Stock code: 3176

基亞生物科技股份有限公司
MEDIGEN BIOTECHNOLOGY CORP.

2023 Annual Report

Printed on April 26, 2024

The Annual Report is available at: http://www.medigen.com.tw

http://mops.twse.com.tw

Notice to readers:

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

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

Spokesperson: Ya-Ling Chiang

Title: Vice President, Operations and Management Department

Telephone: (02)2653-5200

Email: info@medigen.com.tw

Acting Spokesperson: Feng-Hua Chen

Title: Senior Manager, Administrative and Accounting Department

Telephone: (02)2653-5200

Email:info@medigen.com.tw

II. Addresses and telephone numbers of the head office, branch offices, and plants:

Head office address: 14F, Building F, No. 3, Park Street, Nangang District, Taipei City, Taiwan

Telephone: (02)2653-5200

Branch offices and plants: None

III. Stock transfer agent:

Name: Registrar Agency Department, Capital Securities Corporation

Website: www.capital.com.tw

Address: B2, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City, Taiwan

Telephone: (02)2702-3999

IV. Auditors of the annual financial report for the most recent fiscal year

Name: Shao-Pin Kuo, CPA

Chien-Ju Yu, CPA

Name of the accounting firm: ERNST & YOUNG Taiwan

Website: https://www.ey.com/zh

Address: 9F, No. 333, Section 1, Keelung Road, Taipei City

Telephone: (02)2757-8888

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

VI. Company website: http://www.medigen.com.tw

Medigen Biotechnology Corp.

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Chapter 1 Letter to Shareholders

Dear Shareholders,

Thank you for taking the time to attend the 2024 annual meeting of shareholders of Medigen Biotechnology Corp. I would like to express my gratitude and welcome you to the annual meeting on behalf of the management team and all employees of the Company.

I. 2023 Operating Results

(I) 2023 Operating Results and Profitability Performance

The consolidated revenue for 2023 amounted to NT$1,157,720 thousand. The net loss after tax was NT$561,296 thousand and the loss per share was NT$4.03. The Company's paid-in capital as of the end of 2023 was NT$1,393,463 thousand and the shareholder equity amounted to NT$1,591,643 thousand.

(II) Budget Execution, Financial Revenues and Expenditures

Unit: NTD thousands

Item	2023 actual amount	2023 budgeted amount	Difference
Operating revenue	1,157,720	1,101,283	56,437
Net operating profit (loss)	(1,233,093)	(766,728)	(466,365)
Net profit (loss) after tax	(561,296)	(363,729)	(197,567)

The main reason for the difference between the actual operating income and operating loss for the fiscal year 2023 compared to the budgeted figures is attributed to the subsidiary, Medigen Vaccine Biologics Corporation (6547), adjusting its development strategy and increasing research and development investments. Nevertheless, the Company remains committed to maintaining a sound financial plan and striving to achieve its budgetary goals.

(III) Research and Development

1. New drug PI-88

The rights have been licensed to "Cellxpert Biotechnology Corporation" (Cellxpert Company). Subsequently, the Company will receive upfront, milestone payments, and profit sharing according to the terms of the contract based on the progress of research and development.

2. New drug OBP-301

The Company and the Japanese company Oncolys BioPharma are jointly developing the oncolytic virus new drug OBP-301. The Company has announced in October 2023 that, in the phase II clinical trial of OBP-301 conducted in Japan for esophageal cancer, the primary efficacy endpoint, “Local Complete Response Rate” (L-CR), exceeded the pre-defined threshold set in the clinical trial protocol, demonstrating the effectiveness of OBP-301 for advanced local esophageal cancer. The goal is to apply for Japanese drug approval in the second half of 2024. Additionally, the establishment of sales channels in Japan has also reached significant milestone. In February 2024, Oncolys has reached a cooperation agreement with FUJIFILM Toyama Chemical Co., Ltd. for the sales of OBP-301 in Japan, with FUJIFILM Toyama Chemical being responsible for sales and marketing in Japan.

3. Immune cell therapy

In accordance with the "Regulations Governing the Application of Specific Medical Examination Technique and Medical Device" (hereafter referred to as "Special Regulations"), the Company has obtained approval from the Ministry of Health and Welfare for two types of cell therapy technologies: Natural Killer (Magicell-NK) cells and Gamma Delta T (GDT) cells. Regarding the GDT cell therapy technology applications, the first application was approved by the Ministry of Health and Welfare in February 2023, and subsequently, a total of four approvals were obtained throughout the year, including Shin Kong Wu Ho-Su Memorial Hospital, Hualien Tzu Chi Hospital, Show Chwan Hospital, and Chang Bing Show Chwan Hospital. Additionally, two new approvals were obtained in 2023 for the Magicell-NK cell therapy technology applications, including Chang Bing Show Chwan Hospital and Show Chwan Hospital. In total, there were four medical institutions offering our company's GDT cell therapy and nine offering our NK cell therapy in 2023. Patients can inquire about these therapies on our company's website and seek consultation from nearby medical institutions.

To expand our market and promote international business, the Company actively engages in clinical trials with the goal of applying autologous or allogeneic NK cells in cancer treatment. In August 2021, our company obtained approval from the Taiwan Food and Drug Administration (TFDA) to conduct phase I clinical trial using autologous natural killer cells as adjuvant therapy for postoperative colon cancer patients. Furthermore, the company has applied to TFDA for phase I/II clinical trial of allogeneic NK cells in February 2024. In this trial, NK cells will be used as adjuvant therapy post-surgery, in combination with chemotherapy, for pancreatic ductal adenocarcinoma (PDA) or bile duct cancer patients, aiming to prevent recurrence and increase survival time.

II. 2024 Operating Plan

(I) Operating Strategy

The Company primarily engages in new drug development and clinical trials. Starting from

2019, we have expanded our operational activities into the field of cell therapy. Strategically, we are developing cell therapy simultaneously in accordance with the “Special Regulations” governed by the Department of Medical Affairs, Ministry of Health and Welfare (MOHW) and in accordance with clinical trial regulations governed by the Food and Drug Administration, MOHW. We aim to expand both domestic and international markets and increase revenue through international cooperation and strategic alliances. As of the end of 2023, our NK cell therapy technology (Magicell-NK) has been approved by the Ministry of Health and Welfare under the “Special Regulations”, and our NK cell therapy is available in nine medical institutions domestically, while GDT cell therapy is available in four medical institutions. Additionally, we have two clinical trial applications submitted to the Food and Drug Administration. Among these trials, phase I clinical trial of the autologous NK cell therapy has already started.

In terms of international cooperation, negotiations initiated in 2023 have gradually borne fruit. In January 2024, the Company has signed a cooperation agreement with NKure, an Indian company, licensing our independently developed NK cell technology for the application and commercialization in the field of cancer in India. As for strategic alliances, the Company’s board of directors have resolved to collaborate with Taiwan Exosome Company in January 2024. Following execution of related agreements, not only the Company will hold shares in Taiwan Exosome Company, both parties will establish close strategic alliance cooperation in business, research and development, and production. It is anticipated that this partnership will generate synergies and bring positive benefits to our company's finances and operations.

Moving forward, leveraging our experience and advantages in research and development, clinical trials, and international cooperation, our company aims to continuously expand our market and business. We strive to create revenue in the short, medium, and long term.

(II) Expected sales and its basis

As of the end of 2023, under the “Special Regulations”, the Company’s GDT cell therapy technology has been approved to be used in four medical institutions and the company’s NK cell therapy technology has been approved to be used in nine medical institutions to provide our NK cell therapy program. However, due to regulatory constraints and industry chain integration, our revenue did not meet expectations. In the future, besides enhancing market promotion, we will also seek international cooperation and strategic alliances to increase revenue.

Starting from 2023, with the fading impact of the COVID-19 pandemic, our subsidiaries have returned to the development and business promotion of existing product pipelines. The next-generation sequencing platform product, which our subsidiary TBG Biotechnology Corp. has been focusing on, is reaching maturity and has the potential to contribute to revenue from 2024 onwards. Additionally, sales of proprietary and OEM products of our subsidiary Winston Medical Supply Co., Ltd. continue to maintain steady revenue and high gross profit margins, with expectations to continue delivering shareholder return on investment.

(III) Important production and sales policies

Our company will continue to focus on the business of new drug development, cell therapy, and investment management. In terms of cell therapy, we will continue to develop simultaneously in accordance with the "Special Regulations" and with clinical trial related regulations. We aim to increase revenue through international cooperation, strategic alliances, and outsourcing services. In the medium term, we will invest in the development of automated equipment to achieve cost reduction and increase market penetration.

In new drug development, we will continue to focus on managing collaborative projects and advancing clinical trials of autologous and allogeneic NK cells. In the business of investment management, we will assist our subsidiaries by providing necessary resources to strengthen investment management.

III. Future strategies

In our development strategy for new drug development, we will emphasize on international collaboration and clinical trial management. In addition to existing projects, we continue to explore potential projects compatible with our company's resources.

Regarding the development strategy for cell therapy, our focus is on the development of NK cells, GDT cells, and automated equipment. We seek strategic alliances and collaborations with partners to create mutual benefits.

For investment management in our subsidiaries, we will leverage our company's established research capabilities, resource integration capabilities, and international collaboration capabilities. This will assist our subsidiaries in accelerating product launches, improving operational capabilities, and creating more value for shareholders.

IV. Effect of competitive factors, legal factors, and operating environment

The operation of the biopharmaceutical industry is significantly influenced by factors such as regulations, competitors, and unforeseen circumstances. On the regulatory front, factors such as "Special Regulations" affecting immune cell therapy, domestic and international regenerative medicine laws, and medical technology regulations play a crucial role. Competitor factors include the introduction of breakthrough technologies and mergers that may lead to an increase or decrease in competitors. Unforeseen circumstances like the COVID-

19 pandemic, conflicts, and shortages of raw materials also have a significant impact.

These factors have a profound and uncertain impact on both our company and subsidiaries. Our management team operates with specialized division of labor, continuously monitoring the evolution of regulations globally, analyzing competitor progress, and enhancing risk management mechanisms. The goal is to turn adversity into opportunity and mitigate any negative impacts from changes in external competitive, regulatory, and overall operational environments.

Reflecting on the year 2023, it was a year of refining development strategies and maintaining steady business operations for our company. Looking ahead, all members of our company will uphold the original intention of innovation and creating shareholder value. We will continue to leverage our core capabilities built over many years, international cooperation experience, and strategic alliance capabilities to establish a sustainable and competitive research and development pipeline and business sectors. Our aim is to provide innovation to the medical market and achieve outstanding results for our shareholders in the long term.

Chairman: Shi-Chung Chang

May 28, 2024

Chapter 2 Company Profile

I. Date of Establishment

December 31, 1999

II. Company History

Date	Milestone
March 2008	The Company enters into strategic alliance agreement with Oncolys BioPharma to jointly develop oncolytic virotherapy drug under the code name "OBP-301".
April 2011	Medigen's PI-88 for hepatocellular carcinoma received approval from the Department of Health for phase III human clinical trials.
October 2012	Founded the subsidiary Medigen Vaccine Corp. (MVC) (renamed Medigen Vaccine Biologics Corporation).
November 2012	Medigen signed a strategic alliance agreement and a stock transfer agreement with the subsidiary Shanghai Haoyuan Biotech Co., Ltd.
January 2014	Issued new stocks totaling NT$20,000 thousand and received 67.92% of the shares of Winston Medical Supply Co., Ltd. The Company’s paid-in capital was increased to NT$1,386,743 thousand.
November 2016	The new drug OBP-301 developed by the Company in collaboration with Oncolys in Japan was licensed to Jiangsu Hengrui Medicine.
February 2017	Completed final analysis of the phase III clinical trial for PI-88.
July 2017	ExProbe™ SE HLA ABCDRDQ (ExProbe™) typing kit independently developed by the subsidiary TBG Biotechnology Corp. received EU certification and the registration certification from the Food and Drug Administration of Taiwan.
October 2017	The subsidiary company TBG Biotechnology (Xiamen) Inc. received the approval from the China Food and Drug Administration (CFDA) for the registration of five high-resolution Human Leukocyte Antigen (HLA) genotyping kits.
April 2019	The new drug OBP-301 developed by the Company in collaboration with Oncolys in Japan was licensed to Chugai Pharmaceutical Co., Ltd. in Japan.
August 2019	The Company established Beijing Medigen Cell Technology Corp. through a joint venture to expand the cell therapy market in China.
December 2019	The Company signed the PI-88 licensing agreement with Medigen Cell Technology Corp. (renamed as Cellxpert Biotechnology Co., Ltd.)
February 2020	The Company's autologous Natural Killer (NK) cell treatment plan jointly submitted with E-Da Cancer Hospital was approved by the Ministry of Health and Welfare (MOHW) according to the "Regulations Governing the Application of Specific Medical Examination Technique and Medical Device". Under this “Special Regulations”, the Company’s cell processing facility is certified.
June 2020	The subsidiary TBG Biotechnology Corp. obtained the Emergency Use Authorization (EUA) from USFDA for the COVID-19 Testing Kit.

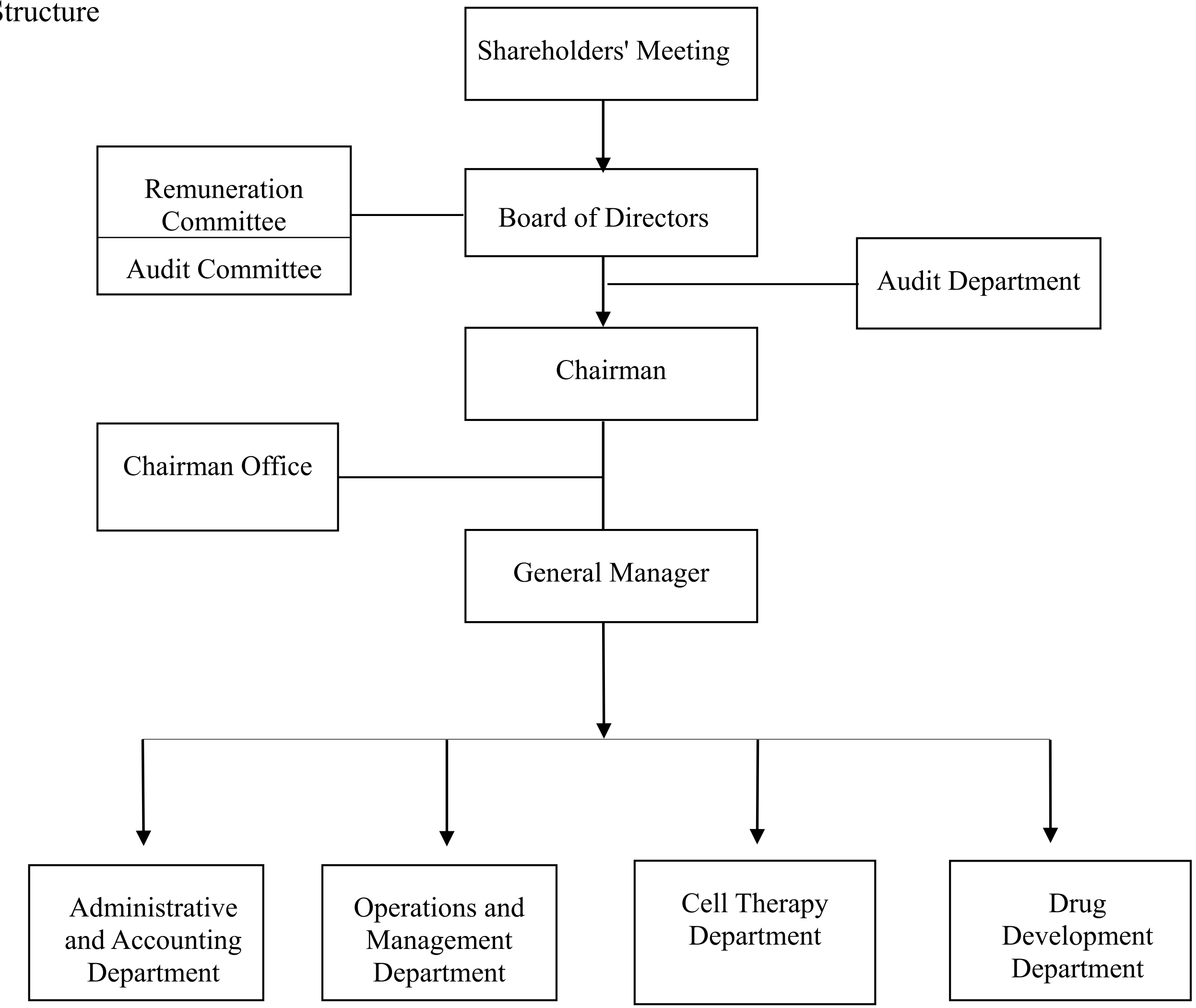
Date	Milestone
July 2020	The new drug under development, OBP-301, completed phase I clinical trials for treating liver cancer in Taiwan and Korea.
August 2020	The Company's autologous Natural Killer (NK) cell treatment plan with Hualien Tzu-Chi Hospital received the approval letter from the MOHW for the application for the cell preparation site in accordance with the Special Regulations.
September 2020	The subsidiary TBG Biotechnology Corp. obtained the Emergency Use Authorization (EUA) from USFDA for the COVID-19 Antibody Testing Kit.
	The Company's autologous Natural Killer (NK) cell treatment project with Chi Mei Hospital Liouying received the approval letter from the MOHW for the application for the cell preparation site in accordance with the “Special Regulations”.
March 2021	The Company received the approval letter from the MOHW for the autologous NK cell therapy project with Jen-Ai Hospital Dali.
April 2021	The Company received the approval letter from the MOHW for the autologous NK cell therapy project with Changhua Christian Hospital.
	The Company received the approval letter from the MOHW for the autologous NK cell therapy project with Shin Kong Wu Ho Su Memorial Hospital.
May 2021	The MOHW approves the Company’s autologous NK cell therapy project with En Chu Kong Hospital.
June 2021	The MOHW approves the Company’s autologous NK cell therapy project with Central Clinic & Hospital.
July 2021	The MOHW approves the Company’s autologous NK cell therapy project with Taipei Medical University Hospital.
August 2021	The Company obtained the approval from the Taiwan Food and Drug Administration (TFDA) of the MOHW for the autologous natural killer cell therapy (Magicell-NK) phase I clinical trial.
April 2022	The MOHW approves the Company’s autologous NK cell therapy project with Taipei Municipal Wanfang Hospital.
September 2022	The MOHW approves the Company’s autologous NK cell therapy project with Taichung Tzu-Chi Hospital.
February 2023	The MOHW approves the collaborative autologous Gamma-Delta T cell therapy project by the Company and Shin Kong Wu Ho Su Memorial Hospital.
May 2023	The MOHW approves the collaborative autologous Natural Killer cell therapy project by the Company and MacKay Memorial Hospital.
June 2023	Results of Phase II clinical trial of OBP-301 presented at the American Society of Clinical Oncology (ASCO).
August 2023	Results of Phase I PI-initiated clinical trial in the United States of OBP-301 combined with chemoradiotherapy for the treatment of esophageal cancer.
September 2023	The MOHW approves the collaborative autologous Gamma-Delta T cell therapy project by the Company and Show Chwan Memorial Hospital.

Date	Milestone
October 2023	The Ministry of Health and Welfare (MOHW) has approved the collaborative autologous Gamma-Delta T cell therapy project by the Company and Chang Bing Show Chwan Memorial Hospital.
November 2023	Results of Phase II clinical trial of OBP-301 presented in the Society for Immunotherapy of Cancer (SITC).
December 2023	The MOHW has approved the collaborative autologous Gamma-Delta T cell therapy project by the Company and Hualien Tzu Chi Hospital.
	The MOHW has approved the collaborative autologous Natural Killer cell therapy project by the Company and Chang Bing Show Chwan Hospital.
	The MOHW e has approved the collaborative autologous Natural Killer cell therapy project by the Company and Show Chwan Memorial Hospital.
January 2024	The MOHW has approved the collaborative autologous Gamma-Delta T cell therapy project by the Company and Taichung Tzu Chi Hospital.
February 2024	The MOHW has approved the collaborative autologous Gamma-Delta T cell therapy project by the Company and Changhua Christian Hospital.
	Our company has applied to the Taiwan Food and Drug Administration (TFDA) for Phase I/II clinical trial of allogeneic natural killer cells (Magicell-NK).
March 2024	The MOHW has approved a New Version of the collaborative autologous Natural Killer cell therapy project by the Company and Chi Mei Hospital, Liouying.
	The MOHW has approved a new version of the collaborative autologous Natural Killer cell therapy project by the Company and Changhua Christian Hospital.
	The MOHW has approved the collaborative autologous Gamma-Delta T cell therapy project by the Company and Chi Mei Hospital, Liouying.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Business Functions of Major Departments

Department	Business Functions
Chairman Office	1. Formulation of corporate operation strategy and budget outline. 2. Coordination between departments 3. Feasibility and performance evaluation of corporate regulations and supervision of implementation results. 4. Execution of the resolutions of the Board of Directors and performance evaluation.
Operations and Management Department	1. Formulation of the business plan. 2. Business development and project management. 3. Licensing, co-development, and academia-industry cooperation, and project management. 4. Market research and analysis. 5. Contract review and management of legal affairs. 6. Litigation and non-litigation management 7. Intellectual property rights management. 8. Corporate image management.
Drug Development Department	1. Design and execution of clinical trials. 2. Monitoring of clinical trials in accordance with GCP and trial protocols. 3. Design and implementation of special regulations for cell therapy projects. 4. Assistance for the monitoring of the implementation of the "Regulations Governing the Application of Specific Medical Examination Technique and Medical Device" in accordance with the terms therein. 5. Actively seek and participate in the development and cooperation of new drugs. 6. Production process development for new drugs. 7. Project management.
Cell Therapy Department	1. Management and maintenance of the GTP Lab. 2. Research and development of cell therapy products. 3. Manufacturing of cell therapy products. 4. Research and development of related antibodies for cell therapy
Administrative and Accounting Department	1. Formulation of short and medium-term funding and allocation plans. 2. Formulation and execution of the accounting system and accounting affairs. 3. Budget execution and control and preparation and analysis of management reports. 4. Monthly payment, difference analysis, and performance evaluation. 5. Formulation and execution of the human resource management system. 6. Establishment and maintenance of the Company's network system and supply of IT services. 7. Asset inventory and maintenance. 8. Procurement of products, materials/ingredients, and general consumables. 9. General administration and stock affairs. 10. Subsidiary and investment management.
Audit Department	1. Performance evaluation of corporate regulations compliance. 2. Formulation and execution of audit plans. 3. Implementation of project audits.

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

(I) Directors Information

March 30, 2024

Title	Nationality or place of registration	Name	Gender/age	Date first elected	Elected Date	Term	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 2)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	ROC	Shi-Chung Chang	Male/ 66-70	2003.6.9	2021.8.2	3 years	1,802,064	1.29%	1,802,064	1.29%	537,757	0.39%	0	0.00%	Dean, College of Medicine at Tzu Chi University. Director, Department of Urological Surgery, Tzu Chi Hospital. Attending Physician, National Taiwan University Hospital. General Manager, Medigen Biotechnology Corp.	Director, U-GEN Biotechnology Inc. Chairman, TBG Biotechnology Corp. Director, TBG Diagnostics Ltd. Chairman, Medigen Biotechnology Corp. (Beijing) Chairman, Medigen Biotechnology Corp. (Xiamen) Director, TBG Biotechnology (Xiamen) Inc. Chairman of Yingxin Investment (Stock) Company. Representative of corporate director, Winston Medical Supply Co., Ltd. Chairman, UMO International Co., Ltd. Chairman, Shiny Lily Co., Ltd. Director, MVC BioPharma Ltd. Director, TDL Holding Co.	Representative of corporate director	Tse-Ling Chang Tzu-Liang Huang	Relative within second degree of kinship	Note 2

Title	Nationality or place of registration	Name	Gender/age	Date first elected	Elected Date	Term	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 2)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Everspring Industry Co., Ltd.	Female/ 66-70	2000. 8.23	2021.8.2	3 years	14,093,380	10.11 %	14,168,060	10.18%	0	0.00 %	0	0.00%	None	None	None	None	None	None
	ROC	Representative: Tse-Ling Chang					0	0.00 %	0	0.00%	6,363,572	4.57 %	0	0.00%	Chairman, Everspring Industry Co., Ltd. Chairman, WorldTrend Co., Ltd.	Chairman and President, Everspring Industry Co., Ltd. Representative of Corporate Director and Chairman, WorldTrend Co., Ltd. Chairman and President, Everspring Industry (S) Pte Ltd Representative of Corporate Director and Chairman and President, Everspring Tech USA Inc. Representative of Corporate Director, Tung Sheng Development Co., Ltd. Representative of Corporate Director and Chairman, Hua Chen Apartment Building Management and Maintenance Co., Ltd.	Representative of corporate director Chairman	Tzu-Liang Huang Shi-Chung Chang	Relative within second degree of kinship spouse	
Director	ROC	Ta Ching Construction Co., Ltd.	Female/ 66-70	2001. 8.13	2021.8.2	3 years	4,371,763	3.14 %	4,371,763	3.14%	0	0.00 %	0	0.00%	None	None	None	None	None	None

Title	Nationality or place of registration	Name	Gender/age	Date first elected	Elected Date	Term	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 2)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
	ROC	Representative: Min-Lee Chuang					0	0.00 %	394,360	0.28%	34,992	0.03 %	0	0.00%	Vice President/Director, Ta Ching Construction Co., Ltd. Director, Ta Ching Bills Finance Corporation	Vice President, Ta Ching Construction Co., Ltd. Vice Chairman, Good Finance Securities Co., Ltd.	None	None	None	
Director	ROC	WorldTrend Co., Ltd.	Male/ 66-70	2001. 8.13	2021.8.2	3 years	2,427,760	1.74 %	2,427,760	1.74%	0	0.00 %	0	0.00%	None	None	None	None	None	None
	ROC	Representative: Tzu-Liang Huang					0	0.00 %	6,363,572	4.57%	0	0.00 %	0	0.00%	Chairman, Hsu Chai Wealth Management. Chairman and Director Representative of Uniin Technology Co., Ltd.	Chairperson, Tung Chuang Investment Holding Co., Ltd. Chairman, Meta Biotechnology Company Limited. Director, Everspring Industry Co., Ltd. Chairman, Everspring Cultural and Educational Foundation. Representative of Corporate Director, WorldTrend Co., Ltd. Director, Tung Fu Construction Co., Ltd. Director, Tung Neng Construction Co., Ltd. Representative of Corporate Director, Hua Chen Apartment Building Management and Maintenance Co., Ltd. Representative of Corporate Director, Taiwan Lung Meng Advanced Composite Materials Co., Ltd.	Chairman Representative of corporate director	Shi-Chung Chang Tse-Ling Chang	Relative within second degree of kinship spouse	

Title	Nationality or place of registration	Name	Gender/age	Date first elected	Elected Date	Term	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 2)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Por-Hsiung Lai	Male/ 76-80	2015.6.22	2021.8.2	3 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Vice CEO, Institute for Biotechnology and Medicine Industry. Chairman, A-SPINE Asia Co., Ltd. Director and General Manager, President Life Sciences Co., Ltd. Co-Founder, Kirin Engineering Company, Limited (Japan). Department Manager, Sequemat Inc., Amgen Inc., and Centocor Inc. in the United States	Chairman, Crux Health Technology Co., Ltd. Chairman, Shih Hui Industries Co., Ltd. Chairman, Tephoron Co., Ltd. Independent Director, CH Biotech R&D Co., Ltd. Chairman, I Hsing Technology Co., Ltd.	None	None	None	None
Independent Director	ROC	Shui-Ming Chuang	Male/ 71-75	2018.6.6	2021.8.2	3 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Prosecutor, Taipei District Prosecutors Office and Kaohsiung District Prosecutors Office Judge, Taiwan Taipei District Court, Banqiao District Court	Attorney, Pan Law Firm	None	None	None	None

Title	Nationality or place of registration	Name	Gender/age	Date first elected	Elected Date	Term	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Work experience and educational background	Concurrent duties in the Company and in other companies	Any supervisor, director or supervisor who is a spouse or relative within the second degree of kinship			Remarks (Note 2)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Pei-Wei Chen	Male/ 51-55	2021.8.2	2021.8.2	3 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Deputy Manager, Deloitte & Touche. CPA, Solomon & Co., CPAs Lecturer, Department of Accounting, Chungyu Institue of Technology. Lecturer, National Taipei College of Business. CPA, Wei Chuang CPA Firm	CPA, Weide CPAs. Independent Director, Nanoplus Limited (Cayman) Taiwan Branch. Director, Chun Chuang Wealth Management Consulting Co., Ltd. Independent Director, Les enphants Co., Ltd.	None	None	None	None

Independent Director	ROC	Sheue-Rong Lin	Female / 60-65	2023.06.26	2023.06.26	3 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Public Health, National Taiwan University. Master of Epidemiology Research, Johns Hopkins University. Doctoral research in Epidemiology, National Taiwan University. Director/Division Chief, Centers for Disease Control, Ministry of Health and Welfare. Director, Taoyuan County Health Bureau. Director of Food Hygiene Division, Department of Health, Executive Yuan. Deputy Director-General of Food and Drug Administration, Department of Health, Executive Yuan. Counselor, Department of Health, Executive Yuan. Director of New Taipei City Health Bureau.	CEO for Public Health and Liver Disease Prevention and Control Promotion, Liver Disease Prevention and Treatment Research Foundation.	None	None	None	None

Note 1: As of March 30, 2024, the Company has issued 139,229,755 shares.

Note 2: The reason, reasonableness, necessity, and future remedial measures, as well as other related information shall be explained when the same person, spouses, or first-degree relatives serve as chairperson and general manager or its equivalent rank (top manager) (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

The Company's Chairperson and General Manager are currently the same person and the arrangement is made to improve operating efficiency and decision-making. The Company actively trains suitable internal candidates to strengthen the independence of the Board of Directors. The Chairman of the Board of Directors fully communicates the Company's operations and plans with the Directors on a regular basis to implement corporate governance. The Company has implemented the following measures:

（1）The number of independent directors has been increased by one at the shareholders' meeting, bringing the total to four independent directors. They have finance and accounting, legal expertise, and industry background, and are familiar with the industry. They can thus effectively perform their supervisory functions.

（2）Only one of the board members serves concurrently as an employee.

（3）Each year, the Company arranges professional courses for Directors organized by external organizations to enhance the effectiveness of board operations.

（4）The Independent Directors and functional committee members are able to fully discuss and provide recommendations as reference for the Board of Directors to implement corporate governance.

Table 1: Major shareholders of corporate shareholders

March 30, 2024

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)
Everspring Industry Co., Ltd.	Tse-Ling Chang 15.16%, Tzu-Liang Huang 7.39%, Yung-Hua Kao 6.28%, Chiu-Lan Li 1.29%, Li-Ching Li 0.54%, Citibank, as trustee, holds the investment portfolio of Barclays Bank PLC SBL/PB 0.46%, JPMorgan Chase Bank, N.A. Taipei Branch, as trustee, holds the investment portfolio of Mizuho Securities Co., Ltd. 0.33%, Tong Chuang Investment Holding Co., Ltd.0.33%, Yong-Cing Shih 0.31%, Rong-Long Liu 0.30%
Ta Ching Construction Co., Ltd.	Shou Yu Investment Co., Ltd. 2.94%, Chia Ching Industry Co., Ltd. 4.12%, He Ching Investment Co., Ltd. 4.71%, Chien Ching Investment Co., Ltd. 29.41%, Kao Ching Investment Co., Ltd. 29.41%, Lung Ching Investment Co., Ltd. 29.41%
WorldTrend Co., Ltd.	Everspring Industry Co., Ltd. 100%

Note 1: For directors and supervisors who are the representatives of corporate shareholders, the names of the corporate shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the corporate shareholder (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio. If the major shareholder is a juristic person, his/her name should be filled in Table 2 below.

Note 3: Where a corporate shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor (reference information may be found in the announcements of the Judicial Yuan) and the funding or donation ratio. Where the donor is deceased, specify "deceased".

Table 2: Major shareholders in Table 1 who are corporate shareholders and their major shareholders

March 30, 2024

Name of juristic person (Note 1)	Major shareholders of the juristic person (Note 2)
Tong Chuang Investment Holding Co., Ltd.	Tzu-Liang Huang 41.98%, Tse-Ling Chang 12.24%, Bo-Jyun Huang 16.84%, Jheng-Yuan Huang 16.25%, Jin Joen Int’l Investment Corp 12.69%
Shou Yu Investment Co., Ltd.	A-Liang Chuang Huang 49.40%, Jung-Fang Chuang 18.89%, Jung-Yin Chuang 12.62%, Jui-Ting Chuang 1.79%, Jui-Mei Chuang 3.94%, Pei-Chu Ho 1%, Kuei-Hsing Kuo 1.714%, Min-Lee Chuang 0.51%, Chien-Hung Lin 10.13%, Ming-Yuan Chuang 0.006%
Chia Ching Industry Co., Ltd.	Lung-Chang Chuang 34.403%, Shu-Hua Chuang Chen 45.13%, Po-Jen Chuang 2.78%, Po-Chiang Chuang 2.78%, Min-Lee Chuang 14.61%, Chien-Hung Lin 0.29%, Ming-Yuan Chuang 0.007%
He Ching Investment Co., Ltd.	Chin-Hsia Hou 10.06%, Hsueh-Ing Liu 83.02%, Po-Hui Chuang 0.56%, Tzu-Hui Chuang 0.56%, Jung-Chih Chuang 1.82%, Jung-Chun Chuang 2.81%, Kai-Ting Chuang 0.99%
Chien Ching Investment Co., Ltd.	Shou Yu Investment Co., Ltd. 60.20%, Chia Ching Industry Co., Ltd. 31.80%, He Ching Investment Co., Ltd. 8%
Kao Ching Investment Co., Ltd.	CPI Asia Mirror A Limited 42.53%, Shou Yu Investment Co., Ltd. 12.64%, Chia Ching Industry Co., Ltd. 34.48%, He Ching Investment Co., Ltd. 3.45%, Ta Ching Construction Co., Ltd. 6.9%
Lung Ching Investment Co., Ltd.	Golf Investment Group Co., Ltd. (BVI) 44.45%, Shou Yu Investment Co., Ltd. 13.33%, He Ching Investment Co., Ltd. 38.89%, Ta Ching Construction Co., Ltd. 3.33%

Note 1: If the major shareholders in Table 1 are corporate shareholders, the names of the corporate shareholders shall be disclosed.
Note 2: Fill in the names of main shareholders of the juristic person (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio.
Note 3: Where a corporate shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor (reference information may be found in the announcements of the Judicial Yuan) and the funding or donation ratio. Where the donor is deceased, specify "deceased".

Directors and Supervisors Information (II)

I. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Criteria / Name	Professional qualifications and experiences (Note 1)	Compliance with the independence criteria (Note 2)	Number of public companies the person concurrently serves as an independent director
Chairman Shi-Chung Chang,	For information on the professional qualifications and experiences of directors, please refer to "Directors Information" on P15~20 in the Annual Report. No Director meets any of the conditions stated in Article 30 of the Company Act. (Note 1)	N/A	0
Director Representative of Everspring Industry Co., Ltd.: Tse-Ling Chang			0
Director Ta Ching Construction Co., Ltd. Representative: Min-Lee Chuang			0
Director WorldTrend Co., Ltd. Representative: Tzu-Liang Huang			0
Independent director Por-Hsiung Lai		All Independent Directors meet the criteria specified below: 1. They meet the related regulations set forth in Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2). 2. They (or with shares held in the name of others), their spouses, or underage children do not hold shares of the Company. 3. They did not provide business, legal, financial, or accounting services provided for the Company or its affiliates or receive compensation for such services in the last two years.	1
Independent director Shui-Ming Chuang			0
Independent director Pei-Wei Chen			2
Independent director Sheue-Rong Lin			0

Note 1: A person who is under any of the following circumstances shall not act as a managerial officer of a company. If he has been appointed as such, he shall be dismissed ipso facto:

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

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

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

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

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

(6). Having no or only limited disposing capacity;

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

Note 2: 1. A government agency, a juristic person, or its representative as prescribed in Article 27 of the Company Act.

2. No independent director of the Company may concurrently serve as an independent director of more than three other public companies.

3. During the two years before being elected or during the term of office, an independent director of the Company may not have been or be any of the following:

(1) An employee of the Company or any of its affiliates.

(2) A director or supervisor of the Company or any of its affiliates.

(3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial personnel under subparagraph (1) or any of the persons in subparagraphs (2) and (3).

(5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27 of the Company Act.

(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.

(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.

(8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.

(9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Company's Remuneration Committee.

II. Diversity and independence of the Board of Directors:

The Company has specified in the "Corporate Governance Best Practice Principles" and the "Rules for Election of Directors" that the board members are selected on the basis of merit and have diverse and complementary abilities across industry sectors, including basic composition (e.g., age, gender, and nationality), their individual industry experience and relevant skills (e.g., biotechnology, medicine, finance and accounting, marketing, and law) as well as business judgment, operational management, leadership, and crisis management. In order for the Board of Directors to accomplish the preferred governance goals of the Company, Article 20 of the Company’s Corporate Governance Code stipulates that the Board of Directors shall generally be equipped with the following capabilities:

1. Operational judgment, 2. Ability to perform accounting and financial analysis, 3. Management ability, 4. Crisis handling capabilities, 5. Industrial knowledge, 6. International market perspective, 7. Leadership skills, 8. Decision-making skills.

The Company's goal is to ensure that it has no less than three independent directors, the independent directors account for no less than one-third of all the board members, directors concurrently serving as company personnel should not exceed one-third of the total number of the board members, and the Company has at least two female directors. The Company's Board of Directors has eight directors (including four independent directors), the independent directors account for 50% of all board members. 1 director serves as an employee and accounts for 12.5% of the board; 3 female directors account for 37.5% of the board. The independent directors are not related to other director, and no more than half of the directors are related to each other as spouses or relatives within second degree of kinship, which is in line with the Company's diversity objectives and independence criteria. The Company's Board of Directors is composed of experts from the industry, academia, biotechnology, healthcare, and finance and accounting. They have the necessary expertise or experience in operational decision making, business, law, finance, accounting, international perspectives, leadership, or expertise in other businesses of the Company.

In 2024, the board aims to maintain at least three female directors after the re-election of directors and ensure that more than half of the independent directors serve no more than three consecutive terms.

The policy on diversification of board members and implementation are shown in the table below:

Title	Chairman	Director			Independent director			
Name	Shi-Chung Chang	Tse-Ling Chang	Tzu-Liang Huang	Min-Lee Chuang	Por-Hsiung Lai	Shui-Ming Chuang	Pei-Wei Chen	Sheue-Rong Lin
Gender	Male	Female	Male	Female	Male	Male	Male	Female
Nationality	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China
Age	66-70	66-70	66-70	66-70	76-80	71-75	51-55	60-65
Concurrently an employee of the Company	V							
Professional knowledge and skills								
Business	V	V	V	V	V	V	V	V
Biotechnology and medicine	V	V	V		V			V
Finance/accounting							V	
Law						V		
Marketing	V	V	V	V	V			
Information security		V	V					
Capability and experience								
Leadership skills	V	V	V	V	V	V	V	V
Decision-making ability	V	V	V	V	V	V	V	V
International market perspective	V	V	V	V	V			
Knowledge of the industry	V	V	V		V			V
Financial management skills	V	V	V	V			V	
Operation management	V	V	V	V	V	V	V	V
Business development	V	V	V					
Risk management/crisis management	V	V	V	V	V	V	V	V
Environmental sustainability	V	V	V	V	V	V	V	V
Social engagement	V	V	V	V	V	V	V	V

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

March 30, 2024

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Nationality</th><th rowspan="2">Name</th><th rowspan="2">Gender</th><th rowspan="2">Date elected (appointed)</th><th colspan="2">Shares held</th><th colspan="2">Shares held by spouse and minor children</th><th colspan="2">Shares held in the name of other persons</th><th rowspan="2">Work experience and educational background</th><th rowspan="2">Positions currently held in other companies</th><th colspan="3">Managerial personnel who is a spouse or relative within the second degree of kinship.</th><th rowspan="2">Remarks (Note 2)</th></tr>
<tr><th>Number of Shares</th><th>Shareholding ratio</th><th>Number of Shares</th><th>Shareholding ratio</th><th>Number of Shares</th><th>Shareholding ratio</th><th>Title</th><th>Name</th><th>Relationship</th></tr>
<tr><td rowspan="2">General Manager</td><td>ROC</td><td>Shun-Lang Chang (Note 1)</td><td>Male</td><td>2016.07.01</td><td>310,070</td><td>0.22%</td><td>0</td><td>0.00%</td><td>0</td><td>0.00%</td><td>Adjunct Associate Professor, Taipei Medical University
Michigan State University, US (PhD in Molecular Immunology)
Consultant, Medigen Biotechnology Corp.</td><td>Director, Cellxpert Biotechnology Co., Ltd.
Director, Medigen Biotechnology Corp. (Beijing)</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>ROC</td><td>Shi-Chung Chang</td><td>Male</td><td>2023.07.01</td><td>1,802,064</td><td>1.29%</td><td>537,757</td><td>0.39%</td><td>0</td><td>0.00%</td><td>M.D., School of Medicine, National Taiwan University
Ph.D., National Medical Laser Centre, University College London
Dean, School of Medicine at Tzu Chi University
Director, Department of Urology Surgery of Tzu Chi Hospital
Attending surgeon at National Taiwan University Hospital
General Manager of Medigen Biotech. Corp.</td><td>Director, U-GEN Biotechnology Inc.
Chairman, TBG Biotechnology Corp.
Director, TBG Diagnostics Ltd.
Chairman, Medigen Biotechnology Corp. (Beijing)
Chairman, Medigen Biotechnology Corp. (Xiamen)
Director, TBG Biotechnology (Xiamen) Inc.</td><td>None</td><td>None</td><td>None</td><td>Note2</td></tr>
</table>

												Chairman of Yingxin Investment (Stock) Company. Representative of Corporate Director, Winston Medical Supply Co., Ltd. Chairman, UMO International Co., Ltd. Chairman, Shiny Lily Co., Ltd. Director, MVC BioPharma Ltd. Director, TDL Holding Co.				
Vice President, Operations and Management Department	ROC	Ya-Ling Chiang	Female	2019.06.04	8,688	0.01 %	0	0.00%	0	0.00%	LL.M., University of Southern California Master, Department of Agricultural Chemistry, National Taiwan University Master, Graduate Institute of Technology, Innovation and Intellectual Property Management, National Chengchi University	Director, Winston Medical Supply Co., Ltd. (representative of juristic person) Director, TBG Biotechnology Corp. (representative of juristic person)	None	None	None	None
Chief Scientific Officer, Cell Therapy Department	ROC	Chieh-Liang Lin	Male	2019.06.04	75,000	0.05 %	0	0.00%	0	0.00%	PhD, Institute of Life Science, National Defense Medical Center Deputy Manager, Genetex International Corporation Researcher, Department of Biochemistry and Molecular Biology, College of Medicine, National Taiwan University	None	None	None	None	None

											Deputy Manager, Level Biotechnology Inc.					
Vice President, Drug Development Department	ROC	Chin-Yen Chen	Female	2019.06.04	42,000	0.03 %	0	0.00%	0	0.00%	Bachelor Degree, School of Nursing, Taipei Medical University Glaxo Wellcome Taiwan Limited Research Nurse Nurse, Shin Kong Wu Ho-Su Memorial Hospital	None	None	None	None	None
Senior Finance Manager, Administrative and Accounting Department	ROC	Feng-Hua Chen	Female	2021.01.01	1,586	0.00 %	0	0.00%	0	0.00%	Bachelor Degree, Department of Banking and Finance, Tamkang University Deputy Manager, Sinopac Securities Corporation Audit Manager, Medigen Biotechnology Corp.	Supervisor, UMO International Co., Ltd. (representative of juristic person) Director, TBG Biotechnology Corp. (representative of juristic person)	None	None	None	None
Accounting Manager, Administrative and Accounting Department	ROC	I-Ju Chen	Female	2021.01.01	0	0.00 %	0	0.00%	0	0.00%	Bachelor Degree, Department of Accounting, Tamkang University Deputy Accounting Manager, Medigen Biotechnology Corp.	None	None	None	None	None

Note 1: Mr. Shun-Lang Chang, the General Manager, changed his position into Technology Consultant of the Company on July 1st, 2023. Relevant information is disclosed until the date of position change. To maintain company operations, the Chairman, Mr. Shi-Chung Chang, assumed the role of General Manager.

Note 2: When the General Manager or equivalent position (highest managerial position) is held by the same person as the Chairman, or when they are spouses or first-degree relatives, the reasons, rationality, necessity, and corresponding measures should be disclosed (such as increasing the number of independent director seats, ensuring that over half of the directors do not concurrently hold positions as employees or managers, etc.). The Chairman concurrently serves as the General Manager to enhance operational efficiency and decision-making effectiveness. However, to strengthen the independence of the Board of Directors, suitable candidates are actively trained within the company. The Chairman maintains thorough communication with all directors to implement corporate governance, and the following concrete measures have been implemented:

(1) One additional independent director was appointed at the 2023 shareholders' meeting. Currently, there are four independent directors. These directors possess expertise in finance, accounting, legal matters, and industry background, effectively fulfilling their supervisory functions. (2) Only one director concurrently serves as an employee. (3) Each year, directors are scheduled to attend external professional director training courses to enhance the effectiveness of the board's operation. (4) Independent directors and members of functional committees can fully discuss and propose recommendations for the board's reference to ensure corporate governance implementation.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Vice President

1. Remuneration paid to directors and independent directors

Unit: NTD thousands; Thousand shares

Title	Name	Directors' remuneration: Remuneration (A): The Company	Directors' remuneration: Remuneration (A): All companies in the financial report	Directors' remuneration: Severance pay and pension (B): The Company	Directors' remuneration: Severance pay and pension (B): All companies in the financial report	Directors' remuneration: Directors' remuneration (C): The Company	Directors' remuneration: Directors' remuneration (C): All companies in the financial report	Directors' remuneration: Business execution expenses (D): The Company	Directors' remuneration: Business execution expenses (D): All companies in the financial report	Total remuneration (A+B+C+D) as a percentage of net income after tax: The Company	Total remuneration (A+B+C+D) as a percentage of net income after tax: All companies in the financial report	Remuneration received as the Company's employee: Salary, bonus and allowance, etc. (E): The Company	Remuneration received as the Company's employee: Salary, bonus and allowance, etc. (E): All companies in the financial report	Remuneration received as the Company's employee: Severance pay and pension (F) (Note 2): The Company	Remuneration received as the Company's employee: Severance pay and pension (F) (Note 2): All companies in the financial report	Employees' remuneration (G): The Company: Cash amount	Employees' remuneration (G): The Company: Stock amount	Employees' remuneration (G): All companies in the financial report: Cash amount	Employees' remuneration (G): All companies in the financial report: Stock amount	Total remuneration (A+B+C+D+E+F+G) as a percentage of net income after tax: The Com	Total remuneration (A+B+C+D+E+F+G) as a percentage of net income after tax: All companies in the financial report	Remuneration received from investees other than subsidiaries or the parent company
Chairman	Shi-Chung Chang	0	2,942	0	0	0	0	0	0	0 0	2.942 (0.52)	7,752	7,752	0	0	0	0	0	0	7,752 (1.38)	10,694 (1.91)	0
Director	Everspring Industry Co., Ltd. Representative: Tse-Ling Chang	0	0	0	0	0	0	114	114	114 (0.02)	114 (0.02)	0	0	0	0	0	0	0	0	114 (0.02)	114 (0.02)	0
Director	Ta Ching Construction Co., Ltd. Representative: Min-Lee Chuang	0	0	0	0	0	0	108	108	108 (0.02)	108 (0.02)	0	0	0	0	0	0	0	0	108 (0.02)	108 (0.02)	0
Director	WorldTrend Co., Ltd.	0	0	0	0	0	0	114	114	114 (0.02)	114 (0.02)	0	0	0	0	0	0	0	0	114 (0.02)	114 (0.02)	0

	Representative: Tzu-Liang Huang																					
Independent director	Por-Hsiung Lai	0	0	0	0	0	0	304	304	304 (0.05	304 (0.05)	0	0	0	0	0	0	0	0	304 (0.05)	304 (0.05)	0
Independent director	Shui-Ming Chuang	0	0	0	0	0	0	304	304	304 (0.05)	304 (0.05)	0	0	0	0	0	0	0	0	304 (0.05)	304 (0.05)	0
Independent director	Pei-Wei Chen	0	0	0	0	0	0	304	304	304 (0.05)	304 (0.05)	0	0	0	0	0	0	0	0	304 (0.05)	304 (0.05)	0
Independent director	Sheue-Rong Lin	0	0	0	0	0	0	106	106	106 (0.02)	106 (0.02)	0	0	0	0	0	0	0	0	106 (0.02)	106 (0.02)	0

1. Independent directors' remuneration policies, system, standard and structure, and the relation to the individual's responsibilities, risk, time spent by the individual, etc.:

The remuneration paid by the Company to Independent Directors includes fees for business execution and remuneration. The fees for business execution refer to related expenses such as transportation expenses paid for business execution. The remuneration is processed in accordance with Article 29 of the Company's Articles of Incorporation, which states that in the event the Company makes a profit during the fiscal year, it shall set aside no higher than 2% of the profit as directors' remuneration. However, priority shall be given to reservation of funds for compensation of cumulative losses, if any. However, the Company still has cumulative losses and has not yet distributed earnings. The Company's policies, system, standard and structure for the remuneration of the Independent Directors are the same as those for general Directors. The Company did not have profits in the most recent year. Therefore, the remuneration distributable to Independent Directors in accordance with the Articles of Incorporation was 0. The remuneration paid to Independent Directors only included the transportation expenses for business execution. Therefore, the amount of remuneration paid by the Company is not directly related to the responsibilities, risks, and time spent by the Independent Directors.

2. Except as disclosed above, remuneration received by directors in the latest year for services (e.g., acting as a non-employee consultant of the parent company/any company in the financial statements/investee) provided by the Directors: NT$0

Note 1: The net profit after tax in the 2023 individual financial report was NT$(561,296) thousand.
Note 2: The retirement benefit disclosed in this table is the contribution amount and the actual amount paid is 0.
Note 3: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Range of remuneration for Directors

Remuneration range for each director in this Company	Name of Directors			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than NT$1,000,000	Shi-Chung Chang, Tse-Ling Chang, Min-Lee Chuang, Tzu-Liang Huang, Por-Hsiung Lai, Shui-Ming Chuang, Pei-Wei Chen, Sheue-Rong Lin	Tse-Ling Chang, Min-Lee Chuang, Tzu-Liang Huang, Por-Hsiung Lai, Shui-Ming Chuang, Pei-Wei Chen, Sheue-Rong Lin	Tse-Ling Chang, Min-Lee Chuang, Tzu-Liang Huang, Por-Hsiung Lai, Shui-Ming Chuang, Pei-Wei Chen, Sheue-Rong Lin	Tse-Ling Chang, Min-Lee Chuang, Tzu-Liang Huang, Por-Hsiung Lai, Shui-Ming Chuang, Pei-Wei Chen, Sheue-Rong Lin
NT$1,000,000 (inclusive) to NT$2,000,000	None	None	None	None
NT$2,000,000 (inclusive) to NT$3,500,000	None	Shi-Chung Chang	None	None
NT$3,500,000 (inclusive) to NT$5,000,000	None	None	None	None
NT$5,000,000 (inclusive) to NT$10,000,000	None	None	Shi-Chung Chang	None
NT$10,000,000 (inclusive) to NT$15,000,000	None	None	None	Shi-Chung Chang
NT$15,000,000 (inclusive) to NT$30,000,000	None	None	None	None
NT$30,000,000 (inclusive) to NT$50,000,000	None	None	None	None
NT$50,000,000 (inclusive) to NT$100,000,000	None	None	None	None
Higher than NT$100,000,000	None	None	None	None
Total	8 persons	8 persons	8 persons	8 persons

2. General Manager and Vice President Remunerations

Unit: NTD thousands; Thousand shares

Title	Name	Salary(A)		Severance pay and pension(B)(Note 2)		Bonuses and Allowances(C)		Employee remuneration(D)				Ratio of total compensation (A+B+C+D) and to net profit after tax (%)				Remuneration received from investees other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company		All companies in the financial report		
								Cash Amount	Stocks Amount	Cash Amount	Stocks Amount					
General Manager (Note1)	Shun-Lang Chang	1,503	1,503	54	54	597	597	0	0	0	0	2,154	(0.38)	2,154	(0.38)	1,242
	Shi-Chung Chang	4,985	4,985	0	0	2,767	2,767	0	0	0	0	7,752	(1.38)	7,752	(1.38)	0

Note 1: Mr. Shun-Lang Chang changed his position from General Manager to Technology Consultant of the Company on July 1st, 2023. Relevant information is disclosed until the date of change of position. To maintain company operations, the Chairman, Mr. Shi-Chung Chang, assumed the role of General Manager.

Note 2: The net profit after tax in the 2023 individual financial report was NT$(561,296) thousand.

Note 3: The retirement benefit disclosed in this table is the contribution amount and the actual amount paid is 0.

Note 4: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Range of remuneration for the General Manager and Vice Presidents:

Remuneration range for General Manager and Vice Presidents	Name of President and Vice Presidents	
	Total amount of the 4 preceding remunerations (A+B+C+D)	
	The Company	All companies in the financial report
Less than NT$1,000,000	None	None
NT$1,000,000 (inclusive) to NT$2,000,000	None	None
NT$2,000,000 (inclusive) to NT$3,500,000	Shun-Lang Chang	Shun-Lang Chang
NT$3,500,000 (inclusive) to NT$5,000,000	None	None
NT$5,000,000 (inclusive) to NT$10,000,000	Shi-Chung Chang	Shi-Chung Chang
NT$10,000,000 (inclusive) to NT$15,000,000	None	None
NT$15,000,000 (inclusive) to NT$30,000,000	None	None
NT$30,000,000 (inclusive) to NT$50,000,000	None	None
NT$50,000,000 (inclusive) to NT$100,000,000	None	None
Higher than NT$100,000,000	None	None
Total	2 persons	2 persons

Individual remuneration paid to each of the Company's top five management personnel

Title	Name	Salary(A)		Severance pay and pension(B) (Note 2)		Bonuses and allowances, etc. Special allowances (C)(Note 3)		Employee remuneration(D)				Total remuneration (A+B+C+D) as a percentage of net income after tax (%)				Remuneration received from investees other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company		All companies in the financial report		
								Cash Amount	Stocks Amount	Cash Amount	Stocks Amount					
General Manager (Note1)	Shi-Chung Chang	4,985	4,985	0	0	2,767	2,767	0	0	0	0	7,752	(1.38)	7,752	(1.38)	0
	Shun-Lang Chang	1,503	1,503	54	54	597	597	0	0	0	0	2,154	(0.38)	2,154	(0.38)	1,242
Vice President (Note 2)	Ya-Ling Chiang	2,520	2,520	108	108	636	636	0	0	0	0	3,264	(0.58)	3,264	(0.58)	792
Chief Scientific Officer (Note 2)	Chieh-Liang Lin	2,280	2,280	108	108	304	304	0	0	0	0	2,692	(0.48)	2,692	(0.48)	0
Vice President (Note 2)	Chin-Yen Chen	2,160	2,160	108	108	288	288	0	0	0	0	2,556	(0.46)	2,556	(0.46)	0

Note 1: Mr. Shun-Lang Chang changed his position from General Manager to Technology Consultant of the Company on July 1st, 2023. Relevant information is disclosed until the date of change of position. To maintain company operations, the Chairman, Mr. Shi-Chung Chang, assumed the role of General Manager.

Note 2: On March 11, 2024, it was resolved at the board meeting that Ms. Ya-Ling Chiang and Ms. Chin-Yen Chen are promoted to Vice Presidents, and Mr. Chieh-Liang Lin is promoted to Chief Scientific Officer.

Note 3: The net profit after tax in the 2023 individual financial report was NT$(561,296) thousand.

Note 4: The retirement benefit disclosed in this table is the contribution amount and the actual amount paid is 0.

Note 5: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

4. Names of managerial personnel provided with employee's compensation and state of distribution:

The Company has not yet made a profit and has not yet distributed remuneration to employees.

Unit: NTD thousands

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Managerial Personnel	Chairman (General Manager) (Note 1)	Shi-Chung Chang	0	0	0	0
	General Manager (Note 1)	Shun-Lang Chang				
	Vice President	Ya-Ling Chiang				
	Chief Scientific Officer	Chieh-Liang Lin				
	Vice President	Chin-Yen Chen				
	Finance Manager	Feng-Hua Chen				
	Accounting Manager	I-Ju Chen				

Note 1: Mr. Shun-Lang Chang changed his position from General Manager to Technology Consultant of the Company on July 1st, 2023. Relevant information is disclosed until the date of change of position. To maintain company operations, the Chairman, Mr. Shi-Chung Chang, assumed the role of General Manager.

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

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

Item / Title	Total remuneration as a percentage of net income after tax			
	2022		2023	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Director	(1.28)	(2.11)	(1.62)	(2.15)
General Manager and Vice Presidents	(1.45)	(1.45)	(1.76)	(1.76)

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

(1) Remuneration policies, standards, and packages

A. Payments to Directors

The remuneration paid by the Company to Directors includes compensation, fees for business execution, and remuneration. The remuneration is determined based on the degree of their participation and contributions to business operations of the Company as well as prevailing rates in the industry at home and abroad in accordance with Article 27-1 of the Articles of Incorporation of the Company. The fees for business execution refer to related expenses for the execution of business by the Directors such as transportation expenses. The earnings are processed in accordance with Article 29 of the Company's Articles of Incorporation, which states that in the event the Company makes a profit during the fiscal year, it shall set aside no higher than 2% of the profit as directors' remuneration. However, priority shall be given to reservation of funds for compensation of cumulative losses, if any. Therefore, the remuneration for Directors determined in accordance with the Articles of Incorporation was NT$0. The Company evaluates the remuneration for Directors at regular intervals in accordance with the "Board of Directors Performance Evaluation Guidelines". The performance evaluation and the reasonableness of the remuneration is reviewed by the Remuneration Committee and the Board of Directors.

B. Payments to the managerial personnel such as CEO, General Manager, and Assistant Vice Presidents

The remuneration is processed in accordance with Article 29 of the Company's Articles of Incorporation, which states that in the event the Company makes a profit during the fiscal year, it shall set aside no less than 2% of the profit as employees' remuneration. However, priority shall be given to reservation of funds for compensation of cumulative losses, if any. Therefore, the remuneration for employees determined in accordance with the Articles of Incorporation was NT$0. The remuneration for the management in 2023 includes the salary, bonuses, vehicles, monetized allocation/distribution for severance pay and pension, and recognized salary payments based on IFRS 2. The management and the Remuneration Committee of the Company shall regularly review the remuneration paid and make suitable adjustments.

(2) The procedure for determining remuneration:

A. To regularly evaluate the salary and remuneration of Directors and managers, the Company uses the evaluation results based on the Company's "Board of Directors Performance Evaluation Guidelines" and the "Director and Manager Salary Management Regulations" as the basis and submits the proposal to the Remuneration Committee and the Board of Directors for approval. To fully demonstrate the attainment of the business performance indicators, the performance evaluation standards for Directors are based on the results of the relevant annual business performance indicators such as involvement in operations, internal control, and governance results. The performance evaluation of managers includes the performance targets for professionalism, work attitude, task execution, work effectiveness and teamwork.

B. All results of the Company's 2023 internal self-evaluation of the Board of Directors, individual Directors, and functional committees exceeded standards. Managers met the expectations and requirements in the results of the performance evaluation.

C. The performance evaluation and the reasonableness of salary and remuneration for Directors and managers are reviewed by the Remuneration Committee and the Board of Directors each year. In addition to the personal performance achievement rate and contributions to the Company, the Company reviews the remuneration system in accordance with overall business performance, future risks of the industry, and development trends, as well as actual business operations and related laws. The Company also evaluates the current corporate governance trends for providing reasonable remuneration to maintain a balance between sustainable management and risk management. The actual amounts distributed as remuneration for Directors and managers in 2023 were reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

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

The remuneration for the Company's Directors and managerial personnel is processed in accordance with the Company's "Articles of Incorporation". In addition to considering the Company’s overall operating performance, future business risks of the industry, and development trends, the Company also takes into account the individual's performance achievement rate and contribution to the Company's performance to provide reasonable compensation. Related performance evaluation and the reasonableness of salary and remuneration shall be submitted by the Remuneration Committee to the Board of Directors for approval. To minimize the possibility of future operational risks, the Company shall review the remuneration system in a timely manner, based on the actual operating conditions and relevant laws and regulations, so as to balance the Company's sustainability and risk control. In summary, the policies and procedures for policy setting by the Company for remuneration to Directors, Supervisors, General Manager, and Vice Presidents, are directly related to the operating performance.

IV. The State of Implementation of Corporate Governance:

(I) The state of operations of the Board of Directors:

From the most recent year (2023) to the publication date of the annual report, the Board of Directors has held 11 [A] board meetings, and the Directors' attendance rates are as follows:

Title	Name	Attendance in person [B]	Attendance by proxy	Attendance in person rate (%) (%)[B/A]	Remarks
Chairman	Shi-Chung Chang	11	0	100.00%	
Director	Everspring Industry Co., Ltd. Representative: Tse-Ling Chang	10	0	90.91%	
Director	WorldTrend Co., Ltd. Representative: Tzu-Liang Huang	10	1	90.91%	
Director	Ta Ching Construction Co., Ltd. Representative: Min-Lee Chuang	9	2	81.82%	
Independent director	Shui-Ming Chuang	11	0	100.00%	
Independent director	Por-Hsiung Lai	11	0	100.00%	
Independent director	Pei-Wei Chen	11	0	100.00%	
Independent director	Sheue-Rong Lin	6	0	100.00%	Newly appointed on June 26, 2023

Other matters that should be recorded:

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

(I) Items specified in Article 14-3 of the Securities and Exchange Act.

(II) Other board resolutions apart from the aforementioned matters with respect to objections or qualified opinions expressed by independent directors on record or in writing:

Date	Agenda	Opinions of all Independent Directors	Response of the Company to the opinions of the Independent Directors
2023/01/16	· Proposal for the establishment of the Director and Manager Salary Management Regulations. · 2023 salary adjustment proposal for	Approved	Passed as proposed

	Directors and managers.		
2023/03/28	· The Company's assessment of the independence and competence of certified public accountants. · Establishment of the Company's "general principles for the policy of advance approval for non-assurance services". · Amendment of certain articles of the Company's "Rules of Procedure for the Board of Directors' Meetings". · Amendment of certain articles of the Company's "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading". · Discussion of the by-election of one Independent Director and the list of candidates. · Proposal for the release the prohibition on Directors from participation in competitive business.	Approved	Passed as proposed
2023/05/26	· From the second quarter of 2024, the Company changed its accounting firm and signing accountant, and conducted an assessment of the independence and suitability of the signing accountant.	Approved	Passed as proposed
2023/06/26	· Appointment of Ms. Sheue-Rong Lin as the Chairperson of the Remuneration Committee for the current term. · Remuneration proposal for newly appointed directors of the Company. · Compensation disbursement proposal for the representative director appointed by Medigen Biotech. Corp. to the investee company for the fiscal year 2022. · Changes in the General Manager and key operational executives of the Company.	Approved	Passed as proposed
2023/11/07	· Internal audit plan for the fiscal year 2024. · Proposal to appoint a Chief Information Security Officer (CISO) for the Company. · Changes in the internal audit supervisor of the Company. · Proposal to dispose of the office located at 14F-3, No. 3, Park Street, Nangang District, along with 3 parking spaces, in order to reduce interest burden and enhance the efficiency of fund utilization. · Proposal to sell Medigen Vaccine and Biologics Corp. stocks to augment operational funds.	Approved	Passed as proposed
2024/01/30	· Strategic alliance cooperation with Taiwan Exosome Company Limited (hereinafter referred to as "Exosome Company").	Approved	Passed as proposed

	· Directors' and executives' compensation proposal for the fiscal year 2024 of the Company.		
2024/03/11	· Proposal to appoint Chief Scientific Officer for the Company. · Promotion proposal for managers of the Company. · Assessment of the independence and suitability of the Company's signing accountant. · Amendment proposal for certain articles of the "Audit Committee Organization Regulations" of the Company. · Amendment proposal for certain articles of the "Board Meeting Rules" of the Company. · Proposal for a comprehensive re-election of directors of the Company. · Proposal to strengthen the Company's financial structure and augment operational funds by selling shares of subsidiary company Winston Medical Supply Co. Ltd.	Approved	Passed as proposed

From the most recent year (2023) to the publication date of the annual report, the Board of Directors has held 11 board meetings, during which there were no objections or qualified opinions from the Independent Directors.

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

Name of Director	Agenda	Reasons for recusal	Participation in voting	Resolutions of the case
Sheue-Jong Lin	Appointment of new independent director Sheue-Jong Lin to serve on the current Remuneration Committee.	The Director is an interested party	The Director explained the conflict of interest to the Board of Directors and recused herself from voting in accordance with the law.	The Director Sheue-Jong Lin recused herself from discussions and voting on the distribution of her remuneration. Other Directors in attendance were consulted for their opinions and the proposal was passed unanimously by all other Directors.

Sheue-Jong Lin	Remuneration proposal for newly elected director.	The Director is an interested party	The Director explained the conflict of interest to the Board of Directors and recused herself from voting in accordance with the law.	The Director Sheue-Jong Lin recused herself from discussions and voting on the distribution of her remuneration. Other Directors in attendance were consulted for their opinions and the proposal was passed unanimously by all other Directors.
Shi-Chung Chang	Distribution of remuneration for the representative of Directors assigned by Medigen to investees.	The Director is an interested party	The Director explained the conflict of interest to the Board of Directors and recused himself from voting in accordance with the law.	The Director Shi-Chung Chang recused himself from discussions and voting on the distribution of his remuneration. Other Directors in attendance were consulted for their opinions and the proposal was passed unanimously by all other Directors.
Shi-Chung Chang, Tse-Ling Chang, Tzu-Liang Huang, Min-Lee Chuang, Por-Hsiung Lai, Shui-Ming Chuang, Pei-Wei Chen, Sheue-Jong Lin	Discussion of the 2024 salary adjustment proposal for Directors and managers.	The Director is an interested party	The Directors explained the conflict of interest to the Board of Directors and recused himself from voting in accordance with the law.	All Directors recused themselves from discussions and voting on the distribution of their remuneration. Other Directors in attendance were consulted for their opinions and the proposal was passed unanimously by all other Directors.

III. TWSE/TPEx listed companies shall disclose the cycle and period, scope, method, and content of self (or peer) evaluation and fill in the implementation status of the evaluation of the Board of Directors, as shown in the table below:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once every year	2022/10/01~ 2023/09/30	Board of directors	Self-evaluation of the board	The self-evaluation of the Board of Directors in 2023 included 25 items in five main areas (including the level of participation in the Company's operations, improving the quality of board decision-making, board composition and structure, appointment of directors and their continuing studies, and internal controls) in the form of a questionnaire. The average score was 94.7 points, and the performance was excellent. The performance evaluation results were reported to the Board of Directors on 2024/1/30.
		Board of directors Members	Self-evaluation of the board members	The self-evaluation of the members of the Board of Directors in 2023 included 25 items in six main areas (including the familiarity of goals and missions of the Company, understanding of director's responsibilities, level of participation in the Company's operations, internal relationship management and communication, and professionalism and continued development, and internal controls) in the form of a questionnaire. The average score was 94.3 points, and the performance was excellent. The performance evaluation results were reported to the Board of Directors on 2024/1/30.
		Remuneration Committee	Self-evaluation of the Remuneration Committee	The self-evaluation of the members of the Remuneration Committee in 2023 included 25 items in five main areas (including the level of participation in the Company's operations, understanding of the roles and responsibilities of the remuneration committee, improvement of the quality of remuneration committee decisions, composition of the remuneration committee and the selection of its members, and internal controls) in the form of a questionnaire. The average score was 98.3 points, and the performance was excellent. The performance evaluation results were reported to the Board of Directors on 2024/1/30.
		Audit Committee	Self-evaluation of the Audit Committee	The self-evaluation of the members of the Audit Committee in 2023 included 25 items in five main areas (including the level of participation in the Company's

				operations, understanding of the roles and responsibilities of the audit committee, improvement of the quality of audit committee decisions, composition of the audit committee and the selection of its members, and internal controls) in the form of a questionnaire. The average score was 98.7 points, and the performance was excellent. The performance evaluation results were reported to the Board of Directors on 2024/1/30.

IV. Programs this year and in the most recent year for strengthening the functionality of the Board (for example, setting up an auditing committee, improving transparency, etc.) and assessment of execution.

(I) Enhancing the functions of the Board of Directors

1. The operations of the Company's Board of Directors are processed in accordance with the "Articles of Incorporation" and the "Rules of Procedure for Board of Directors Meetings". The Company also announces the attendance in meetings of the Board of Directors and discloses major resolutions of the Board of Directors on the Company's website and annual report.
2. The Company implements the performance evaluation of the Board of Directors each year in accordance with the "Regulations Governing Board Performance Evaluation". The targets of the evaluation include the overall operations of the Board of Directors and the performance of individual members of the Board of Directors. The results of the 2023 self-evaluation of the Board of Directors were good and the results were disclosed in the annual report and the Company's website.
3. Members of the Company's Board of Directors have attended continuing education courses on corporate governance organized by institutions specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

   Please refer to the State of Implementation of Corporate Governance under [Note 2]: Status of Directors' continuing education in 2023.
4. The current attendance of the Company's Independent Directors in board meetings is good. They use their industry, legal, and financial accounting expertise to provide the Board of Directors with sound advice on the implementation of the Company's internal control system, business and financial issues.
5. The Company purchases liability insurance coverage for all Directors each year and reports the amount, coverage and premium rates of its liability insurance coverage to the Board of Directors each year. The information for the most recent period was reported to the Board of Directors on November 7, 2023.

(II) Increasing the transparency of information disclosure

The Company's financial statements are regularly audited and certified by ERNST & YOUNG, Taiwan. All information disclosures required by laws and regulations are correctly and promptly completed, and we assign designated personnel to take charge of the collection and disclosure of the Company's information. We also established a spokesperson system to ensure the prompt and adequate disclosure of material information. The website set up by the Company provides links to the Market Observation Post System for shareholders and stakeholders to access the Company's financial and business information.

V. Others: From the most recent year to the publication date of the annual report, all Independent Directors have attended every board meeting and voted on the agenda items. The attendance of the Independent Directors are as follows:

Independent director	**2023**								**2024**		
	1/16	3/28	3/30	5/8	5/26	6/26	8/8	11/7	1/30	3/11	4/16
Por-Hsiung Lai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shui-Ming Chuang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pei-Wei Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sheue-Rong Lin						✓	✓	✓	✓	✓	✓

Note 1: The symbol: ✓ means actual attendance.

(II) The state of operations of the Audit Committee or the state of participation in board meetings by the Supervisors:

1. The state of operations of the Audit Committee:

(1) Key review items of the Audit Committee in 2023:

-- Review the Financial Report.

-- Review the internal control system and related policies and procedures

-- Review the effectiveness of the internal control system.

-- Review the regulatory compliance status.

-- Review the asset transactions or derivatives trading of a material nature.

-- Review the derivative financial instruments and cash investments.

-- Review the public offering or issuance of securities.

-- Review whether there are potential conflicts of interest involving managers and Directors in related-party transactions.

-- Review the appointment or discharge of CPAs or their compensation.

-- Review the qualifications, independence, and competence of CPAs.

-- Review the appointment or discharge of a financial, accounting, or internal audit officer.

-- The state of operations of the Audit Committee.

-- Self-evaluation questionnaire on the performance of the Audit Committee.

(2) The Audit Committee convened a total of 8 meetings (A) in the most recent year. The attendance of Independent Directors was as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Number of Attendance in person</th><th>Attendance in person rate (%)</th><th>Remarks</th></tr>
<tr><td>Chair</td><td>Pei-Wei Chen</td><td>8</td><td>100.00%</td><td></td></tr>
<tr><td>Committee Member</td><td>Por-Hsiung Lai</td><td>8</td><td>100.00%</td><td></td></tr>
<tr><td>Committee Member</td><td>Shui-Ming Chuang</td><td>8</td><td>100.00%</td><td></td></tr>
<tr><td>Committee Member</td><td>Sheue-Rong Lin</td><td>4</td><td>100.00%</td><td>Newly appointed on June 26, 2023.</td></tr>
<tr><td colspan="5">Other matters that should be recorded:
I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting.
(I) Items specified in Article 14-5 of the Securities and Exchange Act: Refer to the table below for details.</td></tr>
</table>

(II) Any issues apart from the aforementioned matters that are not agreed upon by the Audit Committee but passed by more than two thirds of all directors: Refer to the table below for details.

2. The state of operations of the Supervisors: None.

Date	Agenda	Items specified in Article 14-5 of the Securities and Exchange Act	Issues that are not agreed upon by the Audit Committee but passed by more than two thirds of all Directors
2023/03/28	1. The Company's 2022 "Statement on Internal Control". 2. The Company's assessment of the independence and competence of certified public accountants 3. Establishment of the Company's "general principles for the policy of advance approval for non-assurance services". 4. Amendment of certain articles of the Company's "Rules of Procedure for the Board of Directors' Meetings". 5. Amendment of certain articles of the Company's "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading".	V	None
2023/03/30	1. The Company's 2022 business report and financial statements (including the individual and consolidated financial statements). 2. The Company's 2022 deficit compensation.	V	None
2023/05/08	Consolidated financial statements for the first quarter of the fiscal year 2023.	V	None
2023/05/26	Starting from the second quarter of the year 2023, the Company changed its accounting firm and signing accountant. Additionally, an assessment was conducted regarding the independence and suitability of the signing accountant.	V	None
2023/08/08	Consolidated financial statements for the second quarter of the fiscal year 2023.	V	None

2023/11/07	1. Consolidated financial statements for the third quarter of the fiscal year 2023. 2. Internal audit plan for the fiscal year 2024. 3. Proposal for changes in the internal audit supervisor of the Company. 4. Proposal for the Company's participation in the cash capital increase of Taiwan Exosome Company Limited. 5. Proposal for the sale of the Xizhi laboratory to Taiwan Exosome Company Limited. 6. Proposal to dispose of the office space and parking spaces at 14F-3, No. 3, Park Street, Nangang District, in order to reduce interest burden and increase the efficiency of fund utilization. 7. Proposal to sell Medigen Vaccine and Biologics Corp. stocks to augment operational funds.	V	None
2024/01/30	The Company forms a strategic alliance with Taiwan Exosome Company Limited (hereinafter referred to as "Taiwan Exosome").	V	None
2024/03/11	1. Issue the "Internal Control System Statement" for the fiscal year 2023. 2. Prepare the Annual Report for the fiscal year 2023, including both individual and consolidated financial statements. 3. Proposal for deficit allocation for the fiscal year 2023. 4. Assessment of the independence and suitability of the Company's signing accountant. 5. Amendment proposal for certain articles of the "Audit Committee Organization Regulations" of the Company. 6. Amendment proposal for certain articles of the "Board Meeting Rules" of the Company.	V	None

II. When there are recusals of Independent Directors due to conflicts of interests, names of the Independent Directors, contents of resolutions, reasons of recusal, and voting participation should be stated: None.

IV. Independent directors' communication with internal auditors and CPAs (shall include major matters, methods, and results of communication regarding the Company's financial position and business operations).

1. Communication between Independent Directors and chief internal auditors:

Date	Communication Item	Communication Results and Implementation Status
Monthly	Audit operations report	The chief auditor reports the monthly audit items to the Independent Directors and no significant anomalies were found.
2023	Audit operations report (Audit period: October 2022 to January 2023)	2023/03/28 The chief auditor reports the audit items in the period to the Independent Directors and no significant anomalies were found.

	Audit operations report (Audit period: February 2023 to March 2023)	2023/05/08 The chief auditor reports the audit items in the period to the Independent Directors and no significant anomalies were found.
	Audit operations report (Corrective actions and follow-up)	2023/06/26 The chief auditor reports the audit items in the period to the Independent Directors and no significant anomalies were found.
	Audit operations report (Audit period: April 2023 to June 2023)	2023/08/08 The chief auditor reports the audit items in the period to the Independent Directors and no significant anomalies were found.
	Audit operations report (Audit period: July 2023 to September 2023)	2023/11/07 The chief auditor reports the audit items in the period to the Independent Directors and no significant anomalies were found.

After the chief auditor submits the audit report and tracking report to the Chairman of the Board of Directors, the results were sent to each Independent Director via e-mail every month. The chief auditor attended meetings of the Audit Committee and the Board of Directors to present the audit report. The Independent Directors closely monitor the Company's internal audits. Therefore, the Company's Independent Directors maintain good communication with the chief auditor.

2. Communication between Independent Directors and certified public accountants:

Date	Communication Item	Communication Results and Implementation Status
2023	Financial conditions and key audit matters of the financial statements	2023/3/30 The CPAs explained the review of the 2022 financial statements and the 2022 financial statements to the Directors and Supervisors and explained the risks for the key audit items in the audit report. The CPAs also discussed the materiality, related-party transactions, and material adjustments of entries in the audit and matters after the audit period. The Independent Directors and Supervisors did not have qualified opinions.
	Annual Audit Plan Communication	2024/01/30 The CPAs explained the communication plan for the audit of the fiscal year 2023 financial statements, the role and responsibilities of the lead accountant, the audit plan, the independence of the accountant, and key audit matters to the directors and supervisors. No objections were raised by the directors.

The CPAs report the Company's audit results and other communication matters required by the relevant laws and regulations to the Independent Directors. The finance and accounting manager and chief auditor also attend the meetings, and the Independent Directors are able to ask questions and receive answers in a prompt manner. Therefore, the Company's Independent Directors maintain good communication with the CPAs.

(III) The state of implementation of corporate governance and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons.

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established its "Corporate Governance Best Practice Principles" pursuant to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and disclosed the principles on the Company's website.	It is consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
II. Company stock equity structure and shareholder equity (I) Does the Company establish internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implement the procedures accordingly?	✓		(I) The Company established the spokesperson system in the "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading" and set up a contact person for stakeholders on the Company's website to respond to investors' recommendations or questions. The Company has appointed "Capital Securities Corporation" to handle shareholder services. If there are litigation matters, the Company shall appoint professional attorneys based on actual requirements.	(I) No material deviation.
(II) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	✓		(II) The Company closely monitors the increase or decrease in shareholding or changes in pledged shares for shareholder with over 10% of shares and shareholders who serve as Directors. The Company also enters information on the information reporting website designated by the Securities and Futures Bureau of the FSC each month in accordance with regulations for information disclosure. The Company discloses	(II) No material deviation.

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			information regarding the shareholders with over 5% of shares in the financial report each quarter.	
(III) Did the Company establish and enforce risk control and firewall systems with its affiliates?	✓		(III) The Company and affiliates have clearly defined responsibilities for asset and financial management, and process all matters in accordance with related regulations. The Company established the "Procedures for Transactions with Specific Companies, Related Parties, and Companies of the Group" and "Regulations for Monitoring and Control of Subsidiaries" to reduce risks.	(III) No material deviation.
(IV) Did the Company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?	✓		(IV) The Company established the "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading", which states that the Directors, managers, and employees of the Company are not allowed to disclose the material inside information to others or inquire or collect the Company's undisclosed material inside information from those who possess such information, and material inside information that is not gained in the process of performing their business must not be disclosed to others. All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party to prevent other parties from using	(IV) No material deviation.

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			such information to engage in insider trading. The procedures were announced on the Company's website. In August 2023, the internal auditors reported the results of the audit on prevention of insider trading to the Board of Directors. It was conducted in accordance with the existing regulations and there were no significant deviations. The Company also organizes training for the Directors and management on the laws and regulations for insider trading and important matters of note for insiders' equity. For new employees, the human resources unit communicates the Company's Professional Code of Ethics, management regulations, and rules when they report for duties. The related regulations are published and disclosed on the Company's website for compliance by employees.	
III. Board compositions and responsibilities (I) Has the board of directors devised and implemented a plan for a more diverse composition of the board with concrete management goals? (II) In addition to remuneration committee and audit committee established according to law, has the Company voluntarily established other functional committees?	✓ 	 ✓	(I) Please refer to "Directors Information (II) Board Diversity and Independence" on (page 24-27) in the Annual Report. (II) The Company's Board of Directors approved the establishment of the Remuneration Committee on September 28, 2011 and the Company set up the Audit Committee in accordance with regulations during the election of the Directors in 2021. In the future, the Company may set up other functional committees based on the Company's business development and regulatory requirements.	(I) No material deviation. (II) The Company shall set up other types of functional committees based on actual operations.

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III) Did the Company stipulate regulations for performance evaluation of the board, and its evaluation method, and conduct performance evaluation on a yearly basis, and submit the performance evaluation results to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.	✓		(III) The Company implements the annual performance evaluation of the Board of Directors each year in accordance with the "Regulations Governing Board Performance Evaluation" which was established on November 6, 2018. The targets of the evaluation include the overall operations of the Board of Directors and the performance of individual members of the Board of Directors: 1. The self-evaluation of the members of the Board of Directors included six main areas (including the familiarity of goals and missions of the Company, understanding of director's responsibilities, level of participation in the Company's operations, internal relationship management and communication, and professionalism and continued development, and internal controls) in the form of a questionnaire. The average score was 94.3 points. 2. The overall performance evaluation of the Board of Directors included five main areas (the level of participation in the Company's operations, improving the quality of board decision-making, board composition and structure, appointment of directors and their continuing studies, and internal controls) in the form of a questionnaire. The average score was 94.7 points. The results of the 2023 self-evaluation of the Board of Directors were good and the results were announced on the Company's website. The results were also delivered to the	(III) No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Remuneration Committee for discussions and provided for reference for determining the remuneration of individual directors. They were reported to the Board of Directors on March 11, 2024.	
(IV) Did the Company regularly implement assessments on the independence of the certified public accountants?	✓		(IV) The Company regularly reviews the independence of CPAs each year to confirm that they are not stakeholders and retain impartiality and independence. The 2024 evaluation procedures were based on the Audit Quality Indicators (AQIs) report and the independence statement issued by the CPA firm. The CPAs were evaluated based on their professionalism, independence, quality control, supervision, and innovation capabilities and approved by the board of directors on May 26, 2023. The appointment of the CPAs for 2024 was approved by the Board of Directors on March 11, 2024. The CPAs Shao-Pin Kuo and Chien-Ju Yu meet the Company's independence evaluation criteria. The details are provided in [Note 1].	(IV) No material deviation

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
IV. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer to be in charge of corporate governance affairs (include but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings, etc.)?	✓		The Company established the "Corporate Governance Best Practice Principles" and disclosed them on the Company's website. The Company also continuously revises related corporate governance regulations in accordance with the latest amendments. The Company has appointed the Chief Corporate Governance Officer whose main duties are to assist the Directors in compliance with laws, provide Directors with information required for business execution, and handle matters related to board meetings and shareholders' meetings. The Company has implemented good corporate governance matters. The implementation status in 2023 was as follows: 1.The Company inquired the Directors before convening board meetings, prepared agendas for meetings, and notified Directors to attend the meetings 7 days in advance. The Chief Corporate Governance Officer also provided information about the agenda items and reminded Directors about agenda items that require the recusal of Directors. The minutes of the Board of Directors' meeting was completed within 20 days after the meeting.	No material deviation.

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			2.The Chief Corporate Governance Officer processed matters related to shareholders' meetings in accordance with laws and prepared the meet handbooks, annual report, and agenda items before the deadline. The Company also amended the Articles of Incorporation and registered the changes. 3.Assisted in matters related to the proceedings of Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions. (1) Confirmed that the board meetings and shareholders meetings are convened in compliance with related regulations. (2) Checked the release of the material information related to the important resolutions made by the Board of Directors and ensure the legality and accuracy of such information to maintain investors' equal access to information. 4.Provided Directors and Independent Directors with information for performing their duties and arranging continuing education. (1) Arranged meetings of Independent Directors, chief internal auditors, and certified public accountants to discuss audit and financial matters. (2) Arrange continuing education for Directors based on the academic records and experience of Directors and the characteristics of the Company's industry.	

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
V. Has the Company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	✓		The Company has set up a stakeholder area on the Company's website to provide stakeholders with communication channels such as e-mail and telephone. If employees, customers, suppliers, or other stakeholders have any questions or comments, they can communicate directly with the relevant business personnel or use the contact information in the stakeholder area as channels for communication.	No material deviation.
VI. Did the Company engage a professional shareholder services agent to handle shareholders meeting matters?	✓		The Company has appointed "Capital Securities Corporation" to handle matters related to the shareholders' meeting.	No material deviation.
VII. Information disclosure (I) Has the Company set up a website to disclose information regarding the Company's financial operations and corporate governance? (II) Did the Company adopt other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the Company's website, etc.)?	✓ ✓		(I) The Company discloses financial, business, and corporate governance information on the MOPS on a regular or ad hoc basis. We also set up the Company's website (http://www.medigen.com.tw) in Chinese and English to provide an additional channel for the disclosure of financial, business, and corporate governance information in addition to the MOPS. (II) The Company designates personnel to be responsible for the collection and disclosure of corporate information and assigns a spokesperson who is able to understand the Company's finances and operations or coordinate with different departments to provide relevant information. The spokesperson speaks on behalf of the Company to ensure that information that may affect the decisions of shareholders and stakeholders is disclosed in a timely and appropriate manner. The	(I) No material deviation. (II) No material deviation.

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		✓	Company convenes regular investors' conferences each year, uploads briefing information in Chinese and English to the MOPS, and places on the Company's website for reference by investors. (III) The Company publishes and reports its financial report within three months after the end of a fiscal year, and publishes and reports its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline. The Company shall publish and report the financial report as early as possible before the specified deadline based on actual operations.	(III) The Company shall publish and report the financial report as early as possible before the specified deadline.
VIII. Is there any other important information to facilitate a better understanding of the state of implementation of corporate governance (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(I) Employees' rights and employee care The Company appropriates welfare fund each month in accordance with laws and arranges activities to promote employees' physical and mental health such as employee dinner parties, annual medical check-ups, travel allowances, subsidies for marriages, funerals, and festivities, group life insurance, and accident insurance. The implementation status is provided in the Annual Report under "V. Labor Relations". (II) Investor relations The Company convenes the shareholders' meetings each year in accordance with the Company Act and related laws and regulations to provide shareholders with sufficient opportunities to ask questions or submit proposals. We also appointed a spokesperson and an investor	No material deviation.

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			relations contact person to process shareholders' proposals, questions, and disputes. The Company also complies with the regulations of the competent authority for processing relevant announcements and providing information that may affect investors' decisions in a timely manner. (III) Respect the rights and interests of stakeholders The Company set up a stakeholder area on the website for shareholders, employees, customers, suppliers, community, media, and other stakeholders to communicate with the Company at any time to protect their legal rights. (IV) Status of directors' continuing education Members of the Company's Board of Directors have professional experience in the industry and business management experience. They have also attended continuing education courses on corporate governance organized by institutions specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. Please refer to [Note 2]: Status of Directors continuing education in 2023. (V) Implementation of risk management policies and risk assessment standards: On November 10, 2021, the Board of Directors of the Company approved the establishment of "Risk Management Policy and Procedures" and the establishment of a risk management organization. The Company assesses risks at least once a year.	

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			The Company effectively identifies, measures, and controls all risks of the Company and keeps them within an acceptable range based on the self-evaluation and measurement results of each department and improvement measures. The Company's risk management organization framework and duties are shown in [Note 3]. (VI) Status of implementation of customer policies The Company maintains good communication with customers and the Company's professional customer service personnel can satisfy customer demand with promptness and flexibility. Therefore, we have established satisfying and rapid after-sales maintenance services for products and set up comprehensive procedures for processing customer complaints in the internal control system. (VII) Status of purchase of liability insurance for directors and supervisors The Company purchases liability insurance coverage for all Directors from a property insurance company each year and discloses the liability insurance coverage for all Directors and Supervisors on the MOPS. The Company reports the amount, coverage and premium rates of its liability insurance coverage to the Board of Directors each year. The information for the most recent period was reported to the Board of Directors on November 7, 2023.	

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.
(Not required if the Company is not an assessed company)
In the 10th Corporate Governance Evaluation held in 2023, our company achieved a total score of 64.68 points, ranking between 36% and 50% among OTC-listed companies. Every year, we review the items that did not pass the evaluation and the feasibility of the current and future strategies. Therefore, we seek to attain a balance between the policy development of the competent authorities and the development of the Company every year. We immediately implement improvement plans for items that can be improved in the current stage and review the reasons and set targets for items that cannot be improved in the current stage.</td></tr>
</table>

Main Recommendations for Improvement	Improvement Plans
Does the company refer to international human rights conventions to formulate policies and specific management plans to protect human rights, and disclose relevant policies and implementation status on the company's website or annual report?	The Company has formulated the Human Rights Policy and specific management plans will be disclosed on the Company website.
Does the company establish and provide detailed disclosure on its website of a whistleblowing system for both internal and external individuals to report illegal (including corrupt) and unethical behavior?	The Company will review whether there is a need to further revise the "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Behavior" established by the company.
Does the company record the important contents of shareholder inquiries and company responses in the minutes of the annual general meeting?	The company will, as necessary, record the important contents of shareholder inquiries and company responses in the minutes of the annual general meeting.
The company has established functional committees such as the Nomination Committee, Risk Management Committee, or Sustainability Committee, in addition to statutory committees. These committees consist of no fewer than three members, with a majority of independent directors and at least one member possessing the necessary expertise for the committee's responsibilities. The composition, duties, and operations of these committees are disclosed.	The company will establish functional committees beyond statutory requirements as needed.

[Note 1] 2023 CPA Review and Assessment Form

Category 1 Professionalism

AQI Indicator	Main points of evaluation	Evaluation		
		Yes	No	N/A
Audit experience (1-1)	The CPA has the experience and expertise in the relevant industry sector to perform his or her duties.	✓		
Training hours (1-2)	The CPAs and senior auditors receive adequate training each year to continue to acquire professional knowledge and skills.	✓		
Turnover rate (1-3)	The CPA firm maintains sufficient experienced manpower.	✓		
Professional support (1-4)	The CPA firm has sufficient professional employees (e.g., appraisers) to support the audit team.	✓		

Category 2 Quality management

AQI Indicator	Main points of evaluation	Evaluation		
		Yes	No	N/A
Workload of the CPA (2-1)	Does the CPA have an excessively high workload?		✓	
Audit engagement (2-2)	The audit engagement of the members of the audit team is appropriate in all phases of the audit.	✓		
Engagement quality control review (EQCR) review status (2-3)	The CPAs responsible for the EQCR invests sufficient hours in audit case reviews.	✓		
Quality management and support capabilities (2-4)	The CPA firm has sufficient quality control manpower resources to support the audit team.	✓		

Category 3 Independence

AQI Indicator	Main points of evaluation	Evaluation		
		Yes	No	N/A
Non-audit service (3-1)	Do non-audit service fees have the potential to affect audit independence?		✓	
Familiarity with customers (3-2)	Does the cumulative number of years of audit of the financial report by the CPA firm affect its independence?		✓	

Category 4 Supervision

AQI Indicator	Main points of evaluation	Evaluation		
		Yes	No	N/A
Deficiencies in external inspections and penalties (4-1)	The CPA firm's quality control and audit cases are performed in accordance with relevant laws, regulations, and standards.	✓		
Competent authority issues letters to request improvements (4-2)	Same as above	✓		

Category 5 Capacity for innovation

AQI Indicator	Main points of evaluation	Evaluation		
		Yes	No	N/A
Innovation plans or initiatives (5-1)	The CPA firm's commitment to improving audit quality, including the firm's capacity for innovation and planning, is directly related to the quality of the audit.	✓		

[Note 2] Status of Directors' continuing education in 2023

Director	Training date	Course name	Hours	Organizer
Shi-Chung Chang	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange
Tse-Ling Chang	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange
Tzu-Liang Huang	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange
Min-Lee Chuang	2023/03/14	Corporate Governance Forum	3	Taiwan Academy of Banking and Finance
	2023/04/13	Opportunities and Challenges in the Net Zero Trend	3	Taiwan Directors Association
	2023/08/17	Practical Seminar on Family Wealth Inheritance	3	The Corporate Governance Association of the Republic of China
Por-Hsiung Lai	2023/05/24	Climate Change Risk Assessment and Response	3	Securities and Futures Market Development Foundation of the Republic of China
	2023/05/24	Measurement and Management of Sustainable Development Goal Impact	3	Securities and Futures Market Development Foundation of the Republic of China
	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange
Shui-Ming Chuang	2023/12/22	Overview and Case Analysis of Insider Trading in Companies	3	Securities and Futures Market Development Foundation of the Republic of China
	2023/12/26	Benefits of Circular Economy and Sustainable Financial Opportunities	3	The Corporate Governance Association of the Republic of China
Pei-Wei Chen	2023/09/06	An Overview of Sustainable Development Action Plans and the Impact of Assurance Mechanisms on the Accounting Industry	3	The National Federation of Chinese Certified Public Accountants Associations
	2023/11/20	Introduction to Greenhouse Gas Inventory and ISAE 3410	3	The National Federation of Chinese Certified Public Accountants Associations
Sheue-Rong Lin	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange

	2023/07/25-2023/07/26	Practical Workshop for Directors, Supervisors (including Independent), and Corporate Governance Officers	12	Securities and Futures Market Development Foundation of the Republic of China

Note: The continuing education for Directors and Supervisors of the Company in 2023 met the requirements specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

[Note 3] The Company's risk management organization framework and duties are shown as follows:

Risk Management Unit	Risk Management Responsibilities
Board of Directors	The Board of Directors of the Company is the highest-ranking unit in the risk management policy and is responsible for approving, reviewing, and monitoring the Company's risk management policy, ensuring the effectiveness of risk management, and assuming ultimate responsibilities for risk management.
Audit Committee	1. It receives regular reports from the Company's Risk Management Team and monitors the implementation of risk management of the Company. 2. It proposes recommendations for improvements for the design of the risk management policy and procedures. 3. It reviews the matters submitted by the Risk Management Team to the Board of Directors for discussions.
Risk Management Team	It is the unit responsible for the execution of risk management. The heads or assigned personnel of departments are responsible for monitoring, measuring, and evaluating the Company's risks during implementation. In terms of its organizational structure, it is governed by the General Manager and reports to the Audit Committee.
Audit Unit	It is governed by the Board of Directors and is responsible for internal control and internal audit. It proposes the annual audit plan each year in accordance with the risk assessment and reports the Company's risk management status to the Audit Committee.

Risk Management Unit	Risk Management Responsibilities
Departments	The heads of departments are responsible for risk management. They are responsible for analyzing and monitoring the relevant risks within their respective units to ensure that the risk management mechanisms and procedures are effectively implemented. Examples: Drug Development Department 1. Implement response measures for changes in laws and related regulations of the regulatory units and the ethics governance committee of the trial hospitals and ensures the quality of documents submitted for review. 2. Develop quality control standards for active pharmaceutical ingredients and finished products to ensure that R&D results meet the current regulatory requirements. 3. Design clinical trial protocols in accordance with Good Clinical Practice (GCP) standards and closely monitor the safety of drug use by subjects during trials. 4. Execute clinical trials in accordance with Good Clinical Trial standards, current regulations, and internal SOPs, monitor the trial process and records, and implement audits to ensure that the trials are conducted in accordance with relevant regulations. 5. Establish a quality management system in accordance with the Quality Control Manual, issue SOPs to ensure that all new drug development units implement the necessary risk management measures, compile risk assessment reports, and continuously evaluate the effectiveness of risk control. Administrative and Accounting Department 1. Human resource risk management for recruitment and retention of human resources. 2. Risk management for network information security. 3. Risk management for interest rate and exchange rate fluctuations. 4. Risk management for investments and substantial changes in equity ownership. 5. Risk management and response to changes in capital and tax laws and policies.

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

The Company's Board of Directors approved the establishment of the Remuneration Committee on September 28, 2011 and the Company established the "Remuneration Committee Charter". The scope of duties of the Remuneration Committee includes setting and conducting regular review of the performance evaluation and remuneration policies, system, standard and structure of the directors and managerial personnel, as well as conducting regular evaluation and setting the remuneration of the Directors and managerial personnel. It provides recommendations to the Board of Directors for decision making and convenes at least two regular meetings each year. Its operations are sound.

1. Compensation Committee member profiles

March 30, 2024

Position (Criteria)	Name	Professional Qualifications and Experiences	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent director	Por-Hsiung Lai (Chair)	The Company's Remuneration Committee consists of all four Independent Directors. Please refer to the "Directors and Supervisors Information" in the Annual Report for the professional qualifications and experience of the members. P15~20	All members of the Remuneration Committee meet the criteria specified below: 1. They meet related regulations in Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" (Note) promulgated by the Financial Supervisory Commission. 2. They (or with shares held in the name of others), their spouses, or underage children do not hold shares of the Company. 3. They did not receive remuneration from providing business, legal, financial, or accounting service to the Company or any of its affiliates in the last two years.	0
Independent director	Shui-Ming Chuang			0
Independent director	Pei-Wei Chen			0
Independent director	Sheue-Rong Lin			0

Note: During the two years before the election or during the term of office, they have not had been any of the following:

(1) An employee of the Company or any of its affiliates.

(2) A director or supervisor of the Company or any of its affiliates.

(3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial personnel under subparagraph (1) or any of the persons in subparagraphs (2) and (3).

(5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27 of the Company Act.

(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.

(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.

(8) A director, supervisor, manager, or a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the Company.

(9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Company's Remuneration Committee.

2. Operations of the Compensation Committee

(1) The Company's Remuneration Committee consists of three members.

(2) The term of office of the current members: August 2, 2021 to August 1, 2024; in the most recent year (2023) and as of the date of publication of the annual report, the Remuneration Committee has held 3 meetings (A); the members' qualifications and attendance are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Por-Hsiung Lai	3	0	100.00%	
Committee Member	Shui-Ming Chuang	3	0	100.00%	
Committee Member	Pei-Wei Chen	3	0	100.00%	
Committee Member	Sheue-Rong Lin	1	0	100.00%	Newly appointed on June 26, 2023.

Other matters that should be recorded:

I. If the board meeting does not adopt or revise the compensation committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the Company handles the compensation committee's opinions shall be disclosed in detail (e.g. if the salary rate adopted by the board committee is superior to that proposed by the compensation committee, the differences and reasons shall be explained): None.

II. If there are objections or reservations by the members that have been recorded in writing during the Compensation Committee resolution, the Compensation Committee meeting's date, period, motion content, the opinions of all members, and treatment of the member's opinions must be disclosed in detail: None.

Resolutions of the Remuneration Committee:

Date	Agenda	Results of resolutions of the Remuneration Committee	The Company's response to Remuneration Committee opinions
2023/01/16	1. Amended and reviewed the director and manager performance evaluation and compensation policies, systems, standards, and structures. 2. 2023 salary adjustment proposal for Directors and managers.	Approved	Passed as proposed
2023/06/26	1. Compensation standards and structure for newly appointed directors of the Company. **2.** Proposal for the remuneration distribution for the representative of the investment company appointed by Medigen Biotech. Corp. for the fiscal year 2022.	Approved	Passed as proposed

2024/01/30	Compensation proposal for directors and executives of the Company for the fiscal year 2024.	Approved	Passed as proposed

III. Roles and Responsibilities of the Remuneration Committee:

The members of the Remuneration Committee shall be appointed by resolution of the Board of Directors and shall be composed of four Independent Directors, who shall exercise the due care of a good administrator and report to the Board of Directors. They shall establish and conduct regular reviews of the policies, systems, standards, and structures for performance appraisal and remuneration of the Company's Directors, and managerial personnel. They shall periodically assess the degree to which performance goals for the Directors and managerial personnel of the Company have been achieved, and set their individual remuneration packages based on the results of evaluations conducted in accordance with the performance evaluation standards. In the most recent year and as of the publication date of the Annual Report, they have faithfully performed their duties.

Note:

(1) Where a member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, and his/her rate of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the "Remarks" column shall indicate whether the status of a member is outgoing, newly elected, or re-elected, and the date of the election. The actual attendance rate (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

3. Information on members of the Nominating Committee and operations:

Not applicable for the Company as it has not yet established a Nominating Committee.

(V) Sustainable development implementation and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for such deviations:

Implementation 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 framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?	✓		The Company's unit for promoting sustainable development on a concurrent basis is headed by the Chairman's Office and department heads, and they serve as the sustainable development promotion unit. It proposes and implements sustainable development policies and specific promotion plans, and leads employees in promoting sustainable development operations, including awareness campaigns and training programs. It is committed to maintaining a sustainable environment and organizing public welfare activities. It is scheduled to report its implementation and improvements to the Board of Directors on a regular basis (at least once a year) this year. The Board of Directors will formulate sustainable development strategies and goals, review the effectiveness of their implementation, and explain the status of implementation on the Company's website.	No material deviation.
II. Has the Company assessed the environmental, social, and corporate governance risks related to its operations	✓		1. The Company established the "Risk Management Policy and Procedures" which was approved by the Board of Directors on	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
based on the principle of materiality and established related risk management policies or strategies? (Note 2)			November 10, 2021 as the Company's highest guiding principle for risk management. The boundaries of risk assessment are mainly based on the Company. The Company will evaluate the risks each year and formulate risk management policies for each risk. The policies shall cover the management objectives, organizational structure, delegation of authority and responsibility, and risk management procedures, and they shall be implemented to effectively identify, measure, and control the Company's risks, and to limit the risks arising from business activities within an acceptable range. 2. The Company will also incorporate major elements of environmental, social, and governance issues in its operations into the duties of different units, conduct evaluations based on materiality principles, and formulate strategies. (1) Environmental: The Company is a biotechnology research and development company and operations are mainly in the laboratory. The Company does not use resources that cause significant	

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			burdens on the environment. We remain committed to increasing the efficiency in the use of resources and we recycle waste paper, implement waste sorting, and introduce the digital document signature system to reduce environmental pollution. (2) Social: The Company pays close attention to the protection of trademarks and its corporate image. We work with professional law firms to obtain legal advice, compliance information, and necessary measures. The Company also set up dedicated personnel and email, and provides stakeholders with effective complaint and communication channels. (3) Corporate governance: The Company communicates relevant policies and systems to employees in company meetings, including corporate ethics, Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and Corporate Governance Best Practice Principles.	
III. Environmental Issues	✓		The Company specializes in the development of	No material deviation.

Implementation 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 an appropriate environmental management system based on the characteristics of the industry to which it belongs?			biotechnology and environmental management system certification similar to ISO 14001 are not applicable. The Company has assigned dedicated personnel for the maintenance and management of wastewater, waste, and the environment necessary for operations based on the characteristics of the industry, and complies with the requirements of the Science Park.	
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		The Company is a biotechnology research and development company and operations are mainly in the laboratory. The Company does not use resources that cause significant burdens on the environment. We remain committed to promoting energy conservation and environmental protection measures, such as promoting and implementing measures to reduce environmental pollution, recycle waste paper, implement waste sorting, and introduce the digital document signature system.	No material deviation.
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures for related issues?	✓		As the industry is characterized by low energy consumption and carbon emissions, its operations do not aggravate climate change. Therefore, climate change will not have a significant impact on the Company's current and future research and development, and the potential risks are low. Nevertheless, the Company has taken measures to	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			create a sustainable environment, including the introduction of the ERP system, video conferencing, and encouraging employees to bring their own tableware.	
(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down water consumption, greenhouse gas emissions, and waste production?	✓		The Company specializes in the development of biotechnology and does not engage in manufacturing and production that cause greenhouse gas emissions. (1) Greenhouse gas emissions: The Company's total CO2 emissions in 2022 and 2023 calculated based on Taiwan Power Company's tariff information for each period totaled approximately 492.85 metric tons and 458.59 metric tons, respectively. The per capita emissions totaled 7.25 and 7.06 metric tons per person. The total CO2 emissions in 2023 decreased by 2.62 %. (2) Water consumption: The Company's water consumption in 2022 and 2023 totaled 1,950.8 metric tons and 1,871.21 metric tons respectively, which was a year-on-year decrease of 79.59 metric tons. (3) Waste: The Company's total annual waste removal volume for 2022 and 2023 was 1,970 kg and	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			1,629 kg, respectively. The reduction was mainly attributed to the decrease in energy consumption in the Xizhi Laboratory, which has resulted in a reduction in total waste volume. Our quantitative targets for carbon, water consumption, and waste reduction in 2024 were 0.5% to 1%. The implementation measures included using digital approval documents, reuse of used paper, recycling of resources, water conservation, and seasonal adjustment of air conditioning temperature settings for attaining energy conservation and carbon reduction.	
IV. Social Issues (I) Has the Company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?	✓		• The Company established the Human Rights Policy to fulfill corporate social responsibilities and protect the fundamental human rights of all employees, customers and stakeholders, ensure compliance with the UN Universal Declaration of Human Rights, UN Global Compact, Conventions of the International Labour Organization, and other international human rights conventions, prevent any violation of human rights, and ensure that internal and external personnel receive fair and dignified treatment. • The Company's implementation measures: • Provide a safe and healthy work environment to rigorously protect the safety of employees	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			and effective reduce risks of occupational accidents. • Prohibit discrimination of any kind. The Company does not permit any discrimination on the basis of sex, sexual orientation, race, class, age, marriage, language, ideology, religion, party affiliation, national origin, place of birth, appearance, facial features, physical or mental disabilities, or any other form of discrimination, and ensures equal work opportunities. • Ban the use of child labor and illegal foreign workers. • Assist employees to maintain physical and mental health and work-life balance: • Ban forced labor and do not prohibit employees from taking leave or force them to work overtime. • Create an environment that promotes communication and encourage employees to communicate with the Company through labor-management meetings. • Provide a diverse range of open communication channels for suppliers, business partners, and other stakeholders to send feedback to the Company or report suspected violations.	

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		1. Employee welfare: The Company set up the Employee Welfare Committee to plan high-quality welfare measures for employees, such as employee travel subsidies, birthday gift money, marriage allowances, childbirth allowances, and funerary allowances. The Company also provides employees with benefits such as free health examination plans. In terms of the leave system, the Company provides new employees with seven days of special leave in their first year (employees who serve for less than one year shall be given leave proportionally). When an employee needs a longer leave of absence due to childcare, serious injury or illness, and other major changes, they can also apply for leave without pay to help them take care of their personal and family needs. 2. Workplace diversity and equality: The Company promotes sustainable and inclusive economic growth by providing equal pay for equal work as well as equal promotion opportunities for male and female employees, and balancing the number of male and female executives. In 2023, female employees accounted for an average of 58.54% of all personnel; female managers/management positions accounted for an average of 57.14% of all managers. 3. Business performance reflected in the remuneration for employees:	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			The Company's Articles of Incorporation stipulate that if the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration to share the profits with employees. 4. Overall remuneration policy: The Company adjusts employees' salary each year in accordance with the prevailing market rates, economic trends, and employees' personal performance. The average salary adjustment in 2023 was 10.9%.	
(III) Has the Company provided a safe and healthy work environment and provided employees with regular safety and health training?	✓		The Company provides a safe and healthy work environment: 1. The Company is located in Nangang Software Park, which has comprehensive fire safety, security, and sanitation systems. The Company participates in the fire safety drills and earthquake disaster prevention drills organized by the management committee of the Software Park each year. In addition to sufficient security guards, access control, and elevator floor access controls, the Company also implements strict access control to ensure workplace safety and security for employees. There were no occupational accidents involving employees of the Company in 2023. 2. Workplace sanitation: The Company appoints a professional cleaning company to clean the environment and regularly implements disinfection to maintain the sanitation of the workplace environment.	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			3. Comprehensive fire safety equipment that passes the government's regular fire safety inspections. 4. Personal insurance: In addition to providing labor insurance and national health insurance for our employees in accordance with laws, the Company also purchases group insurance for all employees. The contents of the group insurance includes an accident insurance coverage of NT$2 million to NT$5 million based on the employees' rank, a regular life insurance policy of NT$100,000, medical insurance for injuries capped at NT$20,000, medical insurance for hospitalization of NT$1,000 per day, and insurance for hospitalization due to cancer of NT$1,000 per day. The human resources unit purchases travel insurance for employees assigned by the Company to overseas business travel, and adjusts the insurance amount to ensure employees' safety in business travel. 5. Health examination & education: The Company pays close attention to the health of employees. The Employee Welfare Committee organized health examinations for all employees every year to take care of their physical health. The Company also provides health examinations to employees' family members.	

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			The Company provides health education information to employees from time to time each year. 6. The company had zero fire incidents, zero casualties, and the casualty rate as a percentage of total employees was not applicable for the year 2024. Measures taken in response to fire incidents include: (1)Participation in annual fire drills and exercises organized by the management committee of the Nan Kang Software Park Phase II. (2)Adequate placement of fire extinguishers in office spaces. (3)Implementation of comprehensive indoor work and public place smoking bans in accordance with the regulations of the Tobacco Hazards Prevention Act.	
(IV) Has the Company set up effective career development and training programs for its employees?	✓		To improve the quality of employees, professional capabilities, and work efficiency, current employees may, based on the requirements for different skills and businesses, apply for approval from their supervisors for participation in different professional training or courses in related academic institutions to enhance their academic qualifications and skills. They include: (1) orientation training, (2) professional advanced training, (3) supervisor training for management skill improvements. We help employees continue	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			to learn and grow through a diverse range of learning methods. In 2023, the Company organized career training in 17 cases and the actual training expenses totaled NT$201,000. Organize regular annual performance interviews for supervisors and employees to discuss and formulate annual personal development plans. Use regular reviews and feedback to help improve their career development skills.	
(V) Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure policies implemented?	✓		The Company pays close attention to the protection of trademarks and its corporate image. We work with professional law firms to obtain legal advice, compliance information, and necessary measures. The Company also set up dedicated personnel and email, and provides customers with effective complaint and communication channels to protect customer interests.	No material deviation.
(VI) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such regulations?	✓		The Company established the "Supplier Management Regulations" to assess suppliers before conducting transactions. The Company considers the legitimacy of the supplier and reviews whether there are records of dishonest acts. If the supplier commits dishonest acts, the Company may terminate or rescind the contract at	No material deviation.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			any time. In 2023 as of today, the Company has not discovered any violation of social responsibilities for environmental protection, occupational safety and health, or labor rights by the main suppliers.	
V. Does the Company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Has the Company received assurance or certification of the aforementioned reports from a third-party accreditation institution?		✓	The Company has not yet prepared the sustainable development report, but continues to adhere to the sustainable development regulations and gradually realize sustainable development. The Company will prepare a sustainable development report in a timely manner based on actual developments.	The Company will prepare a sustainable development report in a timely manner based on actual developments.

VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the Company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:
The Company established the "Sustainable Development Best-Practice Principles" in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies". We comply with the Company Act and relevant regulations of the Securities and Futures Bureau for corporate governance, and empower sustainable development. There is no material deviation between the operations and the Principles. The Company will continue to make every effort to achieve sustainable development in environmental protection, safety and health, human rights, and corporate governance based on available company resources.

VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:

1. Environmental protection: The Company actively launched the digital document signature system and enhanced waste sorting and recycling. We appoint legal operators to dispose of industrial waste and we use green and environmentally friendly products to reduce waste and costs, make the most use of resources, care about the environment, and fulfill social responsibilities of a corporate citizen.

2. Social engagement, social contribution, social services, and social welfare:

(1) The Company advocated the donation of invoices to support three groups of people (people in vegetative states, elderly people suffering from dementia, and the homeless). We mail invoices donated by employees of the Company to the Genesis Social Welfare Foundation and Huashan Social Welfare Foundation to use real actions to support the society.

(2) To support disadvantaged groups, we encourage employees to participate in supply donation activities organized byNangang Software Park and collect books, stationery, clothing, and IT equipment for donation to remote rural areas and provide them with material support.

(3) Arranged the "medical institution internship" visit for the School of Health Care Administration, Taipei Medical University in January 2023

(4) Sponsorship to Chang Bing Show Chwan Memorial Hospital in July 2023.

(5) Sponsorship to Taichung Tzu Chi Hospital in August 2023.

(6) Sponsorship to Hualien Tzu Chi Hospital in October 2023.

3.Consumer interests: The Company protects the rights of consumers by providing transparent and effective complaint channels for products and services. We also set up a service telephone number with dedicated personnel and a dedicated e-mail address on the Company's website to protect the rights of consumers.

4.Human rights: In order to fulfill sustainable development and protect the basic human rights of all colleagues, customers, and stakeholders, the Company adheres to the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the UN International Labour Organization and other international human rights conventions, respects internationally recognized basic human rights, including freedom of association, caring for the disadvantaged, prohibition of child labor, elimination of all forms of forced labor, elimination of discrimination in employment, etc., and abides by the labor-related regulations local to the Company. The Company values human rights and provides the same work rights to employees regardless of their race, gender, or age.

5.Safety and health: The Company provides employees with a safe work environment and sets up responsibilities of companies to the safety of employees. The Company organizes regular employee health examinations each year. Security companies maintain the security of all office buildings in the work environment for employees to work in a safe and secure environment. In terms of occupational health, the Company appoints a professional cleaning company to clean the environment and regularly implements disinfection to maintain the sanitation of the workplace environment. We also have comprehensive fire safety equipment that pass the government's regular fire safety inspections.

6.Investor relations: The Company has always aimed provide investors with fair, open, timely, and complete information. The Company regularly publishes financial reports, business information, and information on shareholders' meetings on the Company's website and the Market Observation Post System in accordance with the regulations to help investors understand the Company's operations and policies. In addition

to enhancing information transparency and protecting the rights and interests of investors, the Company also sets up an investors' section on the website and designates a contact person for investors to provide feedback.

Note 1: If "Yes" is selected in the implementation status, please explain the important policies, strategies, and measures adopted, and the implementation status; If "No" is selected in the implementation status, please explain the deviations and reasons in the "Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons " field and explain related policies, strategies, and measures to be adopted in the future.

Note 2: The materiality principle refers to related environmental, social, and governance issues that may cause material impact on the Company's investors and other stakeholders.

Note 3: Please refer to the best-practice templates of the Corporate Governance Center, Taiwan Stock Exchange Corporation for the methods of disclosure.

Climate-related information of listed and OTC companies

1 Implementation status of climate-related information

<table>
<tr><th>Item</th><th>Execution Status</th></tr>
<tr><td>1.Describe the oversight and governance of climate-related risks and opportunities by the board of directors and management.</td><td>1. The board of directors of our company serves as the highest governance body for climate-related issues, responsible for overseeing and managing climate-related risks and opportunities and promoting the overall climate strategy of the company.
2. Our company has established a “Risk Management Policy and Procedures”, with the board of directors being the highest decision-making body for risk management. To strengthen the management of climate-related risks, relevant management systems and norms have been established.
3. The Administration and Finance Department regularly reports to the board of directors on the implementation status of relevant issues and the corresponding strategies for significant issues, demonstrating the company's commitment to climate governance.</td></tr>
<tr><td>2.Describe how identified climate risks and opportunities affect the business, strategy, and finances of the company (short-term, medium-term, long-term).</td><td>
<table>
<tr><th>Schedule</th><th>Short term (2024)</th><th>Medium term (2025-2027)</th><th>Long term (2028-2032)</th></tr>
<tr><td>Goals</td><td>1. Collect and compile internal carbon emission data in accordance with the ISO 14064-1 standard.
2. Propose improvement plans for equipment and operational processes.</td><td>1. Conduct organization-wide greenhouse gas inventory operations in accordance with the ISO 14064-1 standard.
2. Aim to reduce carbon emissions</td><td>1. Conduct organization-wide greenhouse gas inventory operations in accordance with the ISO 14064-1 standard and undergo third-party verification.</td></tr>
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</td></tr>
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<table>
<tr><td></td><td></td><td></td><td>by 0.5% to 1% annually.
3. Continuously propose improvement plans for equipment and operational processes.</td><td>2. Aim to reduce carbon emissions by 1% to 2% annually.
3. Continuously propose improvement plans for equipment and operational processes.</td></tr>
<tr><td></td><td>Execution Plan</td><td>1. Collect data and compile carbon emission statistics for the organization.
2. Review internal equipment and submit improvement proposals.</td><td>1. Conduct organization-wide greenhouse gas inventory operations.
2. Review internal equipment and submit improvement proposals.</td><td>Conduct organization-wide greenhouse gas inventory operations and undergo third-party verification.</td></tr>
<tr><td>3.Describe the financial impact of extreme weather events and transition actions.</td><td colspan="4">1. Financial Impact of Climate Risks: Facing risks of abnormal weather events such as typhoons, floods, droughts, etc., poses the risk of operational disruptions. The financial impact includes revenue loss and increased costs.
2. Transformation Risks: (1) Risks associated with responding to carbon reduction policies and regulations. (2) Regulation of corporate carbon footprint and greenhouse gas emissions. (3) Evaluation of supply chain compliance with relevant policies and regulations during procurement. Financial impact includes increased costs.</td></tr>
</table>

4.Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	The company has established a risk management team, reporting directly to the general manager and to the audit committee. It is comprised of department heads or appointed personnel who exercise authority and are responsible for the execution aspects of monitoring, measuring, and evaluating company risks. The board of directors serves as the highest authority for risk management policies, responsible for approving, reviewing, and supervising the company's risk management policies to ensure their effectiveness and assuming ultimate responsibility for risk management. All employees of the company participate from top to bottom in the implementation, tracking, and review of the effectiveness of the annual sustainable development plans and projects. It is advisable to compile greenhouse gas emissions, water usage, and total waste weight, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management, and promote them to reduce the impact of the company's operations on climate change.
5. If using scenario analysis to assess resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and major financial impacts should be explained.	Currently not adopted.
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks.	None
7.If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	Currently not adopted.

8.If climate-related targets are set, information should be provided on the activities covered, greenhouse gas emission scope, planning schedule, annual progress towards achieving the targets, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, details should be given regarding the source and quantity of carbon offsets or the number of RECs exchanged.	Currently not adopted.
9.Greenhouse gas inventory and assurance status should be accompanied by reduction targets, strategies, and specific action plans (also filled in 1-1 and 1-2).	Currently not adopted.

1-1 The greenhouse gas inventory and verification status of the company for the past two fiscal years

1-1-1 Greenhouse Gas Inventory Information

Recent greenhouse gas emissions (metric tons CO_2e), intensity (metric tons CO_2e per million dollars), and data coverage for the past two years.
Based on Financial Supervisory Commission (FSC) Order No. 1121103 and FSC Notification No. 11203852314, our company currently falls under the category of an over-the-counter (OTC) listed company with a paid-in capital below NT$5 billion. We will complete the disclosure in accordance with the schedule set by the regulatory authority.

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., emissions from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions from activities not classified as energy indirect emissions, originating from sources not owned or controlled by the company).

Note 2: The data coverage for direct emissions and energy indirect emissions should be in accordance with the schedule specified in Article 10(2) of this guideline, while information on other indirect emissions may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: The Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least data calculated based on revenue (in million New Taiwan Dollars) should be provided.

1-1-2 Greenhouse Gas Assurance Information

Explanation of the recent two fiscal years' assurance status as of the printing date of the annual report, including the assurance scope, assurance provider, assurance standards, and assurance opinions.
Based on Financial Supervisory Commission (FSC) Order No. 1121103 and FSC Notification No. 11203852314, our company currently falls under the category of an over-the-counter (OTC) listed company with a paid-in capital below NT$5 billion. We will complete the disclosure in accordance with the schedule set by the regulatory authority.

Note 1: In accordance with the regulations stipulated in Article 10(2) of this guideline, if the company has not obtained a complete greenhouse gas assurance opinion as of the printing date of the annual report, it should be noted as "Complete assurance information will be disclosed in the sustainability report." If the company has not prepared a sustainability report, it should be noted as "Complete assurance information will be disclosed on the Public Information Observation System," and complete assurance information should be disclosed in the following year's annual report.

Note 2: Assurance providers should comply with the relevant regulations for sustainability report assurance providers set by the Taiwan Stock Exchange Corporation and the Taiwan Depository & Clearing Corporation.

Note 3: Disclosure content can refer to the best practice reference examples on the Corporate Governance Center website of the Taiwan Stock Exchange.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Explanation of the baseline year and its data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and achievement of reduction targets.
Based on Financial Supervisory Commission (FSC) Order No. 1121103 and FSC Notification No. 11203852314, our company currently falls under the category of an over-the-counter (OTC) listed company with a paid-in capital below NT$5 billion. We will complete the disclosure in accordance with the schedule set by the regulatory authority.

Note 1: The schedule should be carried out in accordance with the regulations stipulated in Article 10(2) of this guideline.

Note 2: The base year should be the fiscal year in which the greenhouse gas inventory for the consolidated financial statements is completed. For example, according to the regulations stipulated in Article 10(2) of this guideline, companies with a capital of over 10 billion NT dollars should complete the inventory for the fiscal year 2024 in the fiscal year 2025. Therefore, the base year is fiscal year 2024. If the company has completed the inventory for the consolidated financial statements earlier, it may use the earlier fiscal year as the base year. Additionally, the data for the base year may be calculated as a single year or as an average over several years.

Note 3: The disclosure content can refer to the best practice reference examples on the Corporate Governance Center website of the Taiwan Stock Exchange.

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

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions				
(I) Has the Company established the ethical corporate management policies approved by the board of directors and specified in its rules and external documents, the ethical corporate management policies and practices as well as the commitment of its board of directors and senior management to implementing the management policies?	✓		(I) The Company established the "Ethical Code of Conduct" and "Ethical Corporate Management Best-Practice Principles" to require the Directors, managerial personnel, and employees to comply with the Company Act, Securities and Exchange Act, TWSE/TPEx listing rules, and related laws and regulations as the basic principles for implementing ethical corporate management. The Board of Directors and the management comply with related laws and regulations and sign statements for compliance with ethical corporate management. The members of the Board of Directors also exercise a high degree of self-discipline. Disclose the implementation status on the Company's website and report to the Board of Directors each year.	(I) No material deviation.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess operating activities with higher risk of unethical conducts on a regular basis, and establish prevention programs accordingly, which shall at least include the preventive measures specified in	✓		(II) The Company established the "Ethical Corporate Management Best Practice Principles" and "Code of Conduct for Reporting Illegal, Unethical or Dishonest Cases", which already includes the prevention measures for conducts listed in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice	(II) No material deviation.

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"?			Principles for TWSE/TPEx Listed Companies". We publish the relevant rules and regulations on the Company's internal site for employees to view at any time, and we also continue to promote ethical corporate management through employee education and training. Auditors perform supervision and audits and report any violation of the Code to the Board of Directors.	
(III) Has the Company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, implemented the policies, and review the policies on a regular basis?	✓		(III) The Company established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" to require Directors, managerial personnel, and employees to take measures for preventing bribery and acceptance of bribes and making illegal political contributions in business operations. The Company also stipulates that persons with substantial control shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits. It prevents employees from sacrificing the Company's interests for their personal interests. The Company raises awareness of ethics and encourages employees to report to the independent directors, managerial personnel, chief internal auditor, or other appropriate individual upon suspicion or discovery of any action in violation of a law or regulation or the	(III)No material deviation.

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			Code of Ethical Conduct. To encourage employees to report illegal conduct, the Company shall establish related procedures or mechanisms and make employees understand that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals. The Company also regularly reviews and amends related guidelines and regulations in accordance with laws.	
II. Implementation of ethical corporate management (I) Has the Company evaluated the integrity records of parties it does business with and stipulated ethical conduct clauses in business contracts? (II) Has the Company set up a dedicated unit under the board of directors to promote ethical corporate management and regularly (at least once every year) report to the board of directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓ ✓		(I) Before developing a commercial relationship with another party, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has records of unethical conduct to ensure that it conducts business in a fair and transparent manner and does not request, offer, or take bribes. (II) The Company has set up a unit under the jurisdiction of the Board of Directors to concurrently implement ethical corporate management in order to ensure sound ethical corporate management. The General Manager and the Administrative and Accounting Department are responsible for implementation on a part-time basis. In addition to formulating policies and preventive measures, they also consider the recommendations of Directors to	(I) No material deviation. (II) No material deviation.

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			implement improvement measures. The implementation status of the year was reported to the Board of Directors on August 8, 2023: 1. Education and training: The Company plans training courses for regulations, audits, risk management, and fraud prevention in courses for new employees and other training programs to enhance compliance concepts and implementation and to prevent unethical conduct. 2. Periodic reviews: We implement management evaluations for fraud risks in the Company's operations. The audit unit implements audits and annual evaluations and assessments for improvements for deficiencies to achieve effective control and implementation. It also ensures the operations of overall mechanisms and helps manage and prevent unethical conduct. The Company incorporated ethical management into employee performance evaluations and established a clear system for rewards and penalties. There were no cases of corruption or fraud in 2023. 3. Progress of complaints: The internal and external reporting channels and the ethical corporate management	

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			implementation team did not receive any report letters in 2023. 4. The members of the Board of Directors and the senior executives have signed statements for compliance with ethical corporate management. 5. To prevent conflicts of interest, Directors, managerial personnel, and stakeholders must maintain a high degree of self-discipline and voluntarily explain whether their interests potentially conflict with those of the Company. For the motions discussed and resolved by the Board of Directors in the 2023 annual meeting, the Directors voluntarily declared their conflicts of interest in board meetings and recused themselves from voting on all such motions.	
(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		(III) The Company established the "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading", which states that the Directors, Supervisors, managers, and employees of the Company are not allowed to disclose the material inside information to others or inquire or collect the Company's undisclosed material inside information from those who possess such information, and material inside information that is not gained in the process of performing their	(III)No material deviation.

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
			business must not be disclosed to others. The procedures have been announced on the Company's website and are thoroughly implemented in education and training, management meetings, etc.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and designated its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a certified public accountant to conduct the audit?	✓		(IV) The Company has established an effective internal control system, related management regulations, and an accounting system for implementation. We also set up an audit unit to regularly review the compliance items of units of the Company, and compile audit reports to be submitted to the Board of Directors.	(IV) No material deviation.
(V) Has the Company held internal and external educational trainings on operational integrity regularly?	✓		(V) To implement ethical corporate management and strengthen the integrity of employees, we organized ethical training for new employees, and regularly organize external training. The most recent online training for all employees on compliance with ethical corporate management regulations was held from December 12th to 27th of 2023.	(V) No material deviation.
III. Implementation status of the Company's whistle-blowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate	✓		(I) In terms of specific measures for reporting and incentives for employees, shareholders, and stakeholders regarding unlawful and unethical	(I) No material deviation.

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
personnel to handle investigations against wrongdoers?			conduct, the Company has established the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct", which are announced on the Company's website. The Company also provides a reporting channel and a dedicated hotline on the Company's website. The identity of the whistleblowers and the contents of reports are kept strictly confidential.	
(II) Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	✓		(II) The Company established the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" which include standards operating procedures, measures to be taken after completing investigations, and confidentiality mechanisms. The Company pay close attention to the confidentiality of reports and reviews reports carefully to ensure that matters are clarified and processed in an appropriate manner.	(II) No material deviation.
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓		(III) The employees, shareholders, and stakeholders assign dedicated personnel to process illegal and unethical conduct, and strictly maintains the confidentiality of the identity of reporters and contents of reports.	(III)No material deviation.
IV. Enhance information disclosure (I) Did the Company disclose the content and effectiveness of its ethical management principles on the	✓		(I) The Company has set up a corporate website in English and Chinese and continues to strengthen the disclosure of relevant information to help the	No material deviation

Evaluation items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons
	Yes	No	Summary	
Company's website and the Market Observation Post System?			public access more information on the Company. We also disclose the implementation of the ethical corporate management in the annual report for the shareholders' meeting and the prospectuses.	
V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any discrepancy between the principles and their implementation: No material deviation.				
VI. Other key information useful for explaining the Company's implementation of ethical corporate management: (Such as reviewing and revising its ethical business codes) The Company complies with the Company Act, Securities and Exchange Act, TWSE/TPEx listing rules, or other laws or regulations regarding commercial activities, as the basis for ethical corporate management. The Board of Directors exercises the due care of good administrators to ensure that the Company prevents unethical conduct. The audit unit is responsible for formulating and monitoring the implementation of the Ethical Corporate Management Policy and preventive measures, and reviews related regulations for ethical corporate management whenever necessary. It reports any violation of the Best Practice Principles to the Board of Directors.				

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

1. Corporate governance best-practice principles and the related regulations:

   The Company has established the "Corporate Governance Best Practice Principles" and related regulations required by the competent authority of securities to ensure implementation. It shall implement and amend such regulations as needed based on the Company's business operations.

   (1) Articles of Incorporation
   (2) Regulations Governing the Acquisition and Disposal of Assets
   (3) Rules of Procedure for the Board of Directors' Meetings
   (4) Remuneration Committee Charter
   (5) Procedures for Election of Directors
   (6) Procedures for Endorsements and Guarantees
   (7) Procedures for Lending Funds to Other Parties
   (8) Codes of Ethical Conduct
   (9) Rules Governing the Scope of Powers of Independent Directors
   (10) Corporate Governance Best Practice Principles
   (11) Procedures Governing Applications of Trading Halt and Resumption
   (12) Sustainable Development Best Practice Principles
   (13) Ethical Corporate Management Best Practice Principles
   (14) Operating Procedures for Handling Internal Material Information and Preventing Insider Trading
   (15) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
   (16) Regulations Governing Board Performance Evaluation
   (17) Standard Operating Procedures for Requests Filed by the Board of Directors

2. Query method: Market Observation Post System (MOPS) http://mops.twse.com.tw and the Company's website: http://www.medigen.com.tw/About/Corporate Governance/Corporate Regulations.

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

1. The Company established the "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading" as the basis for the Company's processing and disclosure of material information and prevention of insider trading. The Company also reviews the regulations whenever necessary to meet current regulations and practical management requirements. They are published on the Company's internal website for managerial personnel and employees to review at any time. We also inform the Company's insiders from time to time about the matters

of note for processing material internal information and the measures for preventing insider trading.

2. With regard to the employee code of conduct and ethics, the Company specified the following in the "Ethical Corporate Management Best Practice Principles": When engaging in commercial activities, Directors, managerial personnel, and employees of the Company or persons having substantial control shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their Directors, Supervisors, managerial personnel, employees or substantial controllers or other stakeholders.

   The Company also requires all employees to abide by the Code of Conduct and pledge to comply with laws and ethical principles to protect the Company's assets, interests, and image. The Company shall analyze business activities with higher risks of unethical conduct within its scope of business and shall strengthen related preventive measures. The prevention programs adopted by the Company shall at least include preventive measures against the following:

   (1) Offering and acceptance of bribes.

   (2) Illegal political donations.

   (3) Improper charitable donations or sponsorship.

   (4) Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

   (5) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.

   (6) Engaging in unfair competitive practices.

   (7) Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

3. Continuing education of Directors: Please refer to the State of Implementation of Corporate Governance under [Note 2]

4. Managerial personnel and chief auditor's participation in corporate governance courses

Name	Training date	Course name	Hours	Organizer
Shi-Chung Chang	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange

Name	Training date	Course name	Hours	Organizer
I-Ju Chen	2023/12/08	Issuer Securities Firm Securities Exchange Accounting Supervisor Continuing Education Professional Development Course	12	Foundation of Accounting Research and Development in Taiwan
Wan-Hsuan Lin	2023/06/07	How Internal Audit Personnel Interpret Business Performance and Risks from IFRS Financial Statements	6	The Association of Internal Auditors in Taiwan
	2023/07/05	Analysis of Violations and Responses by Audit/Finance Personnel	6	The Association of Internal Auditors in Taiwan
Feng-Hua Chen	2023/07/04	2023 Cathay Sustainable Finance and Climate Change Summit	6	Taiwan Stock Exchange
	2023/09/07	OTC Emerging Companies Internal Equity Advocacy Seminar	3	Taiwan Over-the-Counter Exchange
	2023/12/07	Evaluation of Intangible Asset Damages Compensation and Reading and Application of Intangible Asset Valuation Report	6	Association of Intangible Assets and Business Valuation in China

(IX) Status of implementation of internal control system:

1. Internal Control System Statement

Medigen Biotechnology Corp.
Internal Control System Statement

Date: March 11, 2024

The Company's 2023 Statement of Internal Control System, based on self-assessment results, is as follows:

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

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

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

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

V. Based on the aforementioned evaluation results, the Company believes that the design and execution of its December 31, 2023 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the Company can reasonably achieve the aforementioned goals.

VI. This statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the Company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This Statement was approved by the board on March 11, 2024 where all 8 Directors in attendance approved the content of this Statement.

Medigen Biotechnology Corp.

Chairman: Shi-Chung Chang signature and seal

General Manager: Shi-Chung Chang signature and seal

2. Internal control system review is conducted by commissioned accountants: No such commission.

(X) Disciplinary actions imposed by law on the Company or its employees, disciplinary actions imposed by the Company on its employees for violation of internal control regulations, and the possible significant impact such disciplinary actions might have on shareholder equity or securities prices, as well as the content of the disciplinary actions and deficiencies and improvements in the most recent year and up to the publication date of this Annual Report: No such occurrences.

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

Important resolutions of shareholders meeting and board meeting in 2023 and up to the date of publication of the annual report

1. Major resolutions made at the shareholders' meeting and their implementation:

Date	Resolutions	Review of the implementation status
2023/6/26	1. Ratification of the 2022 Business Report and Financial Statements.	Passed in the resolution and disclosed on the Market Observation Post System in accordance with regulations.
	2. Ratification of the 2022 deficit compensation	Passed in the resolution.
	3. Election of an Independent Director Seat Case	Passed in the resolution, elected Sheue-Rong Lin as independent director.
	4. Removing the Restriction on Non-competition for Newly Appointed Directors of the Company	Passed in the resolution, lifted the non-compete restriction for Ms. Sheue-Rong Lin, the newly appointed independent director.

There were no motions in the shareholders' meeting. Please refer to the meeting minutes of the shareholders meeting for the explanation of the agenda items.

2. Important resolutions of board meetings:

No.	Meeting Category	Date	Key Resolutions	Resolutions
1	Board of directors	2023/01/16	1. The Company's line of credit renewal application to the bank due to business requirements. 2. Proposal for the establishment of the Procedures on Director and Manager Salary Management. 3. 2023 salary adjustment proposal for Directors and managers.	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance. 3. Passed unanimously by all Directors in attendance.
2	Board of directors	2023/03/28	1. The Company's 2022 "Statement on Internal Control". 2. The Company's assessment of the independence and competence of certified public accountants 3. Establishment of the Company's "general principles for the policy of advance approval for non-assurance services". 4. Amendment of certain articles of the Company's "Rules of Procedure for the Board of Directors' Meetings". 5. Amendment of certain articles of the Company's "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading". 6. Discussion of the by-election of one Independent Director and the list of candidates. 7. Proposal for the release the prohibition on Directors from participation in competitive business. 8. Matters regarding the Company's plans for convening the Company's 2023 general shareholders meeting on June 26, 2023. 9.The Company's founding application to the bank due to business requirements.	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance. 3. Passed unanimously by all Directors in attendance. 4. Passed unanimously by all Directors in attendance. 5. Passed unanimously by all Directors in attendance. 6. Passed unanimously by all Directors in attendance. 7. Passed unanimously by all Directors in attendance. 8. Passed unanimously by all Directors in attendance. 9. Passed unanimously by all Directors in attendance.
3	Board of directors	2023/03/30	1. The Company's 2022 business report and financial statements (including the individual and consolidated financial statements). 2. The Company's 2022 deficit compensation. 3. The Company's 2023 Business Plan (Budget).	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance. 3. Passed unanimously by all Directors in attendance.
4	Board of directors	2023/05/08	1.The Case of the Company's Consolidated Financial Report for the First Quarter of 2023.	1. Passed unanimously by all Directors in attendance.
5	Board of directors	2023/05/26	1.Change of Accounting Firm and Signing Accountant since the Second Quarter of 2023, and Evaluation of Independence and Suitability of the Signing Accountant.	1. Passed unanimously by all Directors in attendance.
6		2023/06/26	1.Appointment of Ms. Sheue-Rong Lin, our company's new independent director, as member of the Remuneration Committee of this Term.	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance.

No.	Meeting Category	Date	Key Resolutions	Resolutions
	Board of directors		2.Compensation for new Director of the Company. 3. Remuneration Payment in 2022 for Representatives Directors of the Investment Companies appointed by Medigen. 4. Changes in the Company's General Manager and key operating executives 5. Establishment of criteria for the revocation of rights to New Shares for Employees in 2019.	3. Passed unanimously by all Directors in attendance. 4. Passed unanimously by all Directors in attendance. 5. Passed unanimously by all Directors in attendance.
7	Board of directors	2023/08/08	1.The Company's Consolidated Financial Report for the Second Quarter of 2023 2.Renewal of line of credit with banks to meet operational needs	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance.
8	Board of directors	2023/11/07	1.The Company's Consolidated Financial Report for the Third Quarter of 2023 2.Internal Audit Plan for 2024 3.Proposal to appoint a Chief Information Security Officer 4.Changes in the Company's Internal Audit Manager. 5.Proposal to establish "Yingxin Investment Co., Ltd." 6.Sale of Office Space and Parking Spaces located at No.3-3, 14F, Park Street, Nangang District. 7.Sale of shares in Medigen Vaccine and Biologics Corp. to enhance operational funds. 8. The Company's founding application to the bank due to business requirements.	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance. 3. Passed unanimously by all Directors in attendance. 4. Passed unanimously by all Directors in attendance. 5. Passed unanimously by all Directors in attendance. 6. Passed unanimously by all Directors in attendance. 7. Passed unanimously by all Directors in attendance. 8. Passed unanimously by all Directors in attendance.
9	Board of directors	2024/01/30	1.Strategic Alliance with Taiwan Exosome Company. 2. The Company's founding application to the bank due to business requirements. 3.Director and Executive Compensation for 2024.	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance. 3. Passed unanimously by all Directors in attendance.
10		2024/03/11	1.Company's Internal Control System Statement for 2023. 2.Company's Annual Report and Financial Statements for 2023. 3.Proposal for 2023 Deficit Compensation. 4.Criteria for revocation of rights to new shares for employees in 2019. 5.Criteria for Issuance of Stock Options for Employees in 2018. 6.Proposal to appoint a Chief Scientific Officer 7.Promotion of Company Executives. 8.Evaluation of Independence and Suitability of Signing Accountants.	1. Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance. 3. Passed unanimously by all Directors in attendance. 4. Passed unanimously by all Directors in attendance. 5. Passed unanimously by all Directors in attendance. 6. Passed unanimously by all Directors in attendance.

No.	Meeting Category	Date	Key Resolutions	Resolutions
	Board of directors		9.Operating Plan (Budget) for 2024. 10.Revision of Some Articles of the "Audit Committee Organization Regulations". 11.Revision of Some Articles of the "Board of Directors Meeting Rules". 12. Re-election of all Directors. 13. The Company's 2024 Shareholders' General Meeting scheduled on May 28, 2024. 14. The Company's line of credit renewal application to the bank due to business requirements. 15.Sale of shares in subsidiary Winston Medical Supply Co. Ltd. to strengthen the Company's financial structure and to enhance operating funds.	7. Passed unanimously by all Directors in attendance. 8. Passed unanimously by all Directors in attendance. 9. Passed unanimously by all Directors in attendance. 10. Passed unanimously by all Directors in attendance. 11. Passed unanimously by all Directors in attendance. 12. Passed unanimously by all Directors in attendance. 13. Passed unanimously by all Directors in attendance. 14. Passed unanimously by all Directors in attendance. 15. Passed unanimously by all Directors in attendance.
11	Board of directors	2024/04/16	1.Proposal and review of the list of nominees for directors (including independent directors) for 2024. 2. Resolution to lift the non-compete restriction for newly appointed directors and their representatives.	1.Passed unanimously by all Directors in attendance. 2. Passed unanimously by all Directors in attendance.

(XII) Main content of dissenting opinions from directors or supervisors on record or stated in a written statement, with respect to a material resolution passed by the board of directors in the most recent year and up to the date of publication of the annual report: No such occurrences.

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

Summary table of resignations and dismissals of relevant personnel within the company.

Position	Name	Date of Appointment	Date of Termination	Reason for Resignation or Termination
General Manager	Shun-Lang Chang	2019/02/01	2023/6/30	Changed position to Technology Consultant and resigned on 31 December, 2023
Internal Audit Manager	Wan-Hsuan Lin	2021/01/01	2023/12/31	Job reassignment

Note: "Company personnel" refers to positions such as Chairman, General Manager, Chief Accountant, Chief Financial Officer, Internal Audit Manager, Corporate Governance Manager, and Research and Development Manager.

V. Information on Fees to Certified Public Accountants

Information on fees to certified public accountants in 2023

Unit: NTD thousands

<table>
<tr><th>Name of the firm of the certified public accountant</th><th>Name of certified public accountants</th><th>Audit period</th><th>Audit fee</th><th>Non-audit fee (Note 1)</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">PwC Taiwan</td><td>Man-Yu Juan Lu</td><td rowspan="2">2023/01/01 ~ 2023/03/31</td><td rowspan="2">885</td><td rowspan="2">93</td><td rowspan="2">978</td><td rowspan="4">On May 26, 2023, the Board of Directors resolved to change the company's accounting firm to accommodate the future operational development and overall management needs of the company</td></tr>
<tr><td>Ya-Hui Lin</td></tr>
<tr><td rowspan="2">ERNST & YOUNG</td><td>Shao-Pin Kuo</td><td rowspan="2">2023/04/01 ~ 2023/12/31</td><td rowspan="2">4,300</td><td rowspan="2">0</td><td rowspan="2">4,300</td></tr>
<tr><td>Chien-Ju Yu</td></tr>
</table>

Note 1: Other major expenses excluding audit fees include typing, photocopying, and binding fees for financial and tax reports, amounting to 66,000 NT dollars, postage and courier fees amounting to 1,000 NT dollars, and electronic document certification fees amounting to 5,000 NT dollars.

(I) If the accounting firm has been changed and the annual audit fees were lower for the year of the firm change compared to that of the previous year, audit fees before and after the changes and the reason for such changes should be disclosed: No such situation.

(II) If the audit fees have decreased by more than 10% compared to the previous year, the amount, ratio, and reason for the reduction in audit expense should be disclosed: No such situation.

VI. Information on Change of Certified Public Accountant:

In the last two years and the period thereafter, the Company replaced a CPA in 2023 Q2.

(I) Regarding previous CPA

<table>
<tr><td>Date of replacement</td><td colspan="3">May 26, 2023, approved by the Board of Directors.</td></tr>
<tr><td>Reasons for change and explanation</td><td colspan="3">In response to the future operational development and overall business management needs of the company.</td></tr>
<tr><td rowspan="2">Statement on whether the client or the CPA terminated or rejected the appointment</td><td>Contracting party
Conditions</td><td>CPA</td><td>Client</td></tr>
<tr><td>Termination initiated by client</td><td></td><td>✓</td></tr>
</table>

<table>
<tr><td></td><td colspan="3">CPA declined to accept (continue) the appointment</td><td></td><td></td></tr>
<tr><td>Audit opinions other than unqualified opinions issued in the past two years and reasons</td><td colspan="5">Unqualified opinions in the past two years.</td></tr>
<tr><td rowspan="7">Dissenting opinions from the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="3">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td>None</td><td colspan="4">□✓</td></tr>
<tr><td colspan="5">Explanation: No dissenting opinions.</td></tr>
<tr><td>Other matters to be disclosed (Matters to be disclosed in accordance with Article 10, Subparagraph 6, Item 1-4 to 1-7 of the Regulations)</td><td colspan="5">There were no matters to be disclosed in accordance with Article 10, Subparagraph 6, Item 1-4 to 1-7 of the Regulations.</td></tr>
</table>

(II) Regarding succeeding CPA

Name of the accounting firm	ERNST & YOUNG
Name of certified public accountants	Shao-Pin Kuo, Chien-Ju Yu
Date of appointment (Note 1)	Approved by the Board of Directors on May 26, 2023, to change the signing accountant starting from the second quarter of 2023.
Consultation provided for accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	None
Written opinions from succeeding CPAs with regard to matters with which the previous CPAs disagreed	None

(III) The previous CPAs' response to Article 10, Subparagraph 6, Item 1 and Item 2, Point 3 of the Regulations: None.

VII. The Chairman, President, and Financial or Chief Finance or Accounting Officer of the Company who had Worked for the Independent CPA or the Affiliate in the Past Year: None.

VIII. Equity Transfer or Changes to Equity Pledge of a Director, Supervisor, Managerial Personnel, or Shareholder with a Stake of More Than 10% During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report

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

Unit: Shares

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">2023</th><th colspan="2">Current year as of March 31</th></tr>
<tr><th>Increase (decrease) in shares held</th><th>Increase (decrease) in pledged shares</th><th>Increase (decrease) in shares held</th><th>Increase (decrease) in pledged shares</th></tr>
<tr><td>Chairman</td><td>Shi-Chung Chang</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Corporate Director and a major shareholder with more than 10% of the shares</td><td>Everspring Industry Co., Ltd.
Representative: Tse-Ling Chang</td><td>0
0</td><td>0
0</td><td>74,680
0</td><td>0
0</td></tr>
<tr><td>Corporate Director</td><td>Ta Ching Construction Co., Ltd.
Representative: Min-Lee Chuang</td><td>0
0</td><td>0
0</td><td>0
0</td><td>0
0</td></tr>
<tr><td>Corporate Director</td><td>World Trend Co., Ltd.
Representative: Tzu-Liang Huang</td><td>0
0</td><td>0
(720,000)</td><td>0
0</td><td>0
0</td></tr>
<tr><td>Independent director</td><td>Por-Hsiung Lai</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent director</td><td>Shui-Ming Chuang</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent director</td><td>Pei-Wei Chen</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">General Manager</td><td>Shun-Lang Chang</td><td>0</td><td>0</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Shi-Chung Chang</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Associate Vice President</td><td>Chieh-Liang Lin</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Associate Vice President</td><td>Chin-Yen Chen</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Associate Vice President</td><td>Ya-Ling Chiang</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Finance Manager</td><td>Feng-Hua Chen</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Accounting Manager</td><td>I-Ju Chen</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Note 1: Mr. Shun-Lang Chang, the General Manager, changed his position into Technology Consultant of the Company on July 1st, 2023. Relevant information is disclosed until the date of position change. To maintain company operations, the Chairman, Mr. Shi-Chung Chang, assumed the role of General Manager.

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

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

IX. Relationship Information, if among the Company's Ten Largest Shareholders any one is a Related Party or a Relative within the Second Degree of Kinship of another:

March 30, 2024

Name	Personal shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangement		The Company's ten largest shareholders, where among them any one is a related party as defined in Financial Accounting Standards Bulletin No.6., or a relative within the second degree of kinship of another		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name	Relationship	
Everspring Industry Co., Ltd. Representative: Tse-Ling Chang	14,168,060	10.18%	6,363,572	4.56%	0	0	Note 1	Note 1	
Tzu-Liang Huang	6,363,572	4.57%	0	0	0	0	Note 2	Note 2	
Ta Ching Construction Co., Ltd. Representative: Lung-Chang Chuang	4,371,763	3.14%	0	0	0	0	Note 3	Note 3	
A-Liang Chuang Huang	3,338,812	2.40%	0	0	0	0	Note 4	Note 4	
WorldTrend Co., Ltd. Representative: Tse-Ling Chang	2,427,760	1.74%	6,363,572	4.56%	0	0	Note 5	Note 5	
Shi-Chung Chang	1,802,064	1.29%	537,757	0.39%	0	0	Note 6	Note 6	
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, investment account under the custody of JPMorgan Chase Bank N.A. Taipei Branch	1,500,797	1.08%	0	0	0	0	None	None	
Vanguard Group's Vanguard Emerging Markets Stock Index Fund investment account under the custody of JPMorgan Chase Bank N.A. Taipei Branch	1,470,000	1.06%	0	0	0	0	None	None	
Chih-Yu Wu	1,301,031	0.93%	0	0	0	0	None	None	
HSBC Bank (Taiwan) Limited is entrusted to custody the investment portfolio of Morgan Stanley International Limited.	1,202,004	0.86%	0	0	0	0	None	None	

Note 1: Related parties of Everspring Industry Co., Ltd.: Shi-Chung Chang (relative within second degree of kinship of the Chairman) and WorldTrend Co., Ltd. (the Chairman is the same person).
Note 2: Related parties of Tzu-Liang Huang: Everspring Industry Co., Ltd. (relative within second degree of kinship of the Chairman) and WorldTrend Co., Ltd. (relative within second degree of kinship of the Chairman).
Note 3: Related parties of Ta Ching Construction Co., Ltd.: A-Liang Chuang Huang (relative within second degree of kinship of the Chairman).
Note 4: Related parties of A-Liang Chuang Huang: Ta Ching Construction Co., Ltd. (relative within second degree of kinship of the Chairman).
Note 5: Related parties of WorldTrend Co., Ltd.: Everspring Industry Co., Ltd. (the Chairman is the same person), WorldTrend Co., Ltd. (the Chairman is the same person), Shi-Chung Chang (relative within second degree of kinship of the Chairman).
Note 6: Related parties of Shi-Chung Chang: Everspring Industry Co., Ltd. (relative within second degree of kinship of the Chairman) and WorldTrend Co., Ltd. (relative within second degree of kinship of the Chairman).

X. The Number of Shares Held by the Company, the Company's Directors, Supervisors, Managerial Personnel, and the Number of Shares Invested in a Single Company which are Held by the Entities Directly or Indirectly Controlled by the Company, and the Consolidated Shareholding Percentage.

December 31, 2023; Unit: Thousand shares; %

Name of investee (Note 1)	Investment by the Company		Investments by directors, supervisors, managerial personnel and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
TBG Diagnostics Limited	112,616	51.76%	0	0	112,616	51.76%
TDL Holding Co.	975	100.00%	0	0	975	100.00%
Medigen Vaccine Biologics Corporation	62,358	18.98%	0	0	62,358	18.98%
Winston Medical Supply Co., Ltd.	10,906	59.22%	0	0	10,906	59.22%
Texas BioGene,Inc.	0	0	739	100.00%	739	100.00%
TBG Biotechnology Corp.	0	0	20,000	100.00%	20,000	100.00%
UMO International Co., Ltd.	0	0	1,000	100.00%	1,000	59.22%
Medigen Biotechnology Corp. (Xiamen)	Note 2	100.00%	0	0	Note 2	100.00%
Medigen Biotechnology Corp. (Beijing)	Note 2	100.00%	0	0	Note 2	100.00%
Shiny Lily Co., Ltd.	0	0	Note 2	100.00%	Note 2	59.22%
MVC BioPharma Ltd.	0	0	50	100.00%	50	18.98%
U-GEN BIOTECHNOLOGY INC.	4,363	2.36%	68,856	37.25	73,219	21.34%
Fu Yu Capital (Stock) Company	0	0	30,000	100.00%	30,000	18.98%
Cellxpert Biotechnology Corp.	0	0	Note 2	37.19%	Note 2	37.19%
Yingxin Investment Co., Ltd.	5	100.00%	0	0	5	100.00%

Note 1: The Company's long-term investment using the equity method.
Note 2: No issued shares as it is a limited company.

Chapter 4 Fundraising Conditions

I. Required Information for Capital and Shares

(I) Source of Capital

Unit: NTD/shares

Year/Month	Type of Shares	Issuing Price	Authorized Capital		Paid-Up Capital		Remarks		
			Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions paid with property other than cash	Others
2007/05	Ordinary shares	10	140,000,000	1,400,000,000	60,050,005	600,500,050	151,765,250 common shares and 348,234,750 special shares after the capital reduction	None	2007.05.21 Letter No. Jing-Shou-Shang No. 09601109880.
2007/10	Ordinary shares	10	140,000,000	1,400,000,000	64,050,005	640,500,050	Cash capital increase of NT$40,000,000	None	2007.10.02 Letter No. Jing-Shou-Shang No. 09601241470
2008/03	Ordinary shares	10	140,000,000	1,400,000,000	65,252,005	652,520,050	Conversion of employee warrants 12020000	None	2008.03.20 Letter No. Jing-Shou-Shang No. 09701067790.
2008/04	Ordinary shares	10	140,000,000	1,400,000,000	66,200,505	662,005,050	Conversion of employee warrants 9485000	None	2008.04.16 Letter No. Jing-Shou-Shang No. 09701091170.
2008/07	Ordinary shares	10	140,000,000	1,400,000,000	71,562,505	715,625,050	Cash capital increase of NT$45,000,000 Conversion of employee warrants 8620000	None	2008.07.25 Letter No. Jing-Shou-Shang No. 09701184740.
2009/01	Ordinary shares	10	140,000,000	1,400,000,000	71,627,505	716,275,050	Conversion of employee warrants 650000	None	2009.01.15 Letter No. Jing-Shou-Shang No. 09801009250.
2009/04	Ordinary shares	10	140,000,000	1,400,000,000	71,690,005	716,900,050	Conversion of employee warrants 625000	None	2009.04.16 Letter No. Jing-Shou-Shang No. 09801075460.
2009/09	Ordinary shares	10	140,000,000	1,400,000,000	71,752,005	717,520,050	Conversion of employee warrants 620000	None	2009.09.04 Letter No. Jing-Shou-Shang No. 09801185010.
2009/11	Ordinary shares	10	140,000,000	1,400,000,000	79,752,005	797,520,050	Cash capital increase of NT$80,000,000	None	2009.11.05 Letter No. Jing-Shou-Shang No. 09801257000.

Year/Month	Type of Shares	Issuing Price	Authorized Capital		Paid-Up Capital		Remarks		
			Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions paid with property other than cash	Others
2010/01	Ordinary shares	10	140,000,000	1,400,000,000	80,313,005	803,130,050	Conversion of employee warrants 5610000	None	2010.01.14 Letter No. Jing-Shou-Shang No. 09901007880.
2010/04	Ordinary shares	10	140,000,000	1,400,000,000	80,315,005	803,150,050	Conversion of employee warrants 20000	None	2010.04.02 Letter No. Jing-Shou-Shang No. 09901066560.
2010/09	Ordinary shares	10	140,000,000	1,400,000,000	81,090,380	810,903,800	Conversion of employee warrants 7753750	None	2010.09.13 Letter No. Jing-Shou-Shang No. 0993501597.
2010/11	Ordinary shares	10	140,000,000	1,400,000,000	96,090,380	960,903,800	Cash capital increase 150000000	None	2010.11.09 Letter No. Jing-Shou-Shang No. 09901248260.
2011/01	Ordinary shares	10	140,000,000	1,400,000,000	96,500,880	965,008,800	Conversion of employee warrants 4105000	None	2011.01.17 Letter No. Jing-Shou-Shang No. 10001003990.
2011/06	Ordinary shares	10	140,000,000	1,400,000,000	96,540,755	965,407,550	Conversion of employee warrants 398750	None	2011.06.20 Letter No. Jing-Shou-Shang No. 10001125250.
2011/11	Ordinary shares	10	140,000,000	1,400,000,000	96,800,505	968,005,050	Conversion of employee warrants 259750	None	2011.11.21 Letter No. Jing-Shou-Shang No. 1003502302.
2011/12	Ordinary shares	10	140,000,000	1,400,000,000	109,833,505	1,098,335,505	Cash capital increase of NT$13,033,000	None	2011.12.06 Letter No. Jing-Shou-Shang No. 10001275830.
2012/03	Ordinary shares	10	140,000,000	1,400,000,000	110,674,255	1,106,742,550	Conversion of employee warrants 840750	None	2012.03.15 Letter No. Jing-Shou-Shang No. 10101045810.
2012/06	Ordinary shares	10	140,000,000	1,400,000,000	128,674,255	1,286,742,550	Cash capital increase 180000000	None	2012.6.15 Letter No. Jing-Shou-Shang No. 10101109390.
2013/10	Ordinary shares	10	140,000,000	1,400,000,000	136,674,255	1,366,742,550	Cash capital increase 80000000	None	2013.10.18 Letter No. Jing-Shou-Shang No. 10201214530.
2014/02	Ordinary shares	10	140,000,000	1,400,000,000	138,674,255	1,386,742,550	Exchange of shares 20000000	None	2014.02.07 Letter No. Jing-Shou-Shang No. 10301016460.
2014/10	Ordinary shares	10	140,000,000	1,400,000,000	138,685,505	1,386,855,050	Conversion of employee warrants 112500	None	2014.10.20 Letter No. Jing-Shou-Shang No. 10301203560.
2020/02	Ordinary shares	10	250,000,000	2,500,000,000	138,985,505	1,389,855,050	300,000 shares in employees' right to new stock	None	2020.02.06 Letter No. Jing-Shou-Shang No. 10901011290.

Year/Month	Type of Shares	Issuing Price	Authorized Capital		Paid-Up Capital		Remarks		
			Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions paid with property other than cash	Others
2021/04	Ordinary shares	10	250,000,000	2,500,000,000	139,098,505	1,390,985,050	Conversion of employee warrants 113000	None	2021.04.14 Letter No. Jing-Shou-Shang No. 11001056590.
2021/09	Ordinary shares	10	250,000,000	2,500,000,000	139,257,505	1,392,575,050	Conversion of employee warrants 159000	None	2021.09.02 Letter No. Jing-Shou-Shang No. 11001147730.
2021/12	Ordinary shares	10	250,000,000	2,500,000,000	139,362,505	1,393,625,050	Conversion of employee warrants 105000	None	2021.09.02 Letter No. Jing-Shou-Shang No. 11001220050.
2022/04	Ordinary shares	10	250,000,000	2,500,000,000	139,372,505	1,393,725,050	Conversion of employee warrants 10000	None	2022.04.11 Letter No. Jing-Shou-Shang No. 11101055060.
2022/07	Ordinary shares	10	250,000,000	2,500,000,000	139,412,505	1,394,125,050	Conversion of employee warrants 40,000	None	2022.07.06 Letter No. Jing-Shou-Shang No.11101107020.
2022/08	Ordinary shares	10	250,000,000	2,500,000,000	139,446,255	1,394,462,550	Conversion of employee warrants 33,750	None	2022.08.29 Letter No. Jing-Shou-Shang No.11101165220.
2023/08	Ordinary shares	10	250,000,000	2,500,000,000	139,346,255	1,393,462,550	Cancellation of new issued restricted employee shares, 100,000 shares.	None	2023.08.01 Letter No. Jing-Shou-Shang No.11230131240。
2024/04	Ordinary shares	10	250,000,000	2,500,000,000	139,229,755	1,392,297,550	Cancellation of new issued restricted employee shares, 200,000 shares. Conversion of employee warrants 83,500	None	2024.04.03 Letter No. Jing-Shou-Shang No.11330051730。

Shares Type	Authorized Capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	139,229,755 shares	110,770,245 shares	250,000,000 shares	Shares of TPEx-listed company

(II) Shareholder Structure

March 30, 2024 / Unit: shares

Shareholder structure / Quantity	Government Agency	Financial Institution	Other Institutions	Individual Investors	Foreign Institutions and Foreigners	Total
No. of People	0	0	240	38,952	42	39,234
Number of Shares Held	0	0	21,834,862	110,280,750	7,114,143	139,229,755
Shareholding Percentage	0	0	15.68%	79.21%	5.11%	100.00%

(III) Shareholding Distribution Status

Ordinary shares
Par value of NT$10 per share

March 30, 2024

Shareholding Classification	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1 to 999	23,040	342,745	0.25%
1,000 to 5,000	13,014	25,767,015	18.51%
5,001 to 10,000	1,574	12,473,082	8.96%
10,001 to 15,000	516	6,630,496	4.76%
15,001 to 20,000	320	5,925,902	4.26%
20,001 to 30,000	272	6,979,371	5.01%
30,001 to 40,000	134	4,792,048	3.44%
40,001 to 50,000	90	4,091,808	2.94%
50,001 to 100,000	170	12,155,071	8.73%
100,001 to 200,000	59	8,195,908	5.89%
200,001 to 400,000	24	6,658,000	4.78%
400,001 to 600,000	7	3,494,768	2.51%
600,001 to 800,000	2	1,531,426	1.10%
800,001 to 1,000,000	0	0	0%
More than 1,000,001	12	40,192,115	28.86%
Total	39,234	139,229,755	100.00%

(IV) List of Main Shareholders

March 30, 2024

Shares / Name of the Main Shareholder	Number of Shares Held Number of Shares	Shareholding Ratio
Representative of Everspring Industry Co., Ltd.: Tse-Ling Chang	14,168,060	10.18%
Tzu-Liang Huang	6,363,572	4.57%
Representative of Ta Ching Construction Co., Ltd.: Lung-Chang Chuang	4,371,763	3.14%
A-Liang Chuang Huang	3,338,812	2.40%
Representative of WorldTrend Co., Ltd.: Tse-Ling Chang	2,427,760	1.74%
Shi-Chung Chang	1,802,064	1.29%

Name of the Main Shareholder \ Shares	Number of Shares Held Number of Shares	Shareholding Ratio
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, investment account under the custody of JPMorgan Chase Bank N.A. Taipei Branch	1,500,797	1.08%
Vanguard Group's Vanguard Emerging Markets Stock Index Fund investment account under the custody of JPMorgan Chase Bank N.A. Taipei Branch	1,470,000	1.06%
Chih-Yu Wu	1,301,031	0.93%
HSBC Bank (Taiwan) Limited is entrusted to custody the investment portfolio of Morgan Stanley International Limited.	1,202,004	0.86%

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

Unit: NTD

Item			2022	2023	Current year up to March 31, 2024 (Note 5)
Market price per share	Highest		60.90	62.40	43.80
	Lowest		28.50	30.30	37.40
	Average (Note 1)		47.78	45.75	41.13
Net value per share	Before distribution		15.73	11.43	N/A
	After distribution		15.73	11.43	N/A
Earnings per share	Weighted average number of shares (thousand shares)		139,126	139,346	N/A
	Earnings per share		(4.86)	(4.03)	N/A
Dividends per share	Cash dividends		0	0	N/A
	Stock dividends	Dividends from earnings	0	0	N/A
		Dividends from paid-in capital	0	0	N/A
	Cumulative undistributed dividends		0	0	N/A
Return on investment analysis	Price-earnings (P/E) ratio (Note 2)		N/A	N/A	N/A
	Price-dividend (P/D) ratio (Note 3)		0	0	N/A
	Cash dividend yield (Note 4)		0	0	N/A

Note 1: The average market price for each fiscal year is calculated based on trading value and volume in each fiscal year.
Note 2: Price-earnings (P/E) ratio = Average market price / Earnings per share.
Note 3: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.
Note 4: Cash dividend yield rate = Cash dividend per share / Average market price.
Note 5: Data on net asset value per share and earnings per share from the latest quarter that has been verified by CPAs up to the date of publication of the Annual Report shall be filled. The other fields shall include information from the current year up to the publication date of the Annual Report.

(VI) Company's Dividend Policy and Implementation

1. Dividend policy:

The Company's dividend policy is established in accordance with the Company Act and the Company's Articles of Incorporation to ensure the normal operations of the Company and protection of investors' rights and interests. According to Article 29 and Article 29-1 of the Company's Articles of Incorporation:

(1) The ratio of dividend distribution from distributable earnings available:

The total dividends distributed to shareholders shall not be lower than fifty percent of the earnings available for distribution in the current year, and cash dividends shall not be lower than ten percent of the total dividends.

(2) Cash dividends and stock dividends ratio:

As a principle, cash dividends shall not be lower than 10% of the total dividends distributed. If there are significant capital expenditures or business funding requirements, the Company may, with the approval of the shareholders' meeting, issue all dividends in stock dividends.

(3) Remuneration for employees, Directors, and Supervisors:
If the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration and no more than 2% shall be allocated as remuneration for Directors. However, an amount shall be set aside in advance to compensate for cumulative losses, if any. The remaining amount shall be distributed in accordance with the aforementioned ratio.

2. Implementation status:
On March 11, 2023, the Board of Directors passed a proposal stating that as Company had accumulated losses, it shall not distribute dividends this year, and the proposal is filed to the shareholders' meeting in the same year for resolution.

(VII) Effect of stock grants proposed in the latest shareholders' meeting on the Company's business performance and earnings per share: The shareholders' meeting this year decided not to distribute dividends.

(VIII) Employee bonus and remuneration for Directors and Supervisors:

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

If the Company has profit for the year, it shall allocate no less than 2% as remuneration for employees and no more than 2% as remuneration for Directors and Supervisors. However, an amount shall be set aside in advance to compensate for cumulative losses, if any. The remaining amount shall be distributed in accordance with the aforementioned ratio. The distribution of employee remuneration in stocks or cash in the preceding paragraph shall include employees of affiliated companies that satisfy certain criteria.

If the Company has earnings in the final accounts of the year, the earnings shall first be used to offset the deficits in previous years. 10% of the remaining balance shall be appropriated as legal reserve. However, this requirement does not apply if the legal reserve has reached the total capital amount. In addition, after the Company appropriated or reversed the special surplus reserve in accordance with its needs and regulatory requirements, the Board of Directors shall draft the proposal for dividend allocation for any remaining profit and submit it along with accumulated undistributed earnings to the shareholder's meeting for a resolution on the distribution of earnings.

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

The Company's estimated amount of bonuses for employees and remuneration for Directors and Supervisors is based the Company's internal evaluation of the business performance for the entire year, and the percentage of allocation is calculated based on the terms of the Articles of Incorporation. If there is a difference between the distributed and estimated amounts in the resolution of the shareholders' meeting in the following year, the difference shall be regarded as a change in accounting estimates to adjust the annual profit and loss of the year.

3. Remuneration proposals passed by the Board of Directors: The Company has cumulative losses and has not yet distributed earnings.

4. Discrepancies, if any, between actual distribution of remuneration for employee, directors, and supervisors (including the number of shares distributed, amount and stock price) and the recognized remuneration for employees, Directors, and Supervisors, and disclosure of the differences, reasons and responses: The Company did not have available earnings in 2023 for the distribution of employee bonus or remuneration for Directors and Supervisors.

(IX) Status of Company Share Buyback: None.

II. Corporate Bonds (Including Overseas Corporate Bonds) Situation: None.

III. Issuance of Preferred Stock: None.

IV. Issuance of Global Depositary Receipts (GDR): None.

V. Required Information for the Exercise of Employee Stock Option Plan (ESOP):

(I) Exercise of Employee Stock Option Plan (ESOP)

Exercise of Employee Stock Option Plan (ESOP) in 2021

Type of Employee Stock Option Plan (ESOP)	The first employee stock option warrants for 2018	The second employee stock option warrants for 2018
Effective Date of Filing and total number of units	2018/11/29	2018/11/29
Date of issuance (processing)	2018/12/12	2019/03/12

Number of units issued	1,410,000	90,000
Number of units still available for issuance	614,500	90,000
Units issued as a percentage of total shares issued	1.01	0.06
Subscription Period	From two years after the issuance date till six years after the issuance date for the holder of the warrant	
Performance Method	Issuance of new shares	
Time frame and ratio of restricted subscription (%)	Two years elapsed: Limited to 50% subscription Three years elapsed: Limited to 75% subscription Four years elapsed: 100% subscription	
Number of executed shares acquired	544,250 shares	0 shares
Value of executed stock options	NT$21,416,240	NT$0
Number of outstanding stock options	614,500 shares	90,000 shares
Cumulative invalidated subscription amount at the end of the period (shares)	251,250 shares	0
Subscription price per share for unexecuted stock options	NT$39.35 per share	NT$65.90 per share
Number of stock options executed to the total number of shares issued	0.44	0.06
Impact on shareholders' equity	The subscription plan motivates employees to provide long-term services and increase their sense of belonging to jointly create benefits for the Company and shareholders. It also improves stockholders' equity.	

(II) The names of the managers and the top ten employees who have acquired employee stock options, and the acquisition and subscription status of the stock options

March 30, 2024 / Unit: Thousand shares

	Title	Name	Number of stock options acquired	Number of stock options acquired to the total number of shares in issue	Executed				Outstanding			
					Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue	Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue
Managerial Personnel	General Manager	Shun-Lang Chang	660	0.47%	160	39.35	6,296	0.11%	500	39.35	19,675	0.36%
	Associate Vice President	Ya-Ling Chiang										
	Associate Vice President	Chin-Yen Chen										
	Associate Vice President	Chieh-Liang Lin										
	Manager	Feng-Hua Chen										
	Manager	I-Ju Chen										
Employees	Executive Assistant	Shih-Chang Kuan	470	0.34%	215	39.35	6,768	0.15%	255	39.35	10,034	0.18%
	Manager	Chih-Ya Yang										
	Manager	Wei-Ting Liu										
	Senior Project Manager	Shih-Wei Ou										
	Project Manager	Wan-Hsuan Lin										
	Researcher	Chun-Hsien Liu										
	Researcher	Wen-Yu Li										
	Researcher	Kuan-Jung Lin										
	Researcher	Chi-Fang Chang										

	Title	Name	Number of stock options acquired	Number of stock options acquired to the total number of shares in issue	Executed				Outstanding			
					Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue	Number of stock options	Share Subscription price	Amount of stock subscription	Number of stock options executed to the total number of shares in issue
	Researcher	Tzu-Feng Lin										

Note 1: Names and titles of managerial personnel and employees (those who left the Company or are deceased shall be indicated) should be disclosed, but the disclosure can be shown in aggregate acquisition and subscription.

VI. New Restricted Employee Shares:

(I) New Restricted Employee Shares

Type of New Restricted Employee Shares	New Restricted Employee Shares in 2019
Effective Date of Filing and total number of shares	July 31, 2019
Release Date	December 31, 2019
Number of new restricted employee shares distributed	300,000 shares
Number of new restricted employee shares still available for issuance	0 shares
Issuing Price	NT$0 (stock dividends)
Ratio of restricted employee shares issued to total shares issued	0.22%
New restricted employee shares and vesting conditions	1. After employees receive new shares from Restricted Employee Shares, they may receive shares in tranches if they remain employed at the Company and meet the Company's "business performance targets". The "business performance targets" described above refer to the attainment of the following conditions: Revenue from cell therapy business amounts to at least NT$120 million in a single fiscal year within five years after the issuance of the new restricted employee shares. 1/3 (i.e., 100,000 shares) of new restricted employee shares shall be distributed for the first attainment of the "business performance targets"; 1/3 (i.e., 100,000 shares) of new restricted employee shares shall be distributed for the second attainment of the "business performance targets"; 1/3 (i.e., 100,000 shares) of new restricted employee shares shall be distributed for the third attainment of the "business performance targets". 2. If an employee violates the terms of the employment contract or work rules after receiving the new restricted employee shares issued by the Company, the Company shall, without payment, recover and cancel the new restricted employee shares that were distributed but have not attained vesting conditions.
Restrictions on new restricted employee shares	Restricted rights of employees before reaching vesting conditions after the distribution of new shares (I) For the new restricted employee shares distributed to employees in accordance with these regulations, before the vesting conditions are met, all such shares shall be transferred to Taiwan Depository & Clearing

Type of New Restricted Employee Shares	New Restricted Employee Shares in 2019
Effective Date of Filing and total number of shares	July 31, 2019
Release Date	December 31, 2019
	Corporation for custody. Employees must also cooperate with all procedures and the signing of related documents. (II) After receiving new restricted employee shares and before meeting vesting conditions, employees may not sell, use as collateral, transfer, gift, pledge, or dispose the restricted employee shares in any way. (III) Before the vesting conditions of the new restricted employee shares distributed to employees in accordance with these regulations are met, other rights, including but not limited to dividends, bonuses, the allocation rights of capital surplus, the subscription rights of capital increase by cash, and voting rights, shall be the same as the Company's outstanding ordinary shares. (IV) After the issuance of new restricted employee shares, they should be transferred to Taiwan Depository & Clearing Corporation or an institution designated by the Company for custody. Prior to the attainment of the vesting conditions, the employee may not request the trustee to return the new restricted employee shares for any reason or in any way.
Custody of new restricted employee shares	Transfer to Taiwan Depository & Clearing Corporation for custody
Methods for processing employees' failure to meet vesting conditions after the distribution or subscription of new shares	1. General termination of employment (voluntary termination/retirement/severance/termination): Where the vesting conditions for the new restricted employee shares are not met, the vesting conditions shall be deemed as unmet as of the effective date of the termination of employment. The Company shall, without payment, recover and cancel the shares in accordance with laws. 2. Unpaid leave: If the Company approves an employee's application for unpaid leave, the rights and interests in the new restricted employee shares that have not met vesting conditions shall be restored on the date of reinstatement. 3. General death: Where the vesting conditions for the new restricted employee shares are not met, the vesting conditions shall be deemed as unmet as of the effective date of the death of the employee. The Company shall, without payment,

Type of New Restricted Employee Shares	New Restricted Employee Shares in 2019
Effective Date of Filing and total number of shares	July 31, 2019
Release Date	December 31, 2019
	recover and cancel the shares in accordance with laws. 4. Occupational accident: If an employee can no longer perform duties or is deceased due to an occupational accident, if the employee meets the vesting conditions during the year of the termination of employment or death, the employee shall be deemed as having met the vesting conditions for the current year. The employee's heir shall complete the necessary legal procedures and provide related certification documents, and may only apply for the inheritance of shares or interests with full compliance to the related regulations herein. However, where the vesting conditions for the new restricted employee shares are not met, the Company shall, without payment, recover and cancel the shares in accordance with laws. 5. Transfer: If an employee voluntarily requests a transfer to an affiliate or subsidiary, the new restricted employee shares shall be processed in accordance with 1. General termination of employment. However, if the employee is transferred to an affiliate or subsidiary of the Company due to the Company's business requirements, the new restricted employee shares distributed to the employee shall not be affected by the transfer.
Number of new restricted employee shares recovered or repurchased	300,000 shares
Number of new restricted employee shares released	0 shares
Number of new restricted employee shares not yet released	0 shares
Number of new restricted employee shares not yet released to the total number of shares issued	0%
Impact on shareholders' equity	As of the printing date of the annual report, all restricted employee stock options issued by the company have been fully repurchased and cancelled, completing the change in registration. This action has no significant impact on the existing shareholders of the company.

(II) Names of managerial personnel with vested restricted shares and the top ten employees in terms of vested units and vesting conditions

Unit: NTD thousands; number of shares: thousand shares

	Title (Note 1)	Name	Number of shares in employees' right to new stock obtained	Ratio of restricted employee shares issued to total shares obtained	Shares with restricted rights released				Shares with restricted rights not yet released			
					Number of shares released	Issuance Price	Issuance Amount	Number of shares released to the total number of shares in issue	Number of restricted shares not yet released Number of Shares	Issuance Price	Issuance Amount	Number of restricted shares not yet released to the total number of shares in issue
Managerial Personnel	General Manager	Shun-Lang Chang	200	0.14%	0	Stock dividends	0	0	Note 1	Note 1	Note 1	Note 1

Note 1: The restricted stock options that were not lifted due to the departure of the manager have been repurchased and cancelled as of April 15, 2024.

VII. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies: None.

VIII. Implementation of Capital Allocation Plan:

The Company has Completed Each Cash Capital Increase Plan.

Chapter 5 Business Overview

I. Business Activities

(I) Business activities

1. Business scope:

(1) Main contents of the Company's business

The scope specified in the Company's business registration certificate is as follows:

A.	IZ99990	Other business and commercial services.
B.	F401010	International Trade.
C.	F107070	Animal Use Drugs Wholesale Industry.
D.	F207070	Retail Sale of Veterinary Drugs.
E.	F108021	Wholesale of Drugs and Medicines.
F.	F208021	Retail Sale of Western Pharmaceuticals
G.	C802041	Manufacture of Drugs and Medicines.
H.	C802990	Chemical manufacturing industry.
I.	F107990	Wholesale of other chemical products.
J.	F108031	Wholesale of Medical Devices.
K.	F207990	Retail of other chemical products.
L.	F208031	Retail Sale of Medical Equipment.
M.	JE01010	Leasing industry.
N.	IC01010	Pharmaceutical testing industry.
O.	IG01010	Biotechnology Services.
P.	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Revenue breakdown of major products (services)

Unit: NTD thousands

	2022		2023	
Consolidated revenue:	Amount	Percentage	Amount	Percentage
Molecular diagnostics	83,788	7.93	56,435	4.87
Services for test and cell therapy	600	0.06	2,954	0.26
Generic drugs	375,274	35.54	376,413	32.52
Cosmeceutical products	231,243	21.90	332,661	28.73
Development of new drugs and vaccines	365,042	34.57	389,257	33.62
Net revenue	1,055,947	100.00	1,157,720	100.00

(3) Current product/service lineup:

The products that have been successfully developed by the Company and subsidiaries are as follows:

A. The subsidiary TBG Biotechnology Corp.'s Human Leukocyte Antigen (HLA) genotyping kits, COVID-19 test kits, other test kits, related instruments and equipment, and test services.
B. The subsidiary Winston Medical Supply Co., Ltd.'s generic drugs for ophthalmology.
C. The subsidiary UMO International Co., Ltd.'s cosmeceutical products.
D. Outsourced production or research services for the Company's Magicell-NK natural killer cells.
E. Enterovirus vaccine and influenza vaccine produced by the subsidiary Medigen Vaccine Biologics Corporation.

(4) New products (services) under development

The new products or services currently developed or planned for development by the Company and subsidiaries

A. Immunocyte and stem cell therapy and related products.
B. New cancer drugs PI-88 and OBP-301.
C. Hematological tumor and infectious disease test kits.
D. New influenza and enterovirus vaccines.
E. Patented generic drugs.
F. Biosimilar drugs.

2. Industry overview:

(1) Status and development of the biotechnology industry

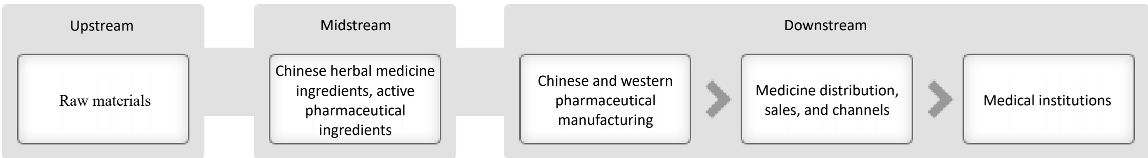
The biotechnology industry is a knowledge-intensive and innovative industry that supports the sustainable development of the economy and the environment. As such, all countries have prioritized the biotechnology industry, and Taiwan also listed biotechnology as a key development project. In the past few years, Taiwan has enacted several laws and systems to promote the biotechnology industry. Taiwan uses its advantages of medical technologies and ICT technologies to support the development of innovative biotechnology and medical products (e.g., regenerative medicine, precision medicine, and digital medicine) to focus on both R&D and manufacturing. The government also actively encourages capital investment and increases incentives for talent retention to make the biotechnology industry a main part of Taiwan's economic transformation.

As Taiwan's biotechnology firms continue to expand into international markets, they are driving an increase in the country's biotechnology exports, further expanding the scale of Taiwan's biotechnology industry. In 2022, the revenue of Taiwan's biotechnology industry reached NT$700.9 billion, with private biotechnology investment totaling NT$56.029 billion. There are already 131 biotechnology companies listed on the stock exchange, with a total market capitalization exceeding NT$1.25 trillion. With ongoing government policy support and private sector investment, Taiwan has created a favorable environment for the development of the biotechnology industry.

(2) Upstream, midstream, and downstream relations in the biotechnology industry

The scope of the biotechnology industry in Taiwan includes the pharmaceutical industry, medical equipment industry, and regenerative medicine. The pharmaceutical industry consists mainly of pharmaceutical products, including Western medicine, biologics, Chinese traditional medicine, and active pharmaceutical ingredients. The medical device industry can be categorized by functions and purposes into diagnostic and monitoring medical materials, in vitro diagnostic medical materials, and prevention and health promotion equipment. The regenerative medicine industry includes cell preservation and treatment, tissue engineering, and materials for promoting tissue regeneration and repairs. Cell therapy accounts for the largest proportion of the output of regenerative medicine in Taiwan. It is followed by regenerative medical materials related to tissue engineering.

The upstream sections of the pharmaceutical industry supply chain consist of suppliers of APIs. The midstream sections consist of suppliers of APIs, and downstream are suppliers of medicine, and pharmaceutical product agents and distributors.



Source of data: Industry Value Chain Information Platform

<u>Upstream:</u>

The upstream sections of the pharmaceutical industry chain engage in the manufacturing of APIs and new drug development. Western pharmaceutical APIs include chemicals, natural plant and animal extracts, microbial strains, fermentation and genetically engineered tissues or cells, and cell fusion-related proteins. Chemicals account for the largest proportion of APIs.

Biotech companies have actively invested in new drug development in the past few years. It takes approximately 12 to 15 years and NTD tens of billions from the R&D of new drugs to launch in the market. Therefore, the industry has developed a division of labor and market launch model with separate phases of research and development. The processes mainly include pre-clinical trial (new drug discovery and exploration, value validation, and animal tests for product development), Phase I, Phase II, Phase III, new drug marketing authorization application, and mass production. After the technology and patents in each stage of development are validated, they can be monetized through capital raising processes and out-licensing for royalties.

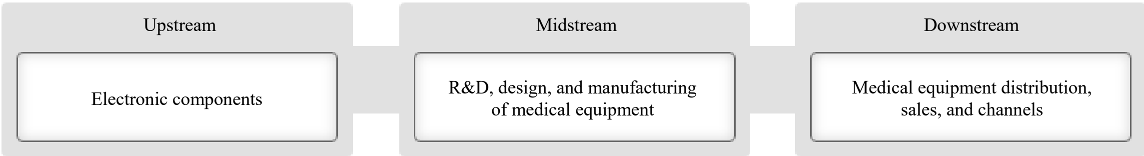
<u>Midstream:</u>

The midstream sections of the pharmaceutical industry chain consist of the API industry and Chinese herbal medicine processing industry. APIs produced in Taiwan are mostly provided for exports. In order to maintain the quality of APIs amid recent drug safety crises, the Food and Drug Administration requires all pharmaceutical products to use GMP-certified APIs and complete source registration to enhance quality management.

Downstream:

The downstream sections of the pharmaceutical industry chain consist of manufacturers of pharmaceutical products and drug distribution channels. Domestic drug producers mainly produce generic drugs. In terms of the sales market, with the exception of a few companies that accept OEM purchase orders from international drug companies, the sources of revenue consist mainly of sales in the domestic market.

Medical device industry consists of instruments, devices, machines, materials, implants, in vitro test kits, or other objects used for diagnosis, prevention, monitoring, mitigation, and treatment of diseases. The upstream sections of the medical device industry include suppliers of materials and parts. The midstream sections include manufacturers. The downstream sections include agents and distributors.



Source of data: Industry Value Chain Information Platform

Upstream:

The scope of the upstream suppliers of the medical device industry encompasses many industries including IC, electronic components, sensors, biological materials, textile materials, and plastic/rubber materials. Taiwanese companies have established close ties with Western companies in the medical device components. At present, in addition to strengthening technological research and development, Taiwanese companies have increased their competitiveness through collaboration with foreign companies and the adoption of new technologies.

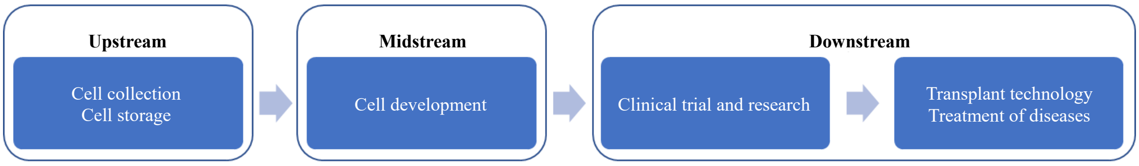
Midstream:

The scope of the midstream suppliers of the medical device industry also encompasses many industries. In terms of applications, they include detection and monitoring equipment, optic medical equipment (e.g., contact lenses), medical consumables (e.g., catheters), special medical equipment (e.g., aortic stents), dental and orthopedic medical devices, human implants (e.g., artificial bones), hygiene products, and fitness equipment.

Downstream:

Downstream industries include professional agents and channel operators and targets of sales include hospitals, clinics, and pharmacies.

The regenerative medicine industry can be divided into three major sectors that include cell therapy, gene therapy, and tissue engineering. The upstream companies of the regenerative medicine industry are responsible for cell collection and retention; the midstream companies are responsible for the development of cell products; and downstream companies are responsible for clinical trials, transplant technologies, and treatment of diseases.



Source of data: Industry Value Chain Information Platform

Upstream:

The upstream suppliers of the regenerative medicine industry include cell collection and preservation companies that collect and store immune cells, cancer tissue, newborn cord blood, umbilical cords, fertilized eggs, bone marrow, placenta, and other substances.

Midstream:

The midstream companies of the regenerative medicine industry include companies that develop immunocytes, hematopoietic stem cells, embryonic stem cells, umbilical cord mesenchymal stem cells, and tooth stem cells. Their operations include the establishment of databases and mechanisms for searching and matching, process and management for the transportation of frozen samples, establishment of cellular transplantation and infusion, and quality identification of cells.

Downstream:

The downstream companies of the regenerative medicine industry are responsible for cell applications and treatments. Companies that specialize in cell therapy can be roughly classified as stem cell or immunocyte companies based on the type of cells they develop. Stem cells are now mainly used to repair damaged tissues such as myocardial regeneration in myocardial infarction. Immunocyte are mainly used for cancer treatment.

(3) Overview of the macroeconomic environment and trends in the biotechnology industry

The COVID-19 pandemic has accelerated the technological research and development and cross-disciplinary integration in the biopharmaceutical industry, promoting the development of nucleic acid vaccines and their production technologies. This has increased the demand for advanced biomanufacturing. The introduction of digital technologies such as artificial intelligence, big data analytics, and the Internet of Things (IoT) has facilitated the development and application of epidemic prevention technology, precision medicine, digital healthcare, and aging technology. With the changing landscape of the COVID-19 pandemic, there will be a greater emphasis on technology-driven epidemic prevention and contactless solutions in the post-pandemic era. This has accelerated the development of virtual services and remote technologies, making telemedicine, automated production, and smart health management the new focus of industry development. In addition, changes in the population structure, increase in medical expenditures, inflation, and global shortage of labor and materials will expand medical policies from disease diagnosis to prevention, monitoring, and health promotion. Medical technologies will also become more precise, personalized, and value-oriented in the form of "precision health".

(4) Biotech product trends and competition

A. Cancer drugs retain the highest market potential

According to statistics compiled by IQVIA, the global pharmaceutical market in 2021 amounted to US$1.42 trillion. The top three categories of drugs used for treatments are cancer drugs, immunosuppressants, and hypoglycemic drugs. Cancer drugs will grow at a compound annual growth rate of 9% to 12% and the market size is expected to reach US$306 billion by 2026.

B. Regenerative medicine becomes main driver of growth for the biotechnology industry

According to research statistics from GlobalData, the global regenerative medicine market is projected to exceed $22 billion by 2027. Among them, the market size of cell therapy is the largest, reaching $10.8 billion, followed by gene-modified cell therapy with a market size of $6.5 billion. Additionally, the market size of gene therapy also reaches $5 billion. In Taiwan, the Ministry of Health and Welfare promulgated the amendment of " Regulations Governing the Application of Specific Medical Examination Technique and Medical Device" in September 2018. Since then, 6 cell therapy technologies have been approved and most of them were used for cancer treatment. In addition, the Executive Yuan has proposed the "Regulation on the Administration of Regenerative Medicine" and the "Regulation on the Administration of Regenerative Medicine and Technology", which will open up the conditions for medical institutions to perform regenerative technology and shorten the time of drug marketing, which is expected to accelerate the development of the regenerative medicine industry.

C. Product trends

The advent of the aging society has resulted in a significant increase in the demand for drugs for cardiovascular diseases, the central nervous system, and the elderly. The impacts of the increasing density of the urban population and environmental pollution have made drugs that treat infections, asthma, allergies, and cancer more critical for future development.

D. Drug price trends

As governments seek to reduce growing medical expenditures in recent years, they have established direct and indirect measures to control the prices and created pressure on keeping lower the price in the pharmaceutical industry. Pricing measures have become a critical factor in market competition. However, the government tends to approve higher prices for new drugs to encourage domestic research and development.

E. International trends

The major problem of Taiwan's pharmaceutical industry is the high number of companies, which are concentrated in the domestic market, and their vicious competition. Expanding into international markets is an important direction to solve the current predicament and future market development.

(5) Competition in the industry

In Taiwan, the pharmaceutical industry is primarily focused on Western medicine formulations, with generic drugs being the largest category and a major source of revenue. In 2021, the revenue reached NT$961.17 billion, representing a growth of 4.83% compared to the previous year. The revenue mainly comes from generic drugs and raw materials, with domestic supply being the focus for generic drugs and export-oriented products for raw materials. Revenue from biopharmaceuticals has gradually increased due to sales of vaccines and new drugs, as well as licensing income. The increase in biopharmaceutical revenue is also attributed to domestically produced COVID-19 vaccines obtaining emergency use authorization and supplying the domestic market. New drug development has attracted numerous companies under policy guidance, and as of May 2022, 12 new drugs have been launched overseas, including small molecule drugs, biologics, and plant-based drugs, with sales and licensing fees totaling over NT$4 billion.

In 2022, Taiwan's medical device industry recorded a revenue of NT$193.9 billion. Due to the overall economic environment, inflation, and global inventory issues affecting the fitness equipment sector, the overall revenue decreased by 17.9% compared to the previous year. While manufacturers of in vitro diagnostic products benefited from the demand for virus testing, the export of molecular diagnostic products began to decline as the pandemic subsided, prompting a return to strategies focusing on testing tumor genetic mutations to target the large cancer gene testing market.

3. Overview of technology and R&D:

(1) Technology level of the business operated

The Company and its subsidiaries, including TBG Biotechnology Corp. and Winston Medical Supply Co., Ltd. specialize in new drug development, cell therapy, molecular diagnostic, and generic drugs. They have developed their core technologies as below:

A. New drug development technologies

(A) New drug development screening and case evaluation capabilities

(B) New drug development planning and case integration capabilities

(C) Domestic and foreign technical cooperation capabilities

(D) Capabilities for designing all phases of clinical trials

(E) Capabilities for conducting all phases of clinical trials by regulations of the US FDA and the MOHW in Taiwan

(F) Capabilities for monitoring clinical trials in accordance with GCP and trial protocols

B. Cell therapy technologies

(A) NK natural killer cells technology

(B) Immunocyte and stem cell cultivation
(C) Gene transfer technology
(D) Gene cloning technology
(E) Cell storage technology

C. Molecular diagnostic technologies
(A) PCR and real-time quantitative PCR primer and probe sequence design
(B) PCR, real-time quantitative PCR, and multiplex PCR reaction system design and optimization
(C) Nucleic acid sequencing reaction system design and optimization
(D) Next-generation sequencing sample biobank preparation and expanded reaction system design and optimization
(E) Standard operating procedures for nucleic acid reagent production and quality control
(F) Magnetic beads and reagent system for nucleic acid extraction
(G) International regulatory certification of test reagents
(H) Design and optimization of automation equipment

E. Specialty generic drugs technologies
(A) Full-dose ophthalmic drug development capabilities
(B) Hormonal drug production and development capabilities
(C) Compliance with international standards for PIC/S GMP manufacturing and GDP shipping

(2) Research and Development
A. Research and development of drugs
(A) New liver cancer drug PI-88
PI-88 consists of a mixture of highly sulfated monophosphorylated mannose oligosaccharides which can antagonize angiogenic growth factors and block heparanase from cracking heparan sulfates in the extracellular matrix, thereby inhibiting angiogenesis and tumor metastasis. A phase III clinical trial has been completed at 20 hospitals in Taiwan and Korea. The Company has completed follow-up data collection and analysis and granted an exclusive license for global development and commercialization (excluding Taiwan) to Cellxpert Biotechnology Co., Ltd. (formerly known as Beijing Medigen Cell Technology Corp.) in December 2019. Cellxpert is responsible for fundraising and taking charge of subsequent research and development.

(B) OBP-301 oncolytic virus drug
OBP-301 is a brand-new high-tech product created with genetically modified human adenovirus type 5. It can target specific infected cancer cells, replicate in cancer cells, and ultimately dissolve and destroy cancer cells. The Company has co-developed the cancer drug "OBP-301" with Oncolys BioPharma, a listed company in Japan, since March 2008. In Japan, the top-line data results of the Phase II clinical trial for esophageal cancer have been announced in October 2023. The primary efficacy endpoint, the "local

complete response rate" (L-CR), exceeded the threshold set in the clinical trial protocol, demonstrating the effectiveness of OBP-301 for locally advanced esophageal cancer. Additionally, in the United States, a Phase I clinical trial for esophageal cancer is being conducted under physician-led and combined with radiotherapy treatment. Furthermore, a Phase II clinical trial for gastric cancer and gastroesophageal junction cancer combined with ICI (immune checkpoint inhibitors) therapy is being jointly conducted with Weill Cornell Medicine and Merck & Co., Inc.

(C) Cell therapy

Cell therapy has become one of the main drivers for the biotechnology industry in recent years. To adapt to the changes in the industry and to leverage the expertise of the existing research team, the Company has gradually shifted the focus of research to cell therapy.

a. Magicell-NK

Natural killer cells (NK cells) are one of the main immune cells against foreign pathogens and cells with cancerous mutations in the body. The Company has developed a unique technology to expand and activated autologous NK cells with high activity and purity without genetic modification and not using any cancer cells as feeder cells. As of December 29, 2023, a total of 9 medical institutions nationwide have been granted approval to use our company's NK cell therapy. The ongoing Phase I clinical trial of autologous NK cells (Magicell-NK) has enrolled 8 participants. Additionally, in February 2024, an application was submitted to the Taiwan Food and Drug Administration (TFDA) for a Phase I/II clinical trial of allogeneic natural killer cells (Magicell-NK).

b. Gamma-Delta T cell

Gamma-Delta T cell, also known as γδT or GDT cell, is a sub-group of T cells that participate in many immune responses and play a role in immune regulation, such as inflammation. They can directly identify and kill cancer cells. At the end of 2019, the Company signed a cooperation agreement for γδT cells with Medinet Co. Ltd., a listed company in Japan. Currently, 7 hospitals have been approved to use our company's γδT cell therapy.

B. Molecular diagnostics products

(A) HLA typing kits

Human leukocyte antigen (HLA) is the most diverse gene in the human. Its main role in the body is immunity. HLA typing kits can be used for pre-transplantation matching, post-transplantation follow-up, establishment of bone marrow and cord blood databases, diagnosis of autoimmune diseases, and screening for specific adverse drug reactions. Due to its close association with the functions and performance of the immune system, it can also be used in cancer therapy and evaluating the effectiveness of vaccines. The Company's investee TBG Biotechnology Corp. has successfully commercialized the HLA typing kits, which are sold to hospitals, bone marrow banks, or cord blood banks. It also set up an HLA molecular typing laboratory in Xizhi to provide testing and typing services for cord blood banks, stem cell banks, and hospitals.

(B) Infectious diseases

Infectious diseases are caused by the invasion of pathogenic microorganisms invading the body such as bacteria, viruses, parasites, or fungi, and may be transmitted from human-to-human. The symptoms caused by different microorganisms may appear similar, but the treatment methods can be vastly different. We must therefore use test kits to identify the pathogenic microorganism the patient is exposed to, and find a direct treatment for the patient. In terms of national security, they can also help public health agencies monitor the spread of infectious diseases and adopt the necessary health policies.

(C) Oncology

Two main types of nucleic acid tests are used in oncology. One is used to identify genes in healthy individuals or patients to determine if they are susceptible to cancer. The other is used to determine the genotype of cancer cells in patients who have already developed cancer, and check whether they are suitable for treatment with specific drugs or determine the prognosis of cancer. To support the NK cell therapy developed by the Company, we worked with TBG Biotechnology Corp. to develop test kits for biomarkers related to NK cell reproduction and cytotoxicity. We are currently developing genotyping kits and point mutation test kits for NK cell surface protein receptors such as killer-cell immunoglobulin-like receptor (KIR) and other biomarkers. Currently, the development of KIR genotyping kit has been completed and is available for academia or biotechnology companies to conduct research on the effectiveness of in vitro culture in NK cell therapy as well as prognosis applications.

C. Specialty generic drugs

The Company's investee Winston Medical Supply Co., Ltd. (hereinafter as “Winston”) targeted the development of patented generic drugs to seek higher profits. The strategy is to increase the added value of drugs and focus mainly on ophthalmology drugs. For the domestic market, Winston actively works on changing certain prescription drugs to non-prescription drugs, increasing the retail price of products, and expanding consumer groups. Winston also developed the first artificial tear oil formulation in Taiwan, which can meet the treatment needs of patients with oil-deficient dry eye syndrome After upgrading production standards to the PIC/S GMP, Winston has created business opportunities for commissioned production. Winston also expands into the Southeast Asian market through distributors, agents, and other partners. Furthermore, with the ability to improve formulations, Winston has successfully entered the Japanese medical beauty market with hair growth products.

(3) Research and development staff and their academic experience

Unit: person

Education	2022	2023
PhD	11	9
Master's degree	54	31

Bachelor's degree and junior college	19	8
Total number of people	84	48
Average length of service (years)	5.41	5.95

(4) Total research and development expenses for the last two years

Unit: NTD thousands

Item	2022	2023
Research expenses	1,330,997	1,336,337
Total operating revenue	1,055,947	1,157,720
Research expenses as a percentage of operating revenue	126.05%	115.43%

(5) Successfully developed technologies or products in the most recent year, up to the printing of the Annual Report

Year	Research results	
2020	Megestrol Acetate Oral Suspension	Approval by Thailand FDA in January for improving symptoms of anorexia in cancer patients and significant weight loss due to cachexia. Approval by Myanmar FDBA in September.
	Magicell-NK cell therapy	Cell therapy project with E-Da Cancer Hospital approved in February. Cell therapy project with Shin Kong Hospital approved in April. Cell therapy project with Hualien Tzu-Chi Hospital approved in August. Cell therapy project with Chi Mei Hospital Liouying approved in September . Cell therapy project with En Chu Kong Hospital and Central Clinic & Hospital approved in October.
	Magicell-GDT cell therapy	Application filed for the first GDT cell therapy project with Shin Kong Hospital in November.
	OBP-301 oncolytic virus drug	First patient is enrolled for the phase II clinical trial to treat gastric cancer with radiotherapy in Japan in March 2020. Completed phase I clinical trials for treating liver cancer in Taiwan and Korea in July.
	COVID-19 virus test kit	The COVID-19 antibody test kit developed independently obtained EU CE Mark in March. The COVID-19 nucleic acid kit developed independently obtained EUA from USFDA in June. The COVID-19 antibody test kit developed independently obtained EUA from USFDA in June.
2021	Megestrol Acetate Oral Suspension	Approval by Malaysia NPRA in March.

Year	Research results	
	Magicell-NK cell therapy	Approval with Jen-Ai Hospital Dali Branch in March. Approval with Changhua Christian Hospital and Shin Kong Hospital in April. Approval with En Chu Kong Hospital in May. Approval with Central Clinic & Hospital in June. Approval with Taipei Medical University Hospital in July. Received TFDA approval for phase I clinical trials in August.
	OBP-301 oncolytic virus drug	First patient is enrolled for the phase II clinical trials for head and neck cancer in the United States in May. Registered first patient for the phase I clinical trials for gastric cancer in the United States in December.
2022	Magicell-NK cell therapy	Registered first test subject for the phase I clinical trials in Taiwan in March. Cell therapy project with Wanfang Hospital approved in April. Cell therapy project with Taichung Tzu-Chi Hospital approved in September.
	OBP-301 oncolytic virus drug	The phase II trial for esophageal cancer conducted in Japan was completed in December.
2023	Magicell-NK cell therapy	Cell therapy project in collaboration with Mackay Memorial Hospital was approved in May. Cell therapy project in collaboration with Chang Bing Show Chwan Memorial Hospital and Show Chwan Memorial Hospital was approved in December.
	Magicell-GDT cell therapy	Cell therapy project in collaboration with Shin Kong Wu