)	(251,911)	(207,233)	—	(Note 3)
Other equity		26,381	34,811	82,911	50,716	(8,989)
Treasury stock		—	—	—	—	—
Non-controlling equity		—	—	—	—	—
Total Equity	Before distribution	907,015	1,101,953	1,211,667	1,906,665	3,105,575
	After distribution	907,015	1,101,953	1,211,667	1,906,665	(Note 3)

Note 1: The financial information shown above has been audited and certified by CPAs.

Note 2: Advance receipts for capital stock are included.

Note 3: The 2022 deficit compensation statement has not been approved by the shareholders' meeting.

Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Data for the Most Recent Five Years				
	2018	2019	2020	2021	2022
Operating revenue	211,424	390,844	665,341	774,270	732,276
Gross profit-net	14,107	132,508	186,532	137,609	(113,672)
Operating profit or loss	(322,522)	(230,254)	35,398	(85,331)	(444,995)
Non-Operating income and expenses	36,731	280	(7,431)	(2,187)	(17,846)
Net income before tax	(285,791)	(229,974)	27,967	(87,518)	(462,841)
Net income of continuing operations	(274,430)	(218,175)	30,948	(89,858)	(453,631)
Loss of discontinued operation	—	—	—	—	—
Net income (loss)	(274,430)	(218,175)	30,948	(89,858)	(453,631)
Other comprehensive profit and loss (net)	(640)	11,490	61,830	10,560	(3,917)
Total current comprehensive profit and loss	(275,070)	(206,685)	92,778	(79,298)	(457,548)
Net income attributable to owners of the parent	—	—	—	—	—
Net income attributable to other equity interest	—	—	—	—	—
Total comprehensive profit and loss attributable to owners of the parent	—	—	—	—	—
Total comprehensive profit and loss attributable to other equity interest	—	—	—	—	—
Earnings per share (NT$)	(2.5)	(1.74)	0.24	(0.61)	(2.74)

Note. The financial information shown above has been audited and certified by CPAs

(II) Names and audit opinions of CPAs for the most recent 5 years:

Year	Name of Accounting Firm	CPAs	Audit opinion
2018	Deloitte & Touche	Ming-Nan Chiang Shu-Chuan Yeh	Unqualified opinion
2019	Full-Go & Co., CPAs	Jin-Di Wu Wei-Liang Dai	Unqualified opinion
2020	Full-Go & Co., CPAs	Jin-Di Wu Wei-Liang Dai	Unqualified opinion

2021	Full-Go & Co., CPAs	Jin-Di Wu Wei-Liang Dai	Unqualified opinion
2022	Full-Go & Co., CPAs	Jin-Di Wu Wei-Liang Dai	Unqualified opinion

II. Financial analysis for the past five years

Financial analysis (IFRS):

Year / Analysis items (Note 2)		Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	18.92	21.74	30.86	39.26	30.26
	Ratio of long-termcapital to property, plant and equipment	220.91	215.76	192.41	226.59	202.35
Solvency (%)	Current ratio (%)	258.56	213.42	135.72	166.17	303.09
	Quick ratio (%)	212.41	178.77	110.14	117.55	247.95
	Interest coverage ratio	—	(104.80)	18.23	3.14	(19.42)
Operating ability	Receivable turnover (times)	3.51	5.02	7.23	7.84	7.34
	Average collectionperiod (days)	104	73	50	47	50
	Inventory turnover (times)	3.23	3.38	5.02	4.93	4.03
	Payables turnover(times)	7.98	8.00	14.73	13.40	15.78
	Average days in sales	113	108	73	74	91
	PPE turnover ratio (times)	0.54	0.81	1.08	0.84	0.48
	Total asset turnover ratio (times)	0.17	0.31	0.42	0.32	0.19
Profitability	Return on assets (%)	(22.55)	(17.15)	2.00	(3.64)	(11.63)
	Return on equity (%)	(26.76)	(21.72)	2.68	(5.76)	(18.10)
	Net income before tax as a percentage of paid-in capital (%)	(25.99)	(17.97)	2.18	(5.71)	(22.54)
	Net profit margin (%)	(129.80)	(55.82)	4.65	(11.61)	(61.95)
	EPS (NT$)	(2.50)	(1.74)	0.24	(0.61)	(2.74)
Cash flows (%)	Cash flow ratio (%)	(Note 3)	(Note 3)	41.00	(Note 3)	(Note 3)
	Cash flow adequacyratio	(Note 3)	(Note 3)	(33.19)	(Note 3)	(Note 3)
	Cash reinvestment ratio (%)	(Note 3)	(Note 3)	9.97	(Note 3)	(Note 3)
Leverage	Operational leverage	0.26	(0.24)	11.37	4.55	(0.46)
	Financial leverage	1.00	0.99	1.03	0.99	0.97

Description of 20% or more of changes in the financial ratios for 2022 compared to 2021 is as follows: (If the range of changes is less than 20%, the analysis may be exempted):

1. Debt to asset ratio, Current ratio, Current ratio, total asset turnover ratio: Mainly due to the completion of a cash capital increase in 2022.
2. Interest coverage ratio: The interest expense increased caused by the increasing bank loans, and the EBIT was lower than the previous year.
3. Average days in sales: The inventory was prepared for the expanding business.
4. PPE turnover ratio: The Company expanded the CDMO business through the construction of Plant II and the rental of office.
5. Return on assets, return on equity, net income before tax as a percentage of paid-in capital, Net profit margin, EPS: The depreciation expense and related operating expenses was higher than the previous year, therefore, the net loss increased.
6. Degree of operating leverage: Due to the fixed operating cost and expense increased.

Note 1. The above-mentioned financial data for each period has been audited and attested or reviewed by a CPA.

Note 2. The following formulas should be shown at the end of the report:

1. Financial structure
   (1) Debt ratio - Total liabilities/Total Assets
   (2) Long-term funds to fixed asset ratio = (net shareholders' equity + long-term liabilities)/net fixed assets
2. Solvency
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current asset - inventories)/Current liabilities
   (3) Interest coverage ratio = Earnings before interests and taxes (EBIT)/Interest expenses overthis period
3. Operating ability
   (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (includingbills receivable resulting from accounts receivable and business operations)
   (2) Average collection period (days) = 365/Receivables turnover ratio
   (3) Inventory turnover ratio = Cost of sales/Average inventory value
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations)
   (5) Average inventory turnover days = 365/Inventory turnover ratio
   (6) PPE turnover ratio = Net sales/Average net PPE
   (7) Total asset turnover ratio = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Profit and loss after tax + Interest expense × (1- tax rate)]/Average totalassets
   (2) Return on equity (%) = Profit and loss after tax/Average net shareholder's equity
   (3) Net profit margin (%) = Profit and loss after tax/Net sales
   (4) Earnings per share (EPS) = (Income attributable to the owners of the parent company -Preferred dividends)/Weighted average number of outstanding shares (Note 4)
5. Cash Flows
   (1) Cash flow ratio = Net operating cash flow/Current liabilities

(2) Net cash flow adequacy ratio = Net operating cash flow of the most recent 5 years/(Capitalexpenditure + Inventory increase + Cash dividends) of the most recent 5 years

(3) Cash reinvestment ratio = (Net operating cash flow - Cash dividends)/(Gross PPE + Long-term investments + Other non-current assets + Working capital) (Note 5)

6. Leverage

(1) Degree of operating leverage = (Net operating revenue - Variable costs and expenses ofsales)/Operating income

(2) Degree of financial leverage = Operating income/(Operating income - Interest expense).

Note 3. The net cashflow of operating activities is negative which is meaningless for analysis, so the ratios related to the cashflow wouldn't be calculated.

III. Audit committee’s review report in the most recent year

Mycenax Biotech Inc.

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Deficit Compensation for the year of 2022. The foresaid Financial Statements have been audited and the unqualified audit report has been issued by the independent auditors, Jin-Di Wu and Wei- Liang Tai of Full-Go & Co., CPAs.

The Business Report, Financial Statements, and Deficit Compensation have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,

Mycenax Biotech Inc. 2023 Annual Shareholders' Meeting

Convener of the Audit Committee:

Kuo-Pin Kao

March 15, 2023

IV. Audited parent company only financial statements for 2022.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Mycenax Biotech Inc.

Opinion

We have audited the balance sheets of Mycenax Biotech Inc. (the "Company") as of December 31, 2022 and 2021, and the statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors, (please refer to the Other Matter paragraph), the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. 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.

Key audit matters of the financial statements for the year ended December 31, 2022, are stated as follows:

Revenue Recognition

Please refer to Note 4.12 for accounting policy related to revenue recognition and Note 6.15 for disclosure information about revenue recognition of the financial statements.

Description

The main revenue of Mycenax Biotech Inc. is the provision of biopharmaceutical contract development and manufacturing services. The company's management team determines the timing of revenue recognition based on the contractual terms and conditions. Consequently, revenue recognition constitutes is one of the key audit matters for the current year.

How the matter was addressed in our audit

The main audit procedures for this key audit matter included understanding the Company's revenue recognition procedure and transaction process and assessed the Company's revenue recognition policy to meet the international financial reporting standard No.15, testing the effectiveness of the design and the implementation of internal control of sale and collection. We compared the detailed service revenue information and the general ledger, and we selected samples to exam service contract and transaction evidences, to assess the sale had been recognition in the percentage of completion for the contract. Furthermore, the auditors selected a sample of account receivable that had not yet been collected on the balance sheet date and performed a confirmation request to the third party and examination of subsequent collection.

Deferred income tax assets recognition

Please refer to Note 4.16 for accounting policy related to deferred income tax assets recognition and Note 6.19 for disclosure information of the financial statements.

Description

Mycenax Biotech Inc. recognized deferred income tax assets, which included tax loss carryforward and investment tax credits. The recognition and measurement of deferred income tax asset are based on management's subjective judgment of the assumptions of future profitability and the realizability of deferred income tax assets. Therefore, the assessment of the recognition of deferred income tax asset is one of the key audit matters for this year.

How the matter was addressed in our audit

The main audit procedures for this key audit matter include evaluating the reasonableness of management's recognition of deferred income tax asset, checking the related assumptions of future operating forecasts ,and the financial budget that made by management, evaluating the assumptions of growth rates made by management, and assessing the prior-year taxable income and the quality of budget estimates. Additionally, the auditor also evaluates whether Mycenax Biotech Inc. has made appropriate disclosures regarding deferred income tax assets.

Other matter

For the aforesaid invested company accounted for using the equity method disclosed in the financial statements of 2022, the financial statement of KRISAN BIOTECH CO., LTD. were audited by another auditor whose reports have been thereon furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statement, is based solely on the audit reports of other auditors. The account balance of the above company, accounted for using the equity method as of December 31, 2022 were NT$199,245 thousand, accounting for 4.46% of the total asset; for the year ended December 31, 2022, the share of loss from subsidiaries and associates under equity method amounted to NT$755 thousand, accounting for 0.16% of net loss before tax.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are WU, JIN-DI and DAI, WEI-LIANG

Ful-Fill & Co., CPAs
Taipei, Taiwan
Republic of China
March 13, 2023

Notice to Readers

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

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

Mycenax Biotech Inc.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Account Co.	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$ 1,323,365	30	$ 286,927	9
1136	Financial assets at amortized cost	4, 6(3) ,8	17,316	—	8,500	—
1140	Contract assets	4, 6(15)	158,387	4	190,572	6
1170	Accounts receivable, net	4, 6(4)	58,731	1	122,390	4
1180	Accounts receivable, net-related parties	7	10,637	—	7,875	—
1200	Other receivables	7	3,087	—	11,331	—
130X	Inventories	4, 6(5)	246,721	6	173,302	6
1410	Prepayments	7	103,219	2	89,277	3
1470	Other current assets	8	2,318	—	7,234	—
11XX	**Total current assets**		1,923,781	43	897,408	28
15XX	**Non-current assets**					
1517	Financial assets at fair value through other comprehensive income	4, 6(2)	268	—	109,586	4
1550	Investments accounted for using the equity method	4, 6(6)	199,245	5	—	—
1600	Property, plant and equipment, net	4, 6(7), 8	1,886,916	42	1,146,975	37
1755	Right-of-use assets	4, 6(8)	91,302	2	203,850	6
1780	Intangible assets	4, 6(9)	49,844	1	57,626	2
1840	Deferred income tax assets	4, 6(19)	89,715	2	81,110	3
1915	Prepayments for business facilities	6(7), 8	201,127	5	633,067	20
1920	Refundable deposits		7,958	—	6,821	—
1975	Net defined benefit assets	4, 6(12)	2,842	—	2,569	—
15XX	**Total non-current assets**		2,529,217	57	2,241,604	72
1XXX	**Total assets**		$ 4,452,998	100	$ 3,139,012	100

(Continued)

Mycenax Biotech Inc.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Account Co.	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
21XX	**Current liabilities**					
2100	Short-term loans	4, 6(10), 8	$ 100,000	2	$ 50,000	2
2130	Contract liability	6(15), 7	142,275	3	152,116	5
2170	Accounts payable		52,521	1	54,675	2
2200	Other payables	6(11), 7, 12	195,378	5	237,868	7
2280	Lease liabilities	4, 6(8)	37,282	1	28,587	1
2320	Long-term liabilities, current portion	6(10)	105,880	2	15,600	—
2399	Other current liabilities		1,397	—	1,221	—
21XX	**Total current liabilities**		634,733	14	540,067	17
25XX	**Non-current liabilities**					
2541	Long-term borrowings	6(10), 8	656,320	15	474,400	15
2570	Deferred income tax liabilities	4, 6(19)	—	—	3,751	—
2580	Non-current lease liabilities	4, 6(8)	56,370	1	176,057	6
2610	Others long-term accounts payable	12	—	—	38,072	1
25XX	**Total non-current liabilities**		712,690	16	692,280	22
2XXX	**Total liabilities**		1,347,423	30	1,232,347	39
31XX	**Equity**	6(13)				
3110	Common stock		2,053,060	46	1,533,337	49
3140	Advance receipts for ordinary share		193	—	—	—
3200	Capital surplus		1,468,143	33	576,948	18
3350	Accumulated deficit		(406,832)	(9)	(254,336)	(8)
3400	Other equity interest		(8,989)	—	50,716	2
3XXX	**Total equity**		3,105,575	70	1,906,665	61
3X2X	**Total liabilities and equity**		4,452,998	100	3,139,012	100

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

Mycenax Biotech Inc.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Account Co.	Item	Notes	For the Year Ended December 31			
			2022		2021	
			Amount	%	Amount	%
4000	Operating Revenue	4, 6(15), 7	$ 732,276	100	$ 774,270	100
5000	Operating Costs		845,948	116	636,661	82
5900	Gross Profit (Loss)		(113,672)	(16)	137,609	18
	Operating Expenses	6(16), 7				
6100	Sales and marketing expenses		43,507	6	55,759	7
6200	General and administrative expenses		112,657	15	78,204	10
6300	Research and development expenses		144,001	20	96,134	13
6450	Expected credit impairment loss (gain)		31,158	4	(7,157)	(1)
6000	Total operating expenses		331,323	45	222,940	29
6900	Operating Profit (Loss)		(444,995)	(61)	(85,331)	(11)
7000	Non-operating Income and Expenses					
7050	Finance costs	4, 6(17)	(19,194)	(3)	(2,530)	—
7020	Other gains and losses	6(7)	(20,569)	(3)	(645)	—
7100	Interest income		3,795	1	307	—
7190	Other income	6(17), 7	5,586	1	2,028	—
7230	Net foreign exchange gain (loss)		13,291	2	(1,347)	—
7070	Share of profit of associates and joint ventures accounted for using equity method		(755)	—	—	—
7000	Total non-operating income and expenses		(17,846)	(2)	(2,187)	—
7900	**Loss before income tax**		(462,841)	(63)	(87,518)	(11)
7950	Income tax benefit(or expense)	4, 6(19)	9,210	1	(2,340)	—
8200	**Net Loss**		(453,631)	(62)	(89,858)	(11)
	Other Comprehensive Income					
8310	Components of other comprehensive income that will not be reclassified to profit or loss	6(18)				
8311	Remeasurement of defined benefit obligation		453	—	(123)	—
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(7,516)	(1)	7,748	1
8349	Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	6(19)	3,146	—	2,935	—
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		(3,917)	(1)	10,560	1
8500	**Total Comprehensive Loss**		$ (457,548)	(63)	$ (79,298)	(10)
	EARNINGS PER SHARE					
9750	Basic earnings per share	6(20)	$ (2.74)		$ (0.61)	
9850	Diluted earnings per share	6(20)	$ (2.74)		$ (0.61)	

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

Mycenax Biotech Inc.

STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

Item	Share Capital		Capital Reserves				Accumulated deficit	Other equity interest		Total equity
	Common stock	Advance Receipts for Common Stock	Addition paid-in capital	Employee stock options	Restricted stock to employees	Others		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation	
Balance on January 1,2021	$ 1,282,377	$ 499	$ 11,157	$ 41,956	$ –	$ –	$ (207,233)	$ 82,911	$ –	$ 1,211,667
Issuance of shares	250,000	–	513,019	(2,919)	–	493	–	–	–	760,593
Employee stock option exercised	960	(499)	3,424	(1,365)	–	–	–	–	–	2,520
Employee stock options expired	–	–	–	(12,744)	–	12,744	–	–	–	–
Disposal of equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	42,853	(42,853)	–	–
Income (Loss) for 2021	–	–	–	–	–	–	(89,858)	–	–	(89,858)
Other comprehensive income (loss)	–	–	–	–	–	–	(98)	10,658	–	10,560
Total comprehensive income (loss)				–	–	–	(89,956)	10,658	–	(79,298)
Compensation costs of employee stock options	–	–	–	11,183	–	–	–	–	–	11,183
Balance on December 31,2021	$ 1,533,337	$ –	$ 527,600	$ 36,111	$ –	$ 13,237	$ (254,336)	$ 50,716	$ –	$ 1,906,665
Issuance of shares-private	500,000	–	1,125,000	–	–	–	–	–	–	1,625,000
Capital reserves for cover accumulated deficits	–	–	(254,336)	–	–	–	254,336	–	–	–
Employee stock option exercised	9,723	193	18,851	(7,116)	–	–	–	–	–	21,651
Employee stock options expired	–	–	–	(1,529)	–	1,529	–	–	–	–
Disposal of equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	46,437	(46,437)	–	–
Issuance of employee restricted stocks	10,000	–	–	–	886	–	–	–	(10,886)	–
Income (Loss) for 2022	–	–	–	–	–	–	(453,631)	–	–	(453,631)
Other comprehensive income (loss)	–	–	–	–	–	–	362	(4,279)	–	(3,917)
Total comprehensive income (loss)	–	–	–	–	–	–	(453,269)	(4,279)	–	(457,548)
Compensation costs of employee share based payment	–	–	–	7,910	–	–	–	–	1,897	9,807
Balance on December 31,2022	$ 2,053,060	$ 193	$ 1,417,115	$ 35,376	$ 886	$ 14,766	$ (406,832)	$ –	$ (8,989)	$ 3,105,575

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

Mycenax Biotech Inc.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Item	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before tax	$ (462,841)	$ (87,518)
Adjustments for:		
Adjustments to reconcile profit(loss)		
Depreciation	254,909	145,860
Amortization	27,644	21,961
Expected credit impairment losses(income)	31,158	(7,157)
Compensation costs of employee stock options	9,807	11,183
Interest expense	19,194	2,530
Interest income	(3,795)	(307)
Dividend income	(4)	–
Shares of profit from associates under equity method	755	–
Gain on lease modification	(1,131)	–
Loss (Gain) on disposals of property, plant and equipment	20.106	(131)
Write-down (reversal) of inventories	16,090	(10,080)
Changes in operating assets and liabilities		
Current contract assets	32,185	(88,793)
Accounts receivable, net	32,501	(48,325)
Accounts receivable, net-related parties	(2,762)	(7,570)
Other receivables	8,968	(5,780)
Inventories	(89,509)	(78,370)
Prepayments	(17,170)	(44,017)
Other current assets	6,378	(5,778)
Decrease (increase) in net defined benefit asset	180	(26)
Accounts payable	(2,154)	14,361
Other payables	2,282	43,315
Current contract liabilities	(9,841)	26,212
Other current liabilities	176	(44)
Cash outflow generated from operations	(126,874)	(118,474)
Interest paid	(23,042)	(27,473)
Income tax received	–	358
Income tax paid	(269)	(645)
Net cash flows used in operating activities	(150,185)	(146,234)

(Continued)

Item	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisition) of financial assets at amortized cost	(8,816)	(7,300)
Acquisition of financial assets at fair value through other comprehensive income	(268)	–
Disposal of financial assets at fair value through other comprehensive income	102,070	(89,972)
Acquisition of investment accounted for using the equity method	(200,000)	–
Decrease (Increase) in restricted assets	(1,193)	(851)
Acquisition of property, plant and equipment	(626,936)	(1,098,098)
Disposal of property, plant and equipment	–	275
Decrease (Increase) in refundable deposits	(1,137)	(809)
Acquisition of intangible assets	(12,038)	(14,978)
Interest received	3,071	306
Dividend received	4	–
Net cash flows used in investing activities	(745,243)	(1,031,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal of lease liabilities	(36,985)	(29,610)
Proceeds (Repayments) from short-term borrowings	50,000	(50,000)
Proceeds (Repayments) from long-term borrowings	272,200	490,000
Issuance of common stocks	1,625,000	760,593
Employee stock options exercised	21,651	2,520
Net cash flows from financing activities	1,931,866	1,173,503
Net increase in cash and cash equivalents	1,036,438	(4,214)
Cash and Cash equivalents at beginning of year	286,927	291,141
Cash and cash equivalents at end of year	$ 1,323,365	$ 286,927

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

MYCENAX BIOTECH INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31,2022 and 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

I. GENERAL

Mycenax Biotech Inc. was approved for establishment on September 28, 2001. Originally focused on research and development of biologic drugs and biosimilars, the Company strategically transformed into a specialized Contract Development and Manufacturing Organization (CDMO) in 2019. Mycenax Biotech Inc. now provides a comprehensive range of services for biopharmaceutical development and production, including program evaluation/confirmation, cell line development and construction, process development technology platforms, drug characterization analysis, establishment of testing methods, and drug production in accordance with PIC/S GMP manufacturing standards.

The shares of the Company have been listed on the Taipei Exchange since Dec 25, 2013.

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were authorized for issue by the Board of Directors on March 13, 2023.

III. Application of New Standards, Amendments, and Interpretations

(I) The initial adoption of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter referred to as "IFRSs") endorsed and announced by the Financial Supervisory Commission (FSC) since January 1, 2022 has no significant impact on the Company's accounting policies.

(II) Applicable IFRSs accredited by FSC in 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board(IASB)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company’s assessment.

(III) IFRSs issued by IASB but not yet endorsed and announced by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-current	January 1, 2024

NOTE1. Unless stated otherwise, the new, revised and amended standards and interpretations are effective for annual reporting periods beginning on or after the respective effective dates.

NOTE2. The amendments add seller-lessee additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

In the future, the Company adopts the above IASB standards or interpretations which have not yet been accredited by the FSC and those may have a potential impact on the Company's financial statements are as follows:

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

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the end of the reporting period. If the Company has such a right at the end of the reporting period, the liability is classified as non-current regardless of whether the Company expects to exercise such a right. The amendments also clarify that if the Company is required to comply with specific conditions before it has a right to defer settlement of the liability, the Company must comply with specific conditions at the end of the reporting period, even if the lenders were to test the Company for compliance with these conditions at a later date.

The amendments stipulate that for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources or the Company's equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of the liability may be based on the choice of the counterparty to transfer the Company's equity instruments and cause its liquidation, and if the option is separately recognized in equity according to IAS32 "Financial Instruments: Presentation", the aforementioned The terms do not affect the classification of liabilities.

In addition to the impact above, as of the date the financial statements are authorized for issue, the Company is continuously assessing the impact of other standards and amendments of interpretation on its financial position and financial performance, and will disclose the relevant impact upon completion of the assessment.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The financial report is prepared in accordance with the Securities Issuer Financial Report Preparation Standard, as well as IFRS, IAS, interpretations, and announcement (hereinafter referred to as IFRSs) accredited by FSC.

2. Basis of Preparation

Apart from financial instruments measured at fair value and the net defined benefit assets (liabilities) recognized by deducting the fair value of plan assets measured at fair value, this financial statement is prepared on a historical cost basis, where historical cost is typically based on the fair value of consideration paid to acquire an asset.

3. Foreign currency

The financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Trader in a currency other than that individual's functional currency (foreign currency) is recognized at the trading day's exchange rate. Monetary items of foreign currencies are reconverted on based on the spot exchange rate on the reporting day. Non-monetary items of foreign currencies measured at fair value are reconverted based on the exchange rate on the day the fair value is determined. Non-monetary items of foreign currencies measured at historical cost is converted at the exchange rate on the transaction date and shall not be reconverted. The exchange difference is recognized as a gain or loss at the time of occurrence.

4. Standard for Distinguishing Current and Non-current Assets and Liabilities

Current assets include assets held for transaction purpose and shall be realized or consumed within one year. Assets that are not current are non-current assets. Current liabilities include liabilities incurred for transaction purposes and payable within one year. Liabilities that are not current are non-current liabilities.

5. Inventories

Inventories include raw materials, materials and finished products Inventories are stated at the lower of cost and net realizable value. Cost is determined using "weighted average" method.

To determine the lower between the comparative cost and the net realizable value, it is based on individual items except for the same type of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

6. Investments accounted for using the equity method - Investment in associates

Investments using the equity method include investment in associates and joint ventures.

Associates refer to companies that the Company has a significant influence on but are not subsidiaries or joint ventures. Significant influence refers to the power to participate in the financial and operating policies of the investee, but not the power to control or jointly control such policy decisions.

Except for assets classified for sale, the results of the affiliates and joint ventures and assets and liabilities are included in the financial statements using the equity method. Under the equity method, investment-related companies and joint ventures were originally recognized at a cost in the balance sheet and then adjusted according to changes in the Company's share of the investee's net assets. When the Company's share of losses in associates and joint ventures exceeds its equity in the associates and joint ventures, additional losses are recognized only within the scope of the Company's legal obligations, constructive obligations, or payments made on behalf of the associates and joint ventures.

The excess of the cost of acquisition over the net fair value of the identifiable assets and liabilities of the subsidiaries owned by the Company at the date of acquisition is recognized as goodwill. And it is included in the carrying amount of the investment. If the net fair value of identifiable assets and liabilities of all affiliates and joint ventures on the date of acquisition exceeds the acquisition cost, it shall be recognized as an interest immediately after reassessment.

The company assesses investments for impairment by comparing their overall carrying amount (including goodwill) to their recoverable amount (the higher of their fair value less costs to sell and their value in use). Any impairment loss recognized will be included in the carrying amount of the investment, and any reversal of such loss will be recognized to the extent that the carrying amount of the investment does not exceed its recoverable amount.

The company measures the remaining investment in an associated company at fair value from the date of loss of significant influence over that associated company. The difference between the fair value of the remaining investment and any proceeds from disposal and the carrying amount of the investment on the date of loss of major influence is recognized in the current year's income statement. Additionally, all amounts recognized in other comprehensive income related to the associated company are accounted for using the same basis as the associated company would use if it were to directly dispose of the related assets or liabilities. If the Company reduces its ownership interest in the associated company due to disposal, but the investment remains an investment in the associated company, any previously recognized gains or losses in other comprehensive income should be reclassified to income on a proportionate basis.

When an associate issues new shares, if the Company fails to subscribe or acquire the shares in proportion to its shareholding ratio, which results in a change in the investment ratio but still has a significant impact on it, and consequently increases or decreases the net value of the invested equity, the amount of increase or decrease shall be adjusted to the capital reserves and investments using the equity method. However, if the Company has not subscribed in proportion to the shareholding ratio, resulting in a decrease in the ownership and equity of related companies and joint ventures, the interests or losses that have been previously recognized in other comprehensive profits and losses shall be related to the decrease in the ownership and equity. Reduce the proportion and reclassify to profit or loss (if the benefit or loss is to be reclassified to profit or loss when disposing of related assets or liabilities).

7. Property. Plant and Equipment

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

Property, plant, and equipment under construction are recognized at cost less accumulated impairment losses. When completed and ready for their intended use, such assets are classified into appropriate categories of property, plant, and equipment and depreciation is recognized.

The depreciation is based on the straight-line method. Depreciation is based on the following useful lives:

Assets	useful life
Buildings	10 to 15 years
Machinery and equipment	3 to 8 years
Office equipment	3 to 6 years
Leasehold improvements	3 to 8 years

The Company reviews the estimated useful lives, residual values, and depreciation methods at least annually and defers the effect of changes in accounting estimates.

When disposing of property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement.

8. Intangible assets

(1) Goodwill

The goodwill received through business combinations has to be shown as the amount of goodwill recognized on the acquisition date and subsequently evaluated as cost less accumulated impairment loss.

(2) Other Intangible Assets

Other separately acquired intangible assets with limited useful lives are recognized at cost less accumulated amortization and accumulated impairment. Amortization is based on the straight-line method. The estimated useful lives and amortization methods are reviewed at the end of the reporting period, and the effect of any changes in the estimate shall be prospective application.

9. Impairment of tangible and intangible asset

(1) Goodwill

Goodwill is not amortized but it is subject to impairment test annually. Impairment tests are performed more frequently when there are signs of impairment of the cash-generating unit. When conducting impairment tests, goodwill should be allocated to each cash-generating unit that the Company expects to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the

other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss shall be immediately and directly recognized as a loss in the statement of comprehensive income and may not be reversed in subsequent periods.

(2) Other tangible and intangible assets

The Company reviews the carrying amounts of tangible and intangible assets at the end of the reporting period to decide whether there is any sign of impairment. If there are signs of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment to be recognized. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit. If the shared asset is allocated on a reasonably consistent basis, the shared asset is also allocated to individual cash-generating units. Otherwise the minimum cash generation order that can be allocated on a reasonably consistent basis is a group.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. When evaluating the value in use, the estimated future cash flows are discounted at a pre-tax discount rate, which reflects the current market's assessment of the following items: (a) the time value of money, and (b) has not been used for adjustment The asset-specific risk of the estimated future cash flow.

If the recoverable amount of asset or the cash-generating unit is expected to be lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in gain or loss immediately for the current period.

If an impairment loss is reversed subsequently, the carrying amount of the asset or cash-generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The impairment loss of the reversal is immediately recognized in the current gain or loss.

10. Financial instruments

Financial assets and financial liabilities shall be recognized when the Company became a party to the terms of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance

of the financial assets or financial liabilities. Transaction cost, which is directly attributable to financial assets and financial liability assessment loss measured by fair value through profits and losses, shall be recognized as gain or loss immediately.

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Financial assets

(I) Classifications and measures of financial assets:

The Company's classifications on financial assets are: financial assets measured through amortized cost, and equity instrument investment measured at fair value through other comprehensive income.

The Company only re-classifies the influenced financial assets according to requirements when the operation mode of financial assets management is varied.

A. Financial Assets at Amortized Cost

Financial assets meeting all the following conditions and without being designated for measurement at fair value through profit or loss are to be measured through amortized cost:

a. The financial assets are held under the operation mode with the purpose of collecting contract cash flow.

b. The cash flow on certain date arising out of the contract term of the financial assets is completely for paying the capital and the interest of capital circulating outside.

The initial recognition is measured by fair value plus directly attributable transaction costs; subsequent effective interest method is adopted to measure the amortized cost minus the impairment loss. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, accumulated gain or loss is recognized in profit and loss.

B. Value relevance of equity instrument investments measured at fair value through other comprehensive income (OCI)

When initially recognizing equity instrument investments, the Company may irrevocably elect to designate non-trading investments as through other comprehensive income at fair value.

Subsequent fair value changes of equity instrument investments designated as through other comprehensive income are recognized in other comprehensive income and

accumulated in other equity. Upon disposal, the cumulative gains or losses are transferred directly to retained earnings and not reclassified to profit or loss.

Dividends on equity instrument investments designated as through other comprehensive income are recognized in profit or loss only when the Company's right to receive payment is established, unless the right to receive payment clearly represents a recovery of part of the cost of the investment.

(II) Impairments of financial assets

The Company assesses the impairment and of financial assets (including accounts receivable) at amortized cost at the expected credit loss on each balance sheet date.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

The impairment loss of all financial assets is reduced based on the allowance account.

(2) Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments. The equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuance costs. The acquisition of equity instruments by the Company itself is recognized and deducted in equity. The purchase, sale, issuance, or cancellation of equity instruments by the Company itself is not recognized in profit or loss.

(3) Financial liabilities

A. Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method,

B. Derecognition of financial liabilities

When a financial liability is derecognized, the difference between the carrying value of financial liability derecognized and the consideration paid or payable (including any non-cash asset transferred or liability assumed) should be recorded into profits or losses of the current period.

11. Employee Benefits

(1) Retirement allowance

The defined contribution plan is recognized as an expense during the service period of the employee.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

(2) Short-term employee benefits

The liabilities for short-term employee benefits are measured on an undiscounted basis, and recognized as expenses at the time of relevant services are provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(3) Share-based payment transactions

An increase in remuneration costs and relative benefits is recognized for the employee's share basis based on the fair value at the grant date. Recognition for remuneration costs is adjusted pursuant to the number of rewards expected to meet the conditions of service, until the final recognition sum is recognized by the vested date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share- based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

12. Revenue recognition

After identifying the performance obligations in customer contracts, the Company allocates transaction prices to each obligation and recognizes revenue upon satisfaction of those obligations.

(1) Sales revenue

Since the customer has the right to price and use the goods at the time of arrival at the customer's location and is primarily responsible for re-sale and bear the risk of obsolescence of the goods, the Company recognizes revenue at that point and Accounts receivable.

(2) Service revenue

Service revenue primarily from the provision of technical services. Revenue from service contracts is recognized as contract assets when services are provided. Payments received from customers at the time of contract signing, for which the Company has an obligation to supply services in the future, is recognized as contract liabilities. Revenue is recognized when the service obligations are fulfilled according to the contract terms during the contract period, with no significant financing components included. Technical services provided during the contract period are recognized as revenue upon completion of the contractual obligations.

(3) Licensing revenues

When the license fee received from drug licensing is calculated based on sales, revenue is only recognized upon the occurrence of (or with) the later of the following events, in accordance with the terms of the contract.

A. Occurrence of subsequent sales; and

B. The performance obligation related to the portion or all of the sales-based royalties that have been allocated has been satisfied (or partially satisfied).

13. Lease

On the contract inception date, the Company evaluates whether the contract contains or includes a lease. For contracts with lease and non-lease components, The Company allocates the transaction price to each performance obligation in the contract based on its relative standalone selling price, and accounts for each obligation separately. However, for contracts where the leased asset is provided by the lessor, we choose to apply lease accounting to the contract as a whole for both lease and non-lease components.

(1) The company as a lessor

Leases in which the lessee assumes all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term.

(2) The company as a lessee

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term. Lease liabilities are initially measured at the present value of lease payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used. Subsequently, the lease liability is measured at amortized cost using the effective interest method, and the interest expense is amortized during the lease period. In the case that future lease payments change as a result of a change in the lease term, the Company remeasures the lease liability and correspondingly adjusts the right-of-use asset,

except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in gain or loss. Lease liabilities are expressed separately in the balance sheets.

14. Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of eligible assets shall be recognized as part of the cost of those assets until such time as substantially all of the activities necessary to prepare the asset for its intended use or sale have been completed.

If specific borrowings are temporarily invested to earn investment income before capital expenditures that meet the criteria occur, the investment income earned shall be deducted from the borrowing costs that meet the capitalization criteria.

All other borrowing costs, except those mentioned above, shall be recognized in profit or loss in the period in which they are incurred.

15. Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

If the government subsidy is used to compensate for expenses or losses that have already occurred or is given to the Company for immediate financial support purposes with no future related costs, it shall be recognized in the income statement in the period in which they become receivables.

16. Income tax

(1) Current income tax

The current income tax payable is calculated based on the taxable income in the current period. As part of the proceeds and fees are taxable or deductible in other years or are not taxable or deductible under the relevant tax law, the income is different from the net income reported in the statement of comprehensive income. The Company's current income tax liabilities are calculated based on the tax rate that has been legislated or substantively legislated at the end of the reporting period.

An additional tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as income tax expense in the year when the shareholders' meeting resolves to

appropriate the earnings. The related liabilities are estimated and recognized.

(2) Deferred tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all future taxable temporary differences and deferred income tax assets are recognized when there are likely future taxable income for the deducting temporary differences.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at the end of each reporting period and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate (and tax laws) that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred income tax for the year

Current and deferred income taxes are recognized in gain or loss, but the current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are respectively recognized in other comprehensive income or directly included in equity.

V. Material sources of uncertainty in accounting judgments, estimates and hypotheses:

When the Company adopts accounting policies, it makes relevant judgments, estimates and assumptions regarding information about the carrying amounts of assets and liabilities that are not easily available from other sources. Estimates and underlying assumptions are based on past experience and other factors that are regarded as crucial. Actual results may differ from these estimates.

The company has taken into consideration the economic impact of the COVID-19 pandemic as a significant accounting estimate, and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following contain information regarding the future used for main assumptions and other primary sources of uncertainties estimated on the last day of the reporting period. Such assumptions and estimates are at risk for major adjustments in the carrying amount of assets and liabilities in the next fiscal year.

1. Realizability of deferred income tax assets

Deferred income tax assets are recognized when there is likely to be sufficient taxable income to deduct temporary differences in the future. When assessing the feasibility of deferred income tax assets, significant accounting judgments and management estimates must be involved, including assumptions such as expected future sales revenue growth and profitability, tax exemption period, available income tax deductions, and tax planning. Any changes in the global economic environment, industrial environment, and laws and regulations may cause significant adjustments in deferred income tax assets. As of December 31, 2022, and 2021, the Company's recognized net deferred income tax assets were NTS89,715 thousand and NT$81,110 thousand.

2. Impairment assessment of tangible asset and intangible asset (goodwill excluded)

The company assesses the impairment of assets based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and their industrial characteristics. Any changes in these estimates arising from changes in economic conditions or business strategies could lead to significant impairment losses in the future.

The company did not recognize any impairment losses for asset assessments in December 31, 2022 and 2021.

3. Inventory valuation

Since the inventory must be valued at the lower of cost or net realizable value, the Company must use judgment and estimation to determine the net realizable value of the inventory at the terminal date of the financial reporting period.

Due to the rapid changes in technology, the Company assesses the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period and offsets the inventory cost to the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which may cause a significant variation.

As of December 31, 2022, and 2021, the Company's inventory carrying amount was NT$246.721 thousand and NT$173,302 thousand.

4. Lease term

When determining the lease term of the leased asset, the Company considers all relevant facts and circumstances that create an economic incentive to exercise (or not to exercise) an option to renew or terminate the lease, including the expected changes in facts and circumstances during the period from the lease commencement date to the option exercise date. The significant factors considered include the terms and conditions of the contract covering the option period, significant leasehold improvements made during the lease term, and the importance of the underlying asset to the lessee's operations. The Company reassesses the lease term when there is a significant change in a matter or circumstance that is within its control.

5. Recognition of revenues

According to the conditions specified in each technology service commission contract, the Company determines the timing of revenue recognition. In making such determination, management has fully considered the revenue recognition criteria, particularly whether the Company has satisfied its contractual obligations in accordance with the contract terms before recognizing revenue.

VI. DETAILS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

Items	2022.12.31	2021.12.31
Cash on hand and petty cash	$ 73	$ 53
Demand deposits	247,659	286,874
Cash equivalents：		
Time deposits	1,075,633	—
Total	$ 1,323,365	$ 286,927

(1) Cash equivalents includes time deposits that are highly liquid, were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) The market interest rate range of time deposits as of the balance sheet date is as follows:

Items	2022.12.31	2021.12.31
Time deposits	0.91%~4.85%	—

2. Non-current financial assets at fair value through other comprehensive income

Items	2022.12.31	2021.12.31
Non-current		
Domestic unlisted stocks	$ 268	$ —
Domestic listed stocks	—	109,586
Total	$ 268	$ 109,586

(1) These investments in equity instruments are held for medium to long-term purposes and therefore are accounted for as fair value through other comprehensive income.

(2) The securities described above have not been pledged as collateral.

(3) For the years ended December 31, 2022, and 2021, the evaluation net gain (loss) of financial assets generated was (NT$ 7,516) thousand and NT$7,748 thousand, respectively.

(4) After considering the operating strategy, the Company disposed of equity instrument investments measured at fair value through other comprehensive income. Details of the disposal are as follows:

Items	2022	2021
Fair value of the disposed assets	$ 102,070	$ 89,972
The gain or loss on disposal transferred to retained earnings	$ 46,437	$ 42,853

3. Financial assets at amortized cost

Items	2022.12.31	2021.12.31
Current：		
Time deposits with an original maturity exceeding three months	$ 17,316	$ 8,500

(1) The market interest rate range for time deposits as of the balance sheet date is as follows:

Items	2022.12.31	2021.12.31
Time deposits	1.35%~1.44%	0.81%~0.815%

(2) Details of the financial assets at amortized cost pledged to others as collateral, please refer to Note 8.

4. Accounts receivable, net

Items	2022.12.31	2021.12.31
At amortized cost		
Accounts receivable	$ 90,774	$ 123,275
Less: Loss allowance	(32,043)	(885)
NET	$ 58,731	$ 122,390

The Company grants credit to customers with a credit period of 30-60 days after the invoice date, and no interest is charged on accounts receivable. As of the balance sheet date, the Company adopts the simplified approach under IFRS 9 to estimate expected credit losses over the remaining period of each account receivable. The expected credit losses are calculated using a provision matrix based on the Company's historical credit loss experience, industry and economic outlook, and forward-looking information adjustments. As the Company's historical credit loss experience shows no significant difference in loss patterns among different customer groups, the provision matrix does not further distinguish customer groups and only sets the expected credit loss rate based on the number of days past due of accounts receivable. In addition to the provision based on the expected credit loss rate, the Company also considers the operating condition and debt-paying ability of customers to assess whether additional expected credit losses should be recognized.

Furthermore, the Company recognizes loss allowance a full amount for accounts receivable that are past due over 365 days without other credit guarantees.

(1) The aging analysis of the net accounts receivable is as follows:

Items	2022.12.31	2021.12.31
Not past due	$ 51,086	$ 120,806
Past due		
Past due within 30 days	—	677
Past due 31 to 60 days	413	907
Past due 61 to 180 days	1,767	—
Past due 181 to 365 days	5,465	—
Past due over 365 days	—	—
Total	$ 58,731	$ 122,390

(2) Movements of the loss allowance for accounts receivable is listed as follows:

Items	2022	2021
Beginning balance	$ 885	$ 11,998
Provision	31,158	—
Reversal	—	(7,118)
Written off	—	(3,995)
Ending Balance	$ 32,043	$ 885

(3) Accounts receivable described above have not been pledged as collateral.

5. Inventories

Items	2022.12.31	2021.12.31
Raw Material	$ 274,797	$ 187,639
Inventory in transit	2,351	—
Less: Allowance for decline in value of inventories	(30,427)	(14,337)
NET	$ 246,721	$ 173,302

For the year ended in 2022 and 2021, the write-down of inventories of NT$16,090 thousand and reversal of write-down of inventories of NT$10,080 thousand were included in the operating costs, respectively.

6. Investments accounted for using the equity method

Investments in associates

Items	2022.12.31	
KRISAN BIOTECH CO., LTD.	$	199,245

(1) The basic information of the Company's associates is as follows:

Items	Shareholding percentage 2022.12.31
KRISAN BIOTECH CO., LTD.	19.15%

For information on the nature of business, principal place of business, and country of registration of the associates above, please refer to Table 2 "Information on Investees".

The company acquired the equity of KRISAN BIOTECH CO., LTD. in December 2022 as a strategic partner for the construction of the value chain of ADC. According to the investment agreement, we have the right to appoint directors and thus have significant influence over the investee.

(2) The share of profit or loss and other comprehensive income of the equity-method investee, , for the year 2022, which was recognized based on the financial statements of the investee audited by certified public accountants during the same period.

The Company's share of profit	2022	
Net income of continuing operations	$	(755)
Other comprehensive income		—
Total Comprehensive income	$	(755)

(3) Investments accounted for using the equity method described above have not been pledged as collateral.

7. Property, Plant and Equipment

(1)The carrying amounts of the Company's property, plant, and equipment are listed as follows:

Items	2022.12.31	2021.12.31
Land, buildings, and structures	$ 767,604	$ —
Machinery and equipment	992,074	410,524
Office equipment	19,585	5,635
Leasehold improvements	104,301	106,468
Construction in progress	3,352	624,348
Total	$ 1,886,916	$ 1,146,975

	Balance as of January 1, 2022	Addition	Disposal	Reclassification	Balance as of December 31, 2022
Cost:					
Land, buildings, and structures	$ —	$ 15,175	$ —	$ 776,500	$ 791,675
Machinery and equipment	817,879	67,973	(11,264)	666,035	1,540,623
Office equipment	19,692	5,652	(2,922)	12,141	34,563
Leasehold improvements	276,232	6,715	(1,158)	25,983	307,772
Construction in progress	624,348	196,755	(20,106)	(797,645)	3,352
Total	$ 1,738,151	$ 292,270	$ (35,450)	$ 683,014	$ 2,677,985

	Balance as of January 1, 2022	Depreciation expense	Disposal	Reclassification	Balance as of December 31, 2022
Accumulated Depreciation and Impairment:					
Land, buildings, and structures	$ —	$ 24,071	$ —	$ —	$ 24,071
Machinery and equipment	407,355	151,633	(11,264)	825	548,549
Office equipment	14,057	4,499	(2,922)	(656)	14,978
Leasehold improvements	169,764	35,034	(1,158)	(169)	203,471
Total	$ 591,176	$ 215,237	$ (15,344)	$ —	$ 791,069

	Balance as of January 1, 2021	Addition	Disposal	Reclassification	Balance as of December 31, 2021
Cost:					
Machinery and equipment	$ 666,601	$ 77,752	$ (22,419)	$ 95,945	$ 817,879
Office equipment	21,418	234	(3,767)	1,807	19,692
Leasehold improvements	246,208	7,847	(2,710)	24,887	276,232
Construction in progress	260,369	405,590	—	(41,611)	624,348
Total	$ 1,194,596	$ 491,423	$ (28,896)	$ 81,028	$ 1,738,151

	Balance as of January 1, 2021	Depreciation expense	Disposal	Reclassification	Balance as of December 31, 2021
Accumulated Depreciation and Impairment:					
Machinery and equipment	$ 347,333	$ 82,297	$ (22,275)	$ —	$ 407,355
Office equipment	14,848	2,976	(3,767)	—	14,057
Leasehold improvements	142,337	30,137	(2,710)	—	169,764
Total	$ 504,518	$ 115,410	$ (28,752)	$ —	$ 591,176

Note: The reclassified item is the transfer from prepaid equipment payments (listed under "non-current assets").

A. The capitalized interest amount of the Company for the year 2022 and 2021 were NT$8,304 thousand and NT$4,643 thousand, respectively.

B. The company derecognized the right-of-use asset for the Zhubei land and recognized a loss of NTD 20,106 thousand of the construction in progress in September 2022.

C. Please refer to Note 8 for the information of property, plant, and equipment pledged by the Company as collateral for a loan.

(2) Prepayments for business facilities

	2022	2021
Beginning balance	$ 633,067	$ 44,733
Addition	259,073	674,452
Reclassification	(691,013)	(86,118)
Ending Balance	$ 201,127	$ 633,067

8. Lease Agreements

(1) The carrying amounts of the Company's Right-of-use assets are listed as follows:

Items	2022.12.31	2021.12.31
Land	$ 14,131	$ 129,880
Buildings	77,171	73,970
Total	$ 91,302	$ 203,850

Addition of Right-of-use assets	2022	2021
Land	$ 2,883	$ 117,027
Buildings	37,248	20,620
Total	$ 40,131	$ 137,647

Depreciation expense	2022	2021
Land	$ 5,625	$ 2,995
Buildings	34,047	27,455
Total	$ 39,672	$ 30,450

(2) Leasing liabilities:

Items	2022.12.31	2021.12.31
Carrying amount of lease liabilities		
Current	$ 37,282	$ 28,587
Non-current	$ 56,370	$ 176,057

The ranges of discount rate for lease liabilities are listed as follows:

Items	2022.12.31	2021.12.31
Land	1.977%~2%	1.977%~2%
Buildings	1.809%~1.977%	1.809%~1.977%

(3) Other Lease Information:

Items	2022	2021
Short-term lease expenses	$ 3,313	$ 7,169
Total cash outflow for leases	$ (36,985)	$ (29,610)

The company chooses to exempt the leases applicable such as leases of copiers, equipment, and instruments for short-term and does not recognize the relevant right-of-use assets and lease liabilities for such tenancies.

(4) Significant leasing activities and terms:

The company leases land, buildings, and constructions for 1 to 20 years. For the lease contracts for land located in Taiwan (ROC), the lease payments will be adjusted based on the announced land prices. The company has no purchase options to acquire the leased land and buildings at the end of the lease terms.

9. Intangible assets

Items	2022.12.31	2021.12.31
Software	$ 25,221	$ 22,941
Goodwill	23,919	23,919
Professional expertise	704	9,987
Customer relations	—	779
Total	$ 49,844	$ 57,626

	Balance as of January 1, 2022	Addition	Disposal	Reclassification	Balance as of December 31, 2022
Cost:					
Software	$ 37,935	$ 11,863	$ (10,228)	$ 7,999	$ 47,569
Goodwill	23,919	—	—	—	23,919
Professional expertise	37,125	—	—	—	37,125
Customer relations	14,008	—	—	—	14,008
Total	$ 112,987	$ 11,863	$ (10,228)	$ 7,999	$ 122,621

	Balance as of January 1, 2022	Amortization expense	Disposal	Reclassification	Balance as of December 31, 2022
Accumulated amortization and impairment:					
Software	$ 14,994	$ 17,582	$ (10,228)	$ —	$ 22,348
Goodwill	—	—	—	—	—
Professional expertise	27,138	9,283	—	—	36,421
Customer relations	13,229	779	—	—	14,008
Total	$ 55,361	$ 27,644	$ (10,228)	$ —	$ 72,777

	Balance as of January 1, 2021	Addition	Disposal	Reclassification	Balance as of December 31, 2021
Cost:					
Software	$ 19,682	$ 13,856	$ (693)	$ 5,090	$ 37,935
Goodwill	23,919	—	—	—	23,919
Professional expertise	37,125	—	—	—	37,125
Customer relations	14,008	—	—	—	14,008
Total	$ 94,734	$ 13,856	$ (693)	$ 5,090	$ 112,987

	Balance as of January 1, 2021	Amortization expense	Disposal	Reclassification	Balance as of December 31, 2021
Accumulated amortization and impairment:					
Software	$ 7,973	$ 7,714	$ (693)	$ —	$ 14,994
Goodwill	—	—	—	—	—
Professional expertise	17,560	9,578	—	—	27,138
Customer relations	8,560	4,669	—	—	13,229
Total	$ 34,093	$ 21,961	$ (693)	$ —	$ 55,361

In February 2019, the Company acquired assets, liabilities, and business related to the "Biopharmaceutical Technology Service Industry" through a business transfer, resulting in a goodwill of NT$23,919 thousand. The goodwill was primarily derived from expected synergy following the merger, which would enhance the Company's competitiveness in the biopharmaceutical CDMO market and expand its business scale.

At the end of the annual reporting period, the Company performed an impairment test on the recoverable amount of goodwill and the recoverable amount is determined based on the value in use. The value in use was calculated, based on the expected cash flows from the financial budgets covering the future five-year-period. The Company used the income approach and a discount rate of 15%.

The company did not recognize any impairment loss on goodwill in both the 2022 and 2021 fiscal years.

10. Borrowings

(1) Short-term borrowings

Items	2022.12.31	2021.12.31
Bank loan		
Credit loan	$ —	$ 50,000
Syndicated loan	100,000	—
Total	$ 100,000	$ 50,000
Range of interest rate	2.6374%	1.4%

(2) Long-term borrowings

Items	2022.12.31	2021.12.31
Bank loan		
Syndicated loan	$ 762,200	$ 490,000
Less: Long-term borrowings – current portion	(105,880)	(15,600)
Total	656,320	474,400
Range of interest rate	2.6374%	1.9767%

In August 2021, the Company signed a 7-year syndicated loan agreement with seven financial institutions, including Taiwan Cooperative Bank, for a total amount of NT$3.8 billion. The loan is intended for the construction of a factory, acquisition of machinery and equipment, and increasing working capital.

(3) For assets pledged by the Company as collateral for long-term borrowings, please refer to Note 8.

(4) For details of the Company's interest rate, foreign currency, and liquidity risk, please refer to Note 6(22).

11. Other payables

Items	2022.12.31	2021.12.31
Current：		
Salaries and bonuses	$ 89,783	$ 75,280
Construction and equipment payable	16,860	100,932
Leave payable	6,252	4,276
Commission expense	8,174	16,844
License Transfer Price Payable	39,024	—
Others	35,285	40,536
Total	$ 195,378	$ 237,868
Non-current：		
License Transfer Price Payable	$ —	$ 38,072

12. Employee Benefits

(1) Defined contribution plans

The Company adopts the employee retirement method under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

The Company recognized the total amount of NT$14,249 thousand and NT$12,001 thousand respectively in the statement of comprehensive income in 2022 and 2021.

(2) Defined benefit plan

Where the Company adopt the government-managed defined benefit plan as their pension system applicable under the Labor Standards Act, each employee whose has served the Company for up to 15 years, shall be given two bases for each full year of service rendered, while each employee who has served the Company over 15 years shall be given one base for each full year of service rendered. An employee shall not receive more than 45 bases in total. The payment of employee pension shall be calculated based on an employee's years of service and his/her average wage (number of bases) over six months before his/her retirement is approved. The Company contributes 2% of the total salary to the pension fund, which is deposited into a special account opened with Bank of Taiwan under the name of the Supervisory Committee of Employee Retirement Reserve Fund.

Before the end of the year, if the estimated balance in the special account is insufficient to pay the

workers who are estimated to meet the retirement conditions in the next year, the difference will be paid once before the end of March of the next year. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the Company only balance sheets are as follows:

Items	2022.12.31	2021.12.31
Present value of defined benefit obligation	$ 247	$ 242
Fair value of the planned assets	(3,089)	(2,811)
Net defined benefit liability (asset)	$ (2,842)	$ (2,569)

Movements in net defined benefit liability (asset), as follows:

	Present value of defined benefit obligation	Fair value of the planned assets	Net defined benefit liability (asset)
Balance as of January 1, 2022	$ 242	$ (2,811)	$ (2,569)
Service cost for the period	246	—	246
Interest expense (income)	3	(29)	(26)
Recognized in gain or loss	249	(29)	220
Remeasurements			
Return on planned assets	—	(209)	(209)
(Return on planned assets)			
Actuarial (profit) loss -changes in demographic assumption	(6)	—	(6)
Actuarial (profit) loss -changes in financial assumptions	(1)	—	(1)
Actuarial (profit) loss - experience adjustments	(237)	—	(237)
Recognized in other comprehensive income	(244)	(209)	(453)
Paid directly by the Company	—	(40)	(40)
Balance as of December 31, 2022	$ 247	$ (3,089)	$ (2,842)

	Present value of defined benefit obligation	Fair value of the planned assets	Net defined benefit liability (asset)
Balance as of January 1, 2021	$ 80	$ (2,746)	$ (2,666)
Service cost for the period	—	—	—
Interest expense (income)	1	(11)	(10)
Recognized in gain or loss	1	(11)	(10)
Remeasurements			
Return on planned assets	—	(38)	(38)
(Return on planned assets)			
Actuarial (profit) loss -changes in demographic assumption	1	—	1
Actuarial (profit) loss -changes in financial assumptions	(46)	—	(46)
Actuarial (profit) loss - experience adjustments	206	—	206
Recognized in other comprehensive income	161	(38)	123
Paid directly by the Company	—	(16)	(16)
Balance as of December 31, 2021	$ 242	$ (2,811)	$ (2,569)

Actuarial assumptions on pensions are summarized as follows:

Items	2022	2021
Discount rate	1.50%	1.00%
Rate of future salary increase	3.00%	2.50%
Turnover rate	2.75%	3.09%

The Company is exposed to the following risks through the defined benefit plans under the Labor Standards Act:

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic listed, OTC, or private equity securities, investment in securities-based products of domestic and foreign real estate, and deposits in domestic and foreign securities. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.

B. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligation, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

C. Salary risk: The present value of defined benefit obligation is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligation will increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	$ (17)	$ (17)
Decrease by 0.25%	$ 18	$ 18
Expected salary increase rate		
Increase by 0.25%	$ 18	$ 18
Decrease by 0.25%	$ (16)	$ (17)
Turnover rate		
Expected turnover rate for 110%	$ (9)	$ (9)
Expected turnover rate for 90%	$ 10	$ 10

As actuarial assumptions may be correlated, the likelihood of fluctuation in a single assumption is not high. Therefore, the sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligation.

	December 31, 2022	December 31, 2021
Expected amount of contribution within 1 year	$ 28	$ 48
Average duration of defined benefit obligation	28	29

13. Equity

(1) Common Stock

	December 31, 2022	December 31, 2021
Authorized Shares (in thousands)	500,000	500,000
Authorized Capital	$ 5,000,000	$ 5,000,000
Issued Capital	$ 2,053,060	$ 1,533,337

Issued shares (in thousands)	2022	2021
Balance as of January 1, 2022	153,334	128,238
Cash capital increase	50,000	25,000
Employee stock option exercised	972	96
Employee restricted stock issued -	1,000	—
Balance as of December 31, 2022	205,306	153,334

On March 11, 2021, the Company completed a cash capital increase by issuing 25,000 thousand new shares at a premium of NT$30.5 per share, resulting in a total capital increase of NT$762,500 thousand. The underwriting expenses of NT$1,906 thousand have been recorded as a reduction of capital surplus from the issuance of shares at a premium. The capital increase reference date is March 11, 2021.

On May 29, 2018, the shareholders' meeting and the board of directors on January 31, 2019 approved a private placement cash capital increase of 18,000 thousand new shares at a premium of NT$22.3 per share, resulting in a total capital increase of NT$401,400 thousand. The capital increase reference date was February 15, 2019, and the registration was completed on March 7, 2019. Except for the limitations on transferability and the requirement to wait for three years after delivery and to apply for over-the-counter listing only after a public offering has been completed, the rights and obligations of the aforementioned privately placed common shares are the same as those of other issued common shares.

On July 5, 2022, the Company's board of directors approved the issuance of 1,000 thousand new shares of restricted employee stock options at no cost. The new share issuance reference date was July 5, 2022, and the subscription price was set at NT$0 per share. Until employees meet the predetermined conditions, the rights and obligations of the newly issued common shares are the same as those of other issued common shares, except for the restriction on the transferability of shares. If an employee leaves during the vesting period, and fails to meet the issuance conditions, the Company will repurchase the employee's restricted shares at no cost and cancel them.

On May 30, 2022, the Company resolved in a shareholders' meeting and on July 27, 2022, the Board of Directors resolved to conduct a private placement of 50,000 thousand new shares at a premium issue price of NTD 32.5 per share, raising a total of NTD 1,625,000 thousand. The capital increase reference date was October 13, 2022, and the registration was completed on October 26, 2022. Except for the restriction on transferability and the requirement to complete public offering and wait for three years before applying for OTC listing, the rights and obligations of the privately placed common shares are the same as those of other issued common shares.

(2) Advance Receipts for Common Stock

As of December 31, 2022, the Company has issued 9 thousand shares of common stock through the exercise of employee stock options, with total proceeds of NT$193 thousand received.

(3) Capital Surplus

Items	2022.12.31	2021.12.31
Additional paid-in capital	$ 1,417,115	$ 527,600
Employee stock options	35,376	36,111
Employee stock options expired	14,766	13,237
Restricted stock to employees	886	—
Total	$ 1,468,143	$ 576,948

According to legal regulations, the excess amount generated from issuing stocks above par value (including issuing common stocks above par value, stock premium from mergers, and capital surplus from convertible bonds) and the capital surplus generated from donation can be used to offset losses, and can also be used to pay cash dividends or allocate to capital stock when the Company has no losses, but the allocation to capital stock is limited to a certain ratio of the paid-in capital each year. In addition, changes in ownership equity of subsidiaries, changes in net equity of equity method investments in affiliated enterprises, and unclaimed dividends from shareholders that have exceeded the statute of limitations can be used to offset losses, but those generated from employee stock options cannot be used for any purposes.

(4) Accumulated deficit

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' losses and then 10% of the remaining amount shall be set aside as legal capital reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings.

In accordance with the Company's Articles of Incorporation, being a growth-stage company, the dividend distribution policy is based on the Company's annual earnings and accumulated earnings from previous years, taking into account the Company's profitability, capital structure, and future operating needs. Proposed dividend distribution of the Company is decided after the end of each fiscal year. The Company may distribute dividends in the form of stock dividends, limited to no more than 50% of the total dividends, and the remaining portion as cash dividends. The Board of Directors will propose a distribution plan after considering the Company's operating and capital expenditure

needs, and the plan will be submitted to a shareholders' meeting for approval.

On May 30, 2022 and July 6, 2021, the shareholders' meetings of the Company approved the proposal to offset the losses for year 2021 and 2020, respectively.

Please refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit which was proposed by the Board of Directors and resolved at the shareholders' meeting.

As of December 31, 2022, the Company has no distributable earnings.

(5) Other Equity

	2022		2021
	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Beginning balance	$ 50,716	$ —	$ 82,911
Disposal of equity instruments measured at fair value through other comprehensive income	(46,437)	—	(42,853)
Unrealized Gain or Losses on FVTOCI Financial Assets.	(4,279)	—	10,658
Issuance of employee restricted stocks	—	(10,886)	—
Compensation cost of employee stock options	—	1,897	—
Ending balance	$ —	$ (8,989)	$ 50,716

14. Share-based payment

(1) For the years ended December 31, 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options	2016.03.21	2,500	7 years	NOTE 1
Employee stock options	2016.11.09	1,000	7 years	NOTE 1
Employee stock options	2020.03.05	3,585	7 years	NOTE 1
Cash capital increase to keep employee stock subscriptions	2021.01.07	1,398.6	—	Vested at once
Employee stock options	2022.07.19	2,828	5 years	NOTE 1
Restricted stocks to employees	2022.07.05	1,000	1.7 years ~3.7 years	NOTE 2

NOTE 1: After two years from the grant of the employee stock options, the employees are entitled to

exercise their stock options in accordance with the schedule and proportion in the plan.

NOTE 2: If an employee is still employed and the Company achieves its operating performance targets after the grant of restricted employee shares, the employee may acquire the shares in installments.

(2) Details of the share-based payment arrangements are as follows:

A. Employee stock options

	2022		2021	
	No. of options (Unit)	Weighted-average exercise price (in dollars)	No. of options (Unit)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	4,256	$27.24	4,548	$27.85
Options granted	2,828	37.55	—	—
Options exercised	(981)	22.07	(80)	31.45
Options forfeited	(356)	31.05	(212)	33.85
Options outstanding at December 31	5,747	31.66	4,256	27.24
Options exercisable at December 31	1,203	37.96	1,021	44.78
Weighted average fair value per share of current period's stock options	12.49		—	

B. Restricted stocks to employees

	2022 (Shares in thousands)
Stocks outstanding at January 1	—
Stocks granted	1,000
Stocks options outstanding at December 31	1,000

C. For the years ended December 31, 2022, the Company's information on outstanding employee stock options is as follows:

Range of exercise price (in NTD)	outstanding units	Weighted average remaining life (in years)	Weighted average exercise price of outstanding units (in NTD)	Exercisable units	Weighted Average Exercise Price of Exercisable Stock Options (in NTD)
44.8	829	0.22	44.8	829	44.8
29.9	82	0.85	29.9	82	29.9
20.8	2,105	4.17	20.8	292	20.8
36.1	2,731	4.55	36.1	—	—

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model to estimate the fair value of employee stock options. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividend	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2016.03.21	48.3	48.3	51.59%	4.95 years	0.00%	0.56%	21.3043
Employee stock options	2016.11.09	32.3	32.3	50.98%	4.95 years	0.00%	0.71%	14.1771
Employee stock options	2020.03.05	21.9	21.9	38.10%	4.95 years	0.00%	0.47%	7.3593
Employee stock options	2022.07.19	37.55	37.55	41.599%	3.5-4.5 years	0.00%	1.016%~ 1.064%	12.49
Restricted stocks to employees	2022.07.05	38.05	—	—	—	—	—	38.05
Cash capital increase to retain employee stock subscriptions	2021.01.07	31.25	30.5	37.61%	0.13 years		0.34%	2.0867

E. The compensation costs of employee stock options recognized by the Company for the years 2022 and 2021 were NT$9,807 thousand and NT$11,183 thousand, respectively.

15. Revenue from contracts with customers

(1) Details of revenue:

:

	2022		
	Sale of technical services	Other	Total
Major Regional Markets			
Domestic sales	276,634	1,533	278,167
Asia	324,207	1,376	325,583
America	6,820	250	7,070
Europe	7,196	114,260	121,456
Total	614,857	117,419	732,276

	2021		
	Sale of technical services	Other	Total
Major Regional Markets			
Domestic sales	100,713	642	101,355
Asia	404,163	1,428	405,591
America	72,991	234	73,225
Europe	14,131	179,968	194,099
Total	591,998	182,272	774,270

(2) Contract assets and liabilities

Below are the contractual assets and contractual liabilities related to the Customer Contract Revenues confirmed by the Company:

Items	2022.12.31	2021.12.31
Accounts receivable (including related parties)	$ 101,411	$ 131,150
Less: Loss allowance	(32,043)	(885)
Total	$ 69,368	$ 130,265

Items	2022.12.31	2021.12.31
Contract assets -		
Current assets recognized from costs to fulfil contracts with customers	$ 146,376	$ 190,572
Accounts Receivable - Contractual	11,951	—
Total	$ 158,387	$ 190,572

Items	2022.12.31	2021.12.31
Contract liabilities-		
Technical services	$ 142,275	$ 152,116

16. Employee benefit, depreciation, depletion, and amortization expenses for this period are summarized according to their functions as follows:

Function / Nature	2022			2021		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefit expenses						
Salaries and wages	227,967	108,302	336,269	190,568	87,431	277,999
Labor and health insurance	19,238	7,940	27,178	16,379	6,688	23,067
Retirement benefits	9,943	4,526	14,469	8,316	3,675	11,991
Remuneration to directors	—	1,891	1,891	—	1,265	1,265
Other employee benefit expenses	8,108	3,177	11,285	7,197	2,614	9,811
Subtotals	265,256	125,836	391,092	222,460	101,673	324,133
Depreciation expense	203,228	51,681	254,909	120,759	25,101	145,860
Amortization expense	20,557	7,087	27,644	13,346	8,615	21,961

In accordance with the provisions of the Company's Articles of Incorportation, the Company has distrbuted employee compensation at a rate of 10% to 12% of the pre-tax profit before deducting employee and director remuneration for the current year, and director compensation at a rate not exceeding 2%.

The Company incurred accumulated deficit for the years ended 2022 and 2021, therefore no earnings distribution was made, and no provision was made for employee and director compensation.

(1) The numbers of employees (including directors) for the years ended December 31, 2022 and 2021 were 387 and 334, respectively. Among which the numbers of directors who were not part-time employees was 9 for both years.

(2) The average employee benefits expense for 2022 is NT$1,030 thousand = [(Total employee benefit expenses for 2022- Total Directors' remuneration) / (Number of employees for 2022- Number of Directors who are not part-time employees)].

The average employee benefits expense for 2021 is NT$993 thousand = [(Total employee benefit expenses for 2021- Total Directors' remuneration) / (Number of employees for 2021- Number of Directors who are not part-time employees)].

(3) The average employee salary expense for 2022 was NT$890 thousand = [Total salary expenses for 2022 / (Number of employees for 2022- Number of Directors who are not part-time employees)].

The average employee salary expense for 2021 was NT$855 thousand = [Total salary expenses for 2021 / (Number of employees for 2021- Number of Directors who are not part-time employees)].

(4) The rate of adjustment in average salary expenses was 4% = [(Average salary expense for 2022- Average salary expense for 2021) / Average salary expense for 2021].

(5) The Company established an audit committee on August 15, 2019. So there is no supervisor-related remuneration for the years ended December 31, 2022 and 2021.

(6) The information of the Company's salary and remuneration is as follows:

A. Directors:

The remuneration of directors is determined by the Remuneration Committee and the Board of Directors based on their level of involvement and contribution to the Company's operations, as well as the industry's prevailing standards.

B. Managers and Employees:

The Company establishes its compensation policy and salary structure based on market standards, industry salary surveys, and job requirements and qualifications. Salaries and job titles are determined based on different job attributes and employee qualifications.

The reasonableness of salaries and benefits is reviewed annually in light of macroeconomic and industry conditions, and appropriate performance bonuses are awarded based on the Company's operating performance and individual job performance.

The remuneration of managers is subject to review by the Remuneration Committee and approval by the Board of Directors.

17. Non-operating income and expenses

(1) Other income

Items	2022	2021
Rental income	$ 877	$ 1,377
Dividend revenue	4	—
Gain on disposal of property, plant and equipment	—	131
Profit from lease modification	1,131	—
Others	3,574	520
Total	$ 5,586	$ 2,028

(2) Finanial costs

Items	2022	2021
Interest expenses:		
Interest on bank loans	$ 19,048	$ 2,137
Interest on lease liabilities	3,720	2,506
Others	952	1,173
Less: capitalization of interest	(8,304)	(4,643)
Subtotals	$ 15,416	$ 1,173
Bank loan processing fees	3,778	1,357
Total	$ 19,194	$ 2,530

18. Other Comprehensive Income Component

The following items have been recognized in the Company's statement of other comprehensive income:

2022	Generate	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Remeasurements of defined benefit obligation	$ 453	$ —	$ 453	$ (91)	$ 362
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(7,516)	$ —	$ (7,516)	$ 3,237	$ (4,279)
Total	$ (7,063)	$ —	$ (7,063)	$ 3,146	$ (3,917)

2021	Generate	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Remeasurements of defined benefit obligation	$ (123)	$ —	$ (123)	$ 25	$ (98)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	7,748	—	7,748	2,910	10,658
Total	$ 7,625	$ —	$ 7,625	$ 2,935	$ 10,560

19. Income tax

(1) Deferred Tax Assets (Liabilities)

	2022			
	January 1	Recognized in gain or loss	Recognized as other comprehensive net income	December 31
Temporary differences:				
Deferred tax assets (liabilities)				
Allowance for bad debts	$ 1,513	$ 143	$ —	$ 1,656
Allowance for diminution in value of inventories	2,867	3,218	—	6,085
Payables for annual leave	854	396	—	1,250
Tax losses	57,437	2,340	—	59,777
Investment credits	9,484	—	—	9,484
Depreciation recognition difference	—	284	—	284
Others	8,138	3,732	—	11,870
Foreign exchange losses	817	(939)	—	(122)
Unrealized gain or loss from financial assets	(3,237)	—	3,237	—
Retirement allowance	(514)	36	(91)	(569)
Total	$ 77,359	$ 9,210	$ 3,146	$ 89,715

	2021			
	January 1	Recognized in gain or loss	Recognized as other comprehensive net income	December 31
Temporary differences:				
Deferred tax assets				
Allowance for bad debts	$ 2,241	$ (728)	$ —	$ 1,513
Allowance for diminution in value of inventories	4,884	(2,017)	—	2,867
Payables for annual leave	1,146	(292)	—	854
Others	7,429	709	—	8,138
Tax losses	55,927	1,510	—	57,437
Investment credits	9,484	—	—	9,484
Foreign exchange losses	2,339	(1,522)	—	817
Subtotals	83,450	(2,340)	—	81,110

	2021			
	January 1	Recognized in gain or loss	Recognized as other comprehensive net income	December 31
Deferred tax liabilities				
Unrealized gain or loss from financial assets	(6,148)	—	2,910	(3,238)
Retirement allowance	(533)	(5)	25	(513)
Subtotals	(6,681)	(5)	2,935	(3,751)
Total	$ 76,769	$ (2,345)	$ 2,935	$ 77,359

(2) Income Tax expense (income)

A. Reconciliation between accounting income and current income tax expenses is as follows:

	2022	2021
Loss before income tax	$ (462,841)	$ (87,518)
Income tax expenses calculated at the statutory rate	(92,568)	(17,504)
Permanent difference:		
Non-deductible expenses for tax purposes	—	(8)
The share of gains and losses recognized by the equity method- domestic	151	—
Temporary differences:		
Expected Credit Losses	6,187	(1,527)
Write-down of inventories	3,218	(2,016)
Retirement allowance	36	(5)
Foreign exchange losses (gain)	(939)	(1,522)
Depreciation recognition difference	1,496	—
Others	4,128	417
Offset between Profits and Losses	78,291	22,165
Current income tax payables	—	—
Income Basic Tax	—	—
Deferred income tax expense (gain)	(9,210)	2,345
Underestimation (Overestimation) of prior year's income tax	—	(5)
Income tax expense recognized in gain or loss	$ (9,210)	$ 2,340

B. Income tax recognized in other comprehensive income

Items	2022	2021
Income Tax expense-Income Basic Tax	$ —	$ —
Deferred tax assets (liabilities)		
Gains (losses) on re-measurements of defined benefit plans	91	(25)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(3,237)	(2,106)
Tax rate change	—	(804)
Income tax gain (expense) related to other comprehensive income components	$ (3,146)	$ (2,935)

C. Deferred tax assets that have not been recognized in the balance sheets

Loss carryforwards

Unutilized balance of tax credits	Expiry year	Recognition of deferred tax asset
$ 84,908	2023	
106,958	2024	
101,215	2025	
154,825	2026	
90,986	2027	
331,649	2028	
218,168	2029	
92,899	2031	
391,455	2032	
$ 1,573,063		$ 59,777

Investment credits

Unutilized balance of tax credits	Expiry year (NOTE)	Recognition of deferred tax asset
$ 174,705	Research and development expenses	
1,122	Employee training expenses	
10,000	Shareholders' investment tax credit	
$ 185,827		$9,484

Item	2022.12.31	2021.12.31
Total liabilities	$ 1,347,423	$ 1,232,347
Total amount	$ 4,452,998	$ 3,139,012
Debt ratio	30.26%	39.26%

NOTE: According to the regulations and provisions of the Industrial Development Act for Biotech and New Pharmaceuticals, the shareholders are entitled to investment tax credits. In addition, tax credits for research and development expenses and employee training expenses are also available. These tax credits can be applied to offset the corporate income tax payable for each of the five years following the year in which they were claimed.

D. The Company's income tax returns have been examined by the tax authorities through 2020.

20. Loss per share

	2022			2021		
	Loss after tax	Weighted average shares	Loss per share	Loss after tax	Weighted average shares	Loss per share
Basic loss per share	(453,631)	165,337	(2.74)	(89,858)	148,484	(0.61)
Dilutive potential						
Employee stock options	—	(NOTE)		—	(NOTE)	
Diluted loss per share	(453,631)	165,337	(2.74)	(89,858)	148,484	(0.61)

NOTE: In the computation of diluted earnings per share, the potential common stock from employee stock options were not included for the years 2022 and 2021 as the Company were in loss.

21. Capital management

Based on the characteristics of the industries in which the Company is currently operating and the future development of the Company, as well as taking into account factors such as changes in the external environment, the Company plans its needs for working capital, research and development expenses, and dividend payments in future periods, with a view to safeguarding the Company's ability to continue as a going concern, giving back to its shareholders while attending to the interests of other stakeholders, and maintaining an optimal capital structure to enhance shareholder value over the long run.

In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders by issuing new shares, distributing cash to shareholders, or repurchasing its shares.

The Company monitors its capital by regularly reviewing its debt ratio. The Company's capital is represented by "total equity" as indicated in its balance sheets, which is also equal to total assets minus total liabilities.

The Company's debt ratios are listed as follows:

Items	2022.12.31	2021.12.31
Total liabilities	$ 1,347,423	$ 1,232,347
Total amount	$ 4,452,998	$ 3,139,012
Debt ratio	30.26%	39.26%

22. Financial Instruments

(1) Information on Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, time deposits, notes receivable, accounts receivable, other receivables, long-term and short-term borrowings, refundable deposits, bills payable, accounts payable and other payables) approximate their fair values.

(2) Financial instruments measured at fair value are classified based on the nature, characteristics, and risks of the assets and liabilities and the level of fair value hierarchy. The relevant information is presented below:

A. Fair Value Hierarchy

	2022.12.31			
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income - non-current:				
- Domestic unlisted (OTC) stocks	$ 268	$ —	$ —	$ 268

	2021.12.31			
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income - non-current:				
Domestic unlisted stocks	$ 109,586	$ 109,586	$ —	$ —

B. As the stock of BioGend Therapeutics Co., Ltd. (6733-TW) has been listed on the over-the-counter market in Taiwan since January 2021 and sufficient observable market data is available, the Company reclassified the fair value measurement of this investment from Level 3 to Level

1 at the end of the month in which the event occurred.

C. Information on Fair Value of Financial Instruments

The table below supplies an analysis of financial instruments measured subsequent to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Each level of the fair value hierarchy is defined as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

D. The valuation techniques and inputs used by the Company to measure the Level 3 fair value are as follows:

For equity investments in domestic unlisted or emerging companies, fair value is estimated using the market approach. This primarily involves reference to recent fundraising activities of the investee or similar entities, market transaction prices, and market conditions, with appropriate adjustments made for any premiums or discounts. A liquidity discount of 20% to 25% is applied to significant unobservable inputs used by the Company, and the fair value of the investment will increase when the liquidity discount decreases.

(3) Financial Risk Management Objectives

The Company's financial risk management objective is to manage market risk, credit risk, and liquidity risk associated with its operating activities. In order to mitigate the relevant financial risks, the Company is committed to identifying, assessing, and avoiding market uncertainties, so as to reduce potentially unfavorable effects brought by market changes to its financial performance.

The Company's major financial activities are reviewed by the Board of Directors in accordance with the relevant regulations and its internal control system. During the implementation of a financial plan, the Company must strictly comply with the financial procedures relating to overall financial risk management and segregation of duties.

A.Market Risk

Market risk refers to a type of risk in which the Company's revenue or the value of financial instruments it holds is influenced by changes in market prices, such as exchange rates, interest rates, and equity securities prices. Financial risk management aims to manage the level of exposure to market risk within an acceptable range and maximize return on investment.

(a) Exchange Rate Risk

	2022.12.31			2021.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Foreign currency: functional currency						
Financial assets						
Monetary Items						
RMB: NTD	184	4.408	811	2,180	4.344	9,470
USD: NTD	7,263	30.71	223,047	10,592	27.68	293,187
Financial Liabilities						
USD: NTD	319	30.71	9,796	941	27.68	26,047
GBP: NTD	10	37.09	371	39	37.30	1,455

Due to a wide variety of foreign currencies involved in foreign currency transactions, exchange gains and losses are summarized and disclosed based on various foreign currencies with material impact. All the exchange gains (losses) (including realized and unrealized) recognized in 2022 and 2021 due to changes in exchange rates were NT$13,291 thousand and NT$(1,347) thousand, respectively.

(b) Interest Rate Risk

Interest rate risk refers to a type of risk in which the fair value of financial instruments changes due to market changes.

The carrying amounts of the Company's financial assets and liabilities that are exposed to interest rate risk at the balance sheet date are listed as follows:

	2022.12.31	2021.12.31
With cash flow interest rate risk		
—Financial Assets	$ 1,342,652	$ 296,225
—Financial liabilities	$ 862,200	$ 540,000

Sensitivity Analysis

The sensitivity analysis below is decided based on the interest rate exposure of financial instruments at the balance sheet date. Floating-rate liabilities are analyzed based on the assumption that the amount of liabilities outstanding at the balance sheet date remains outstanding throughout the year.

If the interest rate increases/decreases by one percentage point, with all other variables held constant, the Company's 2022 pre-tax net loss will decrease/increase by NTD 4,805 thousand, and the pre-tax net loss for 2021 will increase/decrease by (NTD 2,438) thousand.

B. Credit Risk

Credit risk refers to the risk of financial loss caused by counterparty defaulting on contractual obligations. The credit risk of the Company primarily arises from trade receivables generated by operating activities, as well as bank deposits, fixed income investments, and other financial instruments generated by investment activities. Business related and financial credit risks are managed separately.

(a) Business related credit risk

To maintain the quality of accounts receivable, the Company has established business related credit risk management procedures. The risk assessment of individual customers takes into account various factors that may affect their payment ability, including the customer's financial condition, credit rating, the Company's internal credit rating, historical transaction records, and current economic conditions. The Company also uses certain credit enhancement tools such as prepayment and credit insurance at appropriate time to reduce the credit risk of specific customers.

As of December 31, 2022, and 2021, the total amount of accounts receivable from the Company's top ten customers accounted for 57.88% and 65.81%, respectively, of the total accounts receivable of the Company. The Company reviews the recoverable amount of accounts receivable one by one as of the balance sheet date to ensure that appropriate impairment losses have been provided for accounts receivable that cannot be recovered. Therefore, the management of the Company believes that the related credit risk has significantly reduced. The credit concentration risk of other accounts receivable is relatively insignificant.

(b) Financial credit risk

The credit risk of bank deposits, fixed-income investments, and other financial instruments is measured and monitored by the finance department of the Company. As the Company's counterparties and obligors are banks, financial institutions, corporate entities, and government agencies with good credit ratings or above, and there is no significant doubt about their ability to perform, there is no significant credit risk.

C. Liquidity Risk Management

The objective of the Company's liquidity risk management is to maintain sufficient financial flexibility by ensuring the availability of cash and cash equivalents, highly liquid securities, and adequate bank financing facilities required for the Company's operations.

The following table presents an analysis of the Company's financial liabilities by maturity date and undiscounted amount of repayment obligations:

2022.12.31

Items	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term borrowings	$ 100,000	$ —	$ —	$ 100,000
Accounts Payable (including related parties)	52,521	—	—	52,521
Other payables (including related parties)	196,354	—	—	196,354
Lease liabilities	38,493	46,699	11,213	96,405
Long-term borrowings	105,880	503,680	152,640	762,200
Total	$ 493,248	$ 550,379	$ 163,853	$ 1,207,480

2021.12.31

Items	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term borrowings	$ 50,000	$ —	$ —	$ 50,000
Accounts Payable (including related parties)	54,675	—	—	54,675
Other payables (including related parties)	237,868	40,000	—	277,868
Lease liabilities	32,503	86,239	114,154	232,896
Long-term borrowings	15.600	301,600	172,800	490,000
Total	$ 390,646	$ 427,839	$ 286,954	$ 1,105,439

23. Cash Flow Information

(1)Non-cash transactions

	2022	2021
Property, Plant, and Equipment (Prepaid Equipment) Increase	$ (551,343)	$ (1,165,875)
Capitalization of Interest	8,304	4,643
Changes in Payables for Construction and Equipment	(83,897)	63,134
Acquisition of property, plant and equipment (prepayments included) - cash paid	$ (626,936)	$ (1,098,098)

	2022	2021
Increase in Intangible Assets	$ (11,863)	$ (13,856)
The increase/decrease in accounts payable	(175)	(1,122)
Acquisition of intangible assets.(cash paid)	$ (12,038)	$ (14,978)

(2)Changes in Liabilities from Financing Activities

			The Change in Non-Cash Items		
	2022.01.01 balance	Cash Flow	Changes in Lease Terms	Other	2022.12.31 balance
Lease liabilities	$ 204,644	$ (36,985)	$ 40,131	$ (114,138)	$ 93,652

			The Change in Non-Cash Items		
	2021.01.01 balance	Cash Flow	Changes in Lease Terms	Other	2021.12.31 balance
Lease liabilities	$ 96,607	$ (29,610)	$ 137,647	$ —	$ 204,644

VII. RELATED PARTY TRANSACTIONS

1. Name and Relationship of Related Parties

Name of Related Party	Relationship with the Company
Center Laboratories, Inc.	The investor with significant influence
JCR Pharmaceuticals Co., Ltd.	The investor with significant influence (acquired significant influence in October 2022)
BioGend Therapeutics Co., Ltd.	Substantial related party
LUMOSA THERAPEUTICS CO., LTD.	Substantial related party
Bioengine Technology Development Inc.	Substantial related party
GLAC BIOTECH CO., LTD.	Substantial related party

2. Significant transactions between the Company and related parties are listed as follows:

(1) Operating Revenue

Name of Related Party	2022	2021
BioGend Therapeutics Co., Ltd.	$ 22,935	$ 8,446
LUMOSA THERAPEUTICS CO., LTD.	9,638	20,107
JCR Pharmaceuticals Co., Ltd.	55,479	—
Total	$ 88,052	$ 28,553

For the related party transactions, the prices were determined by both parties based on market situations.

(2) Operating Expenses

Items	Name of Related Party	2022	2021
Other operating expenses	LUMOSA THERAPEUTICS CO., LTD.	$ 192	$ 243
Professional service fees	LUMOSA THERAPEUTICS CO., LTD.	147	241
Other operating expenses	Bioengine Technology Development Inc.	76	—
Professional service fees	Center Laboratories, Inc.	—	22
Disbursement fee	Center Laboratories, Inc.	11	7
Rent expense	BioGend Therapeutics Co., Ltd.	—	455
Other operating expenses	BioGend Therapeutics Co., Ltd.	—	208
Total		$ 426	$ 1,176

(3) Other income

Name of Related Party	2022	2021
LUMOSA THERAPEUTICS CO., LTD.	$ 1,043	$ 1,257

3. Receivables and payables with related parties:

(1) Accounts receivable

Name of Related Party	2022.12.31	2021.12.31
BioGend Therapeutics Co., Ltd.	$ 640	$ —
LUMOSA THERAPEUTICS CO., LTD.	4,931	7,875
JCR Pharmaceuticals Co., Ltd.	5,066	—
Total	$ 10,637	$ 7,875

(2)Other receivables

Name of Related Party	2022.12.31	2021.12.31
LUMOSA THERAPEUTICS CO., LTD.	$ —	$ 110

(3)Contract liabilities

Name of Related Party	2022.12.31	2021.12.31
BioGend Therapeutics Co., Ltd.	$ 18,334	$ 1,514
LUMOSA THERAPEUTICS CO., LTD.	11,765	8,943
GLAC BIOTECH CO., LTD.	180	—
JCR Pharmaceuticals Co., Ltd.	336	—
Total	$ 30,615	$ 10,457

(4)Other payable

Name of Related Party	2022.12.31	2021.12.31
LUMOSA THERAPEUTICS CO., LTD.	$ 11	$ 22

4. Information on Compensation of Key Management Personnel

Items	2022	2021
Salaries and other short-term employee benefits	$ 10,163	$ 8,954
Retirement benefits	202	162
Share-based payments	2,710	3,061
Total	$ 13,075	$ 12,177

VIII. PLEDGED ASSETS

The following assets of the Company have been provided as collateral or are subject to restrictions for use as a source of borrowing facilities by financial institutions.

Name of Pledged Asset	2022.12.31	2021.12.31	Content of Secured Debt
Pledged time deposits (Current financial assets at amortized cost)	$ 1,200	$ 8,500	Security deposits for leased land
Restricted assets (Other current assets)	2,044	851	Reserve accounts
Property, plant, and equipment (including prepayments for business facilities)	1,322,599	897,180	Bank loans
Total	$ 1,325,843	$ 906,531	

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

1. As of the end of December 31, 2022, and 2021, the Company had signed contracts for the purchase of equipment and construction of plant buildings, with capital expenditures yet to be completed amounting to NT$409,942 thousand and NT$608,768 thousand, respectively.

X. LOSS FROM MATERIAL DISASTERS: None

XI. SIGNIFICANT MATTERS AFTER THE PERIOD:

On March 6, 2023, a fire broke out in the warehouse of GMP Plant 1, located in Zhunan Township, which did not affect production line. As of March 13, 2023, the actual losses and insurance claims are still under assessment.

XII. OTHER

On January 4, 2018, the Company signed the "TuNEX drug license rights transfer agreement" with TSH BIOPHARM CORPORATION LIMITED. The total amount of the contract includes fixed payments and specific percentage of royalty payments upon achieving certain conditions.

Therefore, the Company recognizes the agreed fixed payments as other payables by discounting them based on the expected payment schedule. As of December 31, 2022, there were still payables of NT$39,024 thousand (recorded under other payables-current). The specific percentage of royalty payments will be recognized upon meeting the definition of liabilities and recognition conditions.

XIII. ADDITIONAL DISCLOSURES

1. Information on Significant Transactions and Investees

No.	Items	Description
1.	Financing provided	None
2.	Endorsement/guarantee provided	None
3.	Marketable securities held (excluding investments in subsidiaries, associates and joint venture)	TABLE 1
4.	Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital	TABLE 3
5.	Acquisition of real estate property at costs of at least NT$300 million or 20% of the paid-in capital	None
6.	Disposal of real estate property at costs of at least NT$300 million or 20% of the paid-in capital	None
7.	Purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital	None

No.	Items	Description
8.	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	None
9.	Engaging in Derivatives Transactions	None

2. Disclosure of Information on Investees

No.	Items	Description
1.	Information on investees (excluding information on investments in Mainland China)	TABLE 2
2.	Disclosure of control over investment companies	None

3. Information in Investments in Mainland China: None

4. Information on Major Shareholders:

Name, number of shares and percentage of ownership of shareholders with a shareholder percentage of at least 5%: TABLE 3

XIV. SEGMENT INFORMATION

The Company is a professional CDMO (Contract Development and Manufacturing Organization) company, providing a full range of biopharmaceutical development and production services, only operating a single industry, and the Company's operating decision-makers are based on the Company's overall evaluation of performance and allocation of resources, and the Company has been identified as a single reportable department.

1. The principal products and services revenue

Items	2022	2021
Sale of technical services	$ 614,857	$ 591,998
Other revenue	117,419	182,272
Total	$ 732,276	$ 774,270

2. Geographical information

The Company's main operating region is located in the Republic of China. Geographical segment revenue is calculated based on the location of the recipient. Please refer to Note 6.15 for details.

3. Main customer information

Customer	2022		2021	
	Revenue Amount	Revenue Percentage	Revenue Amount	Revenue Percentage
Gedeon Richter Plc,	$ 114,260	16	$ 179,968	23
Client AK	112,654	15	48,150	6
Client AP	99,732	14	7,688	1
Client Y	52,529	7	167,003	22
Total	$ 379,175	52	$ 402,809	52

TABLE 1

Relevant information disclosure on the Company's marketable securities holdings on December 31, 2022

(excluding subsidiaries, associates and joint ventures):

Unit: In Thousands of NTD

Name of Company Held	Type and name of securities	Relationship with Securities Issuer	Financial Statement Account	Ending Balance			
				Number of Shares	Carrying amount	Shareholding percentage	Fair Value
Mycenax Biotech Inc.	Taiwan Depository & Clearing Corporation	Non-related parties	Non-current financial assets at fair value through other comprehensive income	1,340	268	0.0002%	268

TABLE 2

Name, location and other relevant information of the investees: (excluding investees in mainland)

Unit: In Thousands of NTD; Shares

Name of Investor	Investee Companies	Address	Main Operations	Initial Investment Amount		December 31, 2022			Net Profit (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2022	December 31, 2021	Number of shares	Ratio	Carrying amount			
Mycenax Biotech Inc.	KRISAN BIOTECH CO., LTD.	5F., No. 28, Ln. 31, Sec. 1, Huandong Rd., Xinshi Dist., Tainan City, Taiwan (R.O.C.)	Development and manufacturing of active pharmaceutical ingredients (APIs)	200,000	—	10,000,000	19.15%	199,245	(5,411)	(755)	

MYCENAX BIOTECH INC.

INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2022

TABLE 3

Names of major shareholders	Shares	
	No. of shares held	Shareholding percentage
JCR Pharmaceuticals Co., Ltd.	42,000,000	20.45%
Center Laboratories, Inc.	41,974,314	20.44%

V. A parent company only financial statement for the most recent fiscal year, certified by a CPA: None.

VI. In the case that the Company or its affiliates have experienced financial difficulties in 2022 or during the current fiscal year up to the date ofpublication of the annual report, its effect on the Company's financial position shall be specified: None.

Chapter 7. Review of Financial Conditions, Financial Performance, and Risk Management

I. Analysis of Financial Conditions

Unit: NT$ thousands

Item \ Year	2022	2021	Variance	
			Amount	%
Current assets	1,923,781	897,408	1,026,373	114
Property, plant and equipment	1,886,916	1,146,975	739,941	64
Intangible assets	49,844	57,626	(7,782)	(13)
Other assets	592,457	1,037,003	(444,546)	(43)
Total assets	4,452,998	3,139,012	1,313,986	42
Current liabilities	634,733	540,067	94,666	18
Non-current liabilities	712,690	692,280	20,410	3
Total liabilities	1,347,423	1,232,347	115,076	9
Share capital (Note2)	2,053,253	1,533,337	519,916	34
Capital surplus	1,468,143	576,948	891,195	154
Retained earnings	(406,832)	(254,336)	(152,496)	(60)
Other equities	(8,989)	50,716	(59,705)	(218)
Total equities	3,105,575	1,906,665	1,198,910	63

(I) Note: Analysis of deviation over 20% and the difference amount over 10,000 thousand
Reasons for the changes:

1. Current assets: The high level of capital is mainly due to the completion of the private placement in Oct 2022.
2. Property, plant and equipment and other assets: The construction for GMP Plant 2 in Zhunan had completed in 2022. The amount of PPE increased and decreased in prepayment for equipment.
3. Share capital and Capital surplus: The increase is due to the completion of the private placement.
4. Retained earnings: There is net loss in 2022.
5. Other equities: Mainly due to the employees' unearned remuneration recognition of the issuance of restricted stock awards in 2022 and the realization of the gain(loss) from the disposal of financial assets measured at fair value through other comprehensive income.

(II) Countermeasure for major impacts: There is no major negative impact on the Company caused by the changes above.

Note 1: The financial information shown above has been audited and certified by CPAs.

Note 2: Advanced receipts in capital stock were included.

II. Analysis of Financial Performance

(I)The Changes and Main Reasons in Operating Revenues, Operating Income, or Income Before Tax for the Past 2 Years

Unit: NT$ thousands

Item \ Year	2022	2021	Variance	
			Amount	%
Operating revenue	732,276	774,270	(41,994)	(5)
Operating Cost	845,948	636,661	209,287	33
Gross profit	113,672	137,609	(23,937)	17
Operating expenses	331,323	222,940	108,383	49
Operating Loss	(444,995)	(85,331)	(359,664)	421
Non-operating income andexpenses	(17,846)	(2,187)	(15,659)	716
Net loss before tax	(462,841)	(87,518)	(375,323)	429
Income tax expense	9,210	(2,340)	11,550	(494)
Net loss	(453,631)	(89,858)	(363,773)	405
Total current comprehensive profit and loss	(457,548)	(79,298)	(378,250)	48

Note: Analysis of deviation over 20% and the difference amount over 10,000 thousand
Reasons for the changes:

1. Operating revenue, Operating Cost and Gross profit:
   The revenue increased in 2022 mainly from CDMO business, and the recognition of the milestone payments from the sale of LusiNEX decreased. The total operating revenue declined slightly due to the decrease of the LusiNEX milestone fee. The operating cost increased due to rising depreciation of the completion of GMP Plant 2 in 2022, therefore, the operating gross profit decreased.
2. Operating expenses: Mainly due to the expanded operation.
3. Non-operating income and expenses: Mainly due to the increase in financial costs such as interest expenses caused by bank loans.
4. Income tax expense: Due to the increase in deferred income tax assets.
5. Operating Loss, Net Loss before tax, Net loss and Total current comprehensive profit and loss: Mainly due to gross loss increased, operating expenses increased, and non-operating d expenses increased.

(II)Expected sales amount in 2022 and its basis, the possible impact on the Company's future finance and business, and its response plan:

The Company has not released financial forecasts and sales forecasts. The Company focuses on the CDMO business and will continue to provide professional contract development and manufacturing organization services, which will have a positive impact on the finance and business.

III. Analysis of cash flow

(I) Cash Flow Analysis

Unit: NT$ thousands

Year / Item	2022	2021	Increase (decrease) amount	Increase (decrease) ratio %
Net cash flow used in operatingactivities	(150,185)	(146,234)	(3,951)	3
Net cash flow generated from(used in) investment activities	(745,243)	(1,031,483)	286,240	(28)
Net cash generated from financing activities	1,931,866	1,173,503	758,363	65
Reasons for the changes: Analysis of deviation over 50% and the difference amount over 5% of the paid-in capital. Net cash generated from financing activities: The private placement had been completed in 2022.				

(II) Improvement plan for insufficient liquidity and liquidity analysis in the coming year: None.

(III) Analysis of cash flow in the coming year

1.Operating activities: Depends on the operation requirements.

2. Investment activities and financing activities: Depends on the operation requirements.

IV. Major capital expenditures and impact on financial and business:

The Company invested in the construction of GMP Plant 2, the expansion of production lines and optimizing the production lines, which positively contributed to the financial and business situations. The amount paid for the acquisition of PPE in 2022 was NT$ 626,936 thousand.

V. Investment policy in the most recent year, main causes for profits or losses, improvement plans and investment plans for the upcoming year:

(I) Investment policy in the most recent year:

The Company's policy for investment in subsidiaries is based on long-term strategic investment principles. From 2016 to 2018, we participated in a cash increase in BIOGEND THERAPEUTICS CO., LTD. (listed on the TPEx on January 28, 2021) to complete the Company's ADC value chain. In December 2022, we also acquired 19.15% of the shares through cash increase in KRISAN BIOTECH CO., LTD. However, to adjust the investment strategy in line with the Company's operations and development, we have gradually disposed of our holdings in BIOGEND THERAPEUTICS CO., LTD. and have completed the full sale of the shares.

(II) The main causes for the profit or loss of reinvestment and improvement plans:

The Company invested in BIOGEND THERAPEUTICS CO., LTD. for medium to long-term strategic purposes with the expectation of long-term profitability. However, in response to the Company's expansion of its CDMO business, which includes optimizing the existing GMP Plant 1 (Zhunan), building GMP Plant 2 (Zhunan), and planning to establish a cell therapy pilot plant in the Hsinchu Biomedical Science Park, as well as forming a strategic alliance with KRISAN BIOTECH CO., LTD. to complete the ADC value chain, the Company has gradually disposed of its investment in BIOGEND THERAPEUTICS CO., LTD. above the target price authorized by the board of directors, after considering future cash flows and to activate operating funds. The progress of the execution was reported to the board of directors.

(III) Investment plans for the upcoming year:

If there are any investment projects that can increase the Company's operational efficiency in the next year, the management team will carefully evaluate the reinvestment plan and prepare an investment evaluation report for submission to the board of directors. Investment will only be made after approval by the board of directors.

VI. Risk management and assessment

(I) Effects of changes in interest rate and exchange Rate and Inflation on the Company's Finance, and Future Response Measures:

1.Interest rate:

The operating capital of the Company is mainly from the capital markets and the bank loans, therefore the Company has risk in interest rate. The Company will keep abreast of the interest rate and strictly control the borrowing balance both of the floating and fixed interest rate. The Company keep good relationships with the banks and try the best to negotiate the interest rates of the loans. It will decrease the risk related to the changes in interest rate.

2.Exchange rate:

The main foreign currency of the Company would be US dollar, so there is risk in changes of exchange rate. The net exchange loss of the Company in 2021 was NT$ 1,347 thousand, and the net exchange profit in 2022 was NT$ 13,291 thousand, which were (0.17%) and 1.82% of the net revenue, respectively. To effectively reduce the impact of the changes in exchange rate, the Company keep abreast of the changes of major international currencies, keep good relationship with banks and get the better and timely foreign exchange quotation.

3.Inflation:

The inflation has no significant impact on the industry of the Company. The Company will lower the risk caused by the inflation throuth keeping paying attention to the inflation rate and negotiating with more vendors.

(II) Policies regarding high risk and highly leverage investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby and response measures to be taken in the future:
The Company focused on the development of the CDMO business, and has not engaged in high-risk and highly leveraged investments, derivative merchandise transactions and have not lent funds or endorsement guarantees to others as the date of this annual report. To manage the risk of such transactions, the Company has established internal control policies and procedures, all in compliance with the relevant rules and regulations issued by the R.O.C. Financial Supervisory Commission.

(III) Future R&D plans and expected R&D expenditure:
Based on the previous experience in drug development and evaluation of future trends in the pharmaceutical industry, Mycenax will focus on expanding and deepening the manufacturing of new types of drugs in 2023. We will prioritize the development of the following four platforms to provide diversified and rapid drug development services.

1. Development plan for cell therapy process platform
   In response to the future trend of cell therapy products, Mycenax will continue to invest approximately NT$ 15,000 thousand to support the mass production process development of allogenic cell product.

   Development progress:
   Mass production platform for mesenchymal stem cell:
   To date, adherent stem cells have successfully transitioned from 2D culture to 3D suspension culture for mass production at Mycenax and can be linearly amplified in bioreactors according to client’s CDMO needs. A small-scale high-throughput development testing system has been established, along with small-scale bioreactor production (2L) that can be scaled up to a 50L production platform for GMP production in a cell therapy pilot plant. The upstream cell culture process and downstream cell harvest

process have been integrated into a closed process that meets the latest international developments in cell therapy. In addition, an analytical platform for quality attributes of the stem cell has also been established. Therefore, the comprehensive process and analysis platforms can provide clients with early-stage development of allogenic stem cell products. In the future, the pilot plant will serve commercial scale-up for mass production in response to clinical trial needs.

Mass production platform for GDT：

Mycenax has developed a GDT cell expansion process. In allogeneic cell therapy, GDT has a high technical threshold and individual differences. After optimizing the culture process, we have successfully expanded the cells up to 30,000 times. Moreover, we have established a complete closed process that integrates upstream cell culture and downstream cell harvest. It is estimated that up to 280 doses of GDT product can be provided in single batch production. In addition, an analytical platform for quality attributes analysis of GDT has been established concurrently. Therefore, the mass production platform for GDT can meet the CDMO needs of cell production for early-stage preclinical product development and clinical trial.

CAR-NK-92 Platform:

NK-92 cell line is one of the earliest allogeneic NK cell therapy products that have entered clinical trials for malignant tumor indications. At present, NK-92 cell line has successfully transitioned from static culture to suspension culture at Mycenax, thereby greatly increasing the scale of mass production and reducing production costs for clients. In order to further enhance cell-specific cytotoxicity, we have successfully developed CD19 CAR-NK-92 cells via non-viral gene editing and subsequent single-cell line screening. Compared to NK-92 cells, CD19 CAR-NK-92 cells showed a 70% increase in cytotoxicity against cancer cells.

Future development plan：

In 2023, we will focus on two product lines of advanced next-generation allogeneic cell therapy.

Mass production platform for CAR-NK (Chimeric antigen receptor natural killer):

Compared with allogeneic or umbilical cord blood-derived NK cells, NK-92 cells are easier to be expanded under GMP process specifications, which can ultimately reduce medication cost for patients. However, the disadvantage of NK-92 cells is that the final product must be irradiated to destroy the proliferative activity in order to avoid the risk of carcinogenesis upon re-infusion into the human body.

Due to the concern for the carcinogenicity of NK-92 cells in clinical applications, we aim to use the NK cells derived from peripheral blood and umbilical cord blood as the main source and perform gene editing through viral transfection. Furthermore, we try to develop the technique for the expansion of NK cells with WAVE or stirred tank bioreactor for the process development and scale-up, overcoming the limitations on the expansion factor and huge individual differences and establishing a closed process platform with high stable expansion rate and CAR transfection rate.

MSC-derived exosome platform:

Since MSC-derived exosome is one of the emerging cell therapy products that has been developed rapidly in recent years, we further develop the platform for MSC-derived exosome on the basis of the established mass production platform for MSC. The platform consists of three modules, including the upstream exosome production, downstream exosome purification, and analytical anal methods of process and product.

2. Development plan for bispecific antibody (BsAb) platform
   Based on our vast experience in developing biologic antibody drugs, we develop a customized screening platform for 10-15 types of conformations of BsAb to assist clients in selecting the BsAb candidates that are suitable for development and mass production. We assess the process and biological stability in the early stage of screening design to avoid the impact of insufficient experience or concept of process on developability. A high-production and high-stability BsAb development platform will be established through the differences in structure design, subsequent screening for cell lines, and upstream and downstream development.

3. Development plan for antibody-drug conjugates (ADC) platform
   In 2022, we have set up an ADC laboratory and succeeded in performing the conjugation experiments and scale-up of three types of ADC, in which the type with the same structure as the commercial drug is highly similar to the brand-name drug. In 2023, we will scale up the laboratory production to meet the demands for larger process validation, animal testing, and pre-clinical test. Moreover, we will cooperate with KriSan Biotech Co., Ltd. to set up a 50-L bioreactor GMP production line. KriSan Biotech Co., Ltd. has devoted time to the synthesis and process development of small-molecule drugs for years. Their professionalism in small-molecule drugs combines with Mycenax's experience in biologics, resulting in a synergy. Furthermore, we will focus on the designs of the conjugation type, conjugation site, and linker. In addition to strengthening the research capacity inside, we will introduce new platforms from outside resources to expand the depth and breadth of the conjugation platform to meet the demand for the development of ADC.

4. Development plan for cell therapy analysis platform
   In 2022, we have developed basic analytical methods for cell therapy, including analysis of surface marker, cytotoxicity, cell differentiation, etc. In 2023, to support the platform development for the process of cell therapy products, we will continue to enhance the analytical techniques for cell therapy to provide clients with more comprehensive development services for cell therapy. We plan to invest NT$ 6,000 thousand in establishing the platform mentioned above and advisably adjust the research expenditure according to our operating status and development progress.

5. Development plan for process impurity analysis platform
   As the CDMO service categories are increasing, the demand for process impurity analysis is growing. In 2023, a variety of process impurity analysis platforms need to be established to increase the ability in order to support the products for Phase II and III trials, including but not limited to antifoam, various types of antibiotics, surfactant, etc., which are the common additives in the cell culture process. In 2023, we plan to invest approximately NT$ 500 thousand in establishing the platform mentioned above and advisably adjust the research expenditure according to our operation status and development progress.

(IV) Effects of and Countermeasures to Changes in Significant Policies and Regulations on the Financial Operations of the Company:
   The Company complies with relevant domestic and foreign laws and regulations in the execution of all business operations and is always mindful of important policy and legal changes both domestically and internationally. As of the last fiscal year and until the date of printing of this annual report, the Company has not experienced significant financial or operational impact due to any changes in important domestic or foreign policies or laws.

(V) Effects of and countermeasure to changes in technology (including information and communication security risks) and in industry on the financial operations of the Company:
   In recent years, the government has actively promoted the biotech industry, with

biopharmaceuticals in particular exhibiting characteristics such as high technological barriers, long research and development cycles, high demand for professional skills, and high added value. The industry has a relatively high threshold for entry, making it unlikely to undergo significant changes in a short period of time. The Company possesses highly specialized development and manufacturing capabilities and is able to closely monitor and respond appropriately to technological and industry changes as needed.

The Company has established comprehensive measures for network and computer-related cybersecurity protection. We ensure the adequacy and effectiveness of our information security regulations and procedures through ongoing review and evaluation.

As of the last fiscal year and until the date of printing of this annual report, the Company has not experienced significant financial or operational impact due to technological changes, including information security risks, or industry transformations.

(VI) The Impact of Changes in Corporate Image on the Corporate Risk Management, and the Company's Countermeasures:
The Company has always maintained a good corporate image, upholding the principles of integrity, accountability, accomplish customer value, stable growth, and sustainable operation. The Company consistently strengthen internal management and performance in the capital market, comply with legal regulations to attract excellent talent to join the company, and cultivate the strength of our management team. As of the date of printing of the annual report, there have been no negative incidents that have had a detrimental impact on the corporate image.

(VII) Expected Benefits from, Risk Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected Benefits from, Risk Relating to and Response to Factory and Expansion Plans:
The construction of GMP Plant 2 was completed in 2022 and commenced to operate in 2023. It’s helpful for the Company to increase the capacity, reinforce its ability to take orders, satisfy the requests from the customers, and expand the market share of CDMO business.

(IX) Risks Relating to and Response to Excessive Concentration of Purchase and Sales:

1. Risks Associated with Purchasing Concentration
   The major vendors of the Company are from at home and abroad. Due to the characteristics of CDMO industry, materials should follow the strict regulations. Therefore, the Company keep a long-term supply chain to ensure the production quality. The Company has more suppliers to disperse the purchase from specific source and reduce the risk of the concentration of purchases.

2. Risks Associated with Sales Concentration
   The Company is a CDMO company that provides biopharmaceutical services and solutions for drug development and production. Operating revenue varies with the progress of the projects. However, the Company will continuously commit to Asian market and broaden the business to the European and American markets. Moreover, the Company actively participates in exhibitions in Europe and the United States to establish our brand awareness and increase more customers to reduce the risk of sales concentration.

(X) Effects of, Risks Relating to and Response to Large Share Transfer or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholding of over 10%:
In 2022, The Company organized a private placement to introduce strategic investor, JCR

Pharmaceuticals Co., Ltd. JCR Pharmaceuticals Co., Ltd. subscribed for a total of 42,000,000 common shares through the private placement. Subsequently, in the first extraordinary shareholders' meeting held in 2022, they were appointed as directors. This appointment does not have a significant impact on the Company's operations.

(XI) Effects of, Risks Relating to and Response to Changes in Operation Management over the Company:
The ownership and management of the Company have not undergone any significant changes during the current fiscal year up until the date of printing of the annual report.

(XII) Litigation and non-litigation cases

1. Litigious, non-contentious cases, or administrative disputes that have been resolved or are still proceeding with major influence on the shareholder's equity or the stock price: None.
2. Litigations, non-contentious cases, or administrative disputes against the directors, President, person with actual responsibility for the Company, any major shareholder holding a stake of greater than 10 percent, and companies controlled by the Company, whether resolved or pending judgment, where such a dispute could materially affect shareholders' equity or the prices of the securities:

Parties of lawsuit	Date of start	Price or value of the claim	Content	Handling status for the period up to the annual report publication date
Center Laboratories, Inc.	Center Laboratories filed a lawsuit on July 1, 2016.	A legitimate interest of NT$20 million on the legal relationship of a commissioned development contract.	In 2010, Center Laboratories invested NT$20 million to commission TTY Biopharm Company Limited to develop the Risperidone generic drug, PLGA. The two parties signed a commissioned development contract to agree that Center Laboratories possess the product right but share the right of marketing in the US market with TTY Biopharm Company Limited. After signing the contract, Center Laboratories will pay contract considerations in accordance with TTY Biopharm Company Limited's R&D work progress. In May 2016, TTY Biopharm Company Limited declared that it owns the Risperidone PLGA product, and	On March 1, 2018, Taiwan Taipei District Court ruled that Center Laboratories won the case in the first instance and confirmed the existence of the legitimate relationship in accordance with the aforementioned commissioned development contract signed by Center Laboratories and TTY Biopharm Co., Ltd. Center Laboratories therefore owns the relevant rights of Risperidone PLGA products and has the right to require TTY Biopharm Co., Ltd. to continue to fulfill the contract obligations. TTY Biopharm Co., Ltd. Company filed an appeal on March 22, 2018, and the Taiwan High Court ruled that Center Laboratories won the case in the second instance on March 11, 2020. TTY Biopharm Co., Ltd. Company filed an appeal at

			repeatedly denied the validity of the commissioned contract. In order to protect Center Laboratories and its investors' interests, Center Laboratories filed a lawsuit on July 1, 2016, appealing to the court to confirm the validity of the aforementioned commissioned development contract.	the third instance on April 10, 2020. The Supreme Court remanded the case on May 24, 2021 and the Taiwan High Court ruled on November 15, 2022 that the contractual relationship does not exist. Center Laboratories has filed an appeal on December 16, 2022. Now, the case is under appeal.

The above-mentioned procedure is only related to the clarification of the legal responsibilities of Center Laboratories, Inc. and TTY Biopharm Company Limited., and does not involve the Company's finances or business. The results will not have a major impact on the Company's shareholder's equity or the stock price.

VII. Other important matters: None.

Chapter 8. Special Disclosure

I. Summary of affiliated companies:

Mycenax Biotech USA, LLC was established in Delaware, USA in October 2022. The Company injected capitals into Mycenax Biotech USA, LLC in March 2023, which holds 100% of its capital.

II. Private placement securities in the most recent years

Item	Private Placement of 2022 Issue date: October 31, 2022
Type of private placement securities	Common stock
Date of approval by the shareholders meeting and amount approved	Approved at the shareholder meeting on May 30, 2022, and the board of directors meeting on July 27, 2022 for implementation. Total amount of private placement: 50,000,000 shares.
Basis and rationality of the price setting	The price of the private placement would be set on a basis not lower than 80% of the reference price. As the subscription price of the Private Placement Shares will be determined with reference to the price of the Company's common shares in accordance with the regulations governing public companies issuing securities in a private placement, thus, the price should be deemed reasonable.
Method of selection of qualified persons	The Company executed the private placement with the special investors conforming to Article 43-6 of the Securities and Exchange Act, SFB June 13, 2002, Explanation of 0910003455, Article 4, paragraph 2 of Directions for Public Companies Conducting Private Placements of Securities.
Reason for necessity of private placement	After considering factors such as capital market conditions, timeliness, feasibility, issuance cost of fundraising for private placement, and restrictions that private shares can't be freely transferred within three years, etc. A private placement can ensure and strengthen strategic partnerships in a long-term relationship. Therefore, the Company chose private placement instead of the public offering.

Number of shares	8,000,000 shares					42,000,000 shares				
Share payment completion date	Payment completion date: August 5, 2022. (Payment should be completed within 15 days from the pricing date of July27, 2022. The payment for this item was completed on August 5, 2022.)					Payment completion date: October 11, 2022. (Payment should be completed within 15 days from the date of receiving approval from the regulatory authority, which was on September 29, 2022. The payment for this item was completed on October 11, 2022.)				
Information on placees	Placees	Eligibility	Quantity Subscribed (Shares)	Relationship with Mycenax.	Participation in Company Operations	Placees	Eligibility	Quantity Subscribed (Shares)	Relationship with Mycenax.	Participation in Company Operations
	Center Laboratories, Inc.	Note 1	8,000,000	The legal director and major shareholder holding 10% or more of the shares of the Company.	Yes	JCR Pharmaceuticals Co., Ltd.	Note 2	42,000,000	Strategic investor	After the completion of the private placement, JCR has obtained a seat on the board of directors.
Actual subscription price	NT$ 32.5									
Difference between actual subscription price and reference price	The actual subscription price is 83.91% of the reference price of NT$ 38.73.									

Impacts of private placement on shareholders' equity	This plan can intensify the competitiveness of the Company, improve the operating efficiency, have a sound financial structure, and may have a positive impact on shareholders' interests	
Fund utilization of private placement and project implementation progress	Use of the funds raised	Execution status as of 2023Q1
	Long-term development strategy	NT$ 290,955,245
	Strengthen working capital	NT$ 221,905,681
Private placement benefits	The utilization of the implementation plan will be carried out gradually, showcasing its effectiveness.	

Note 1: According to the Securities and Exchange Act Article 43-6, paragraph 1, subparagraph 3 "Directors, supervisors, and managerial officers of the Company or its affiliated enterprises."

Note 2: According to the Securities and Exchange Act Article 43-6, paragraph 1, subparagraph 2 "Natural persons, juristic persons, or funds meeting the conditions prescribed by the Competent Authority.".

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other necessary supplementary notes: None.

V. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Mycenax Biotech Inc.

Pei-Jiun Chen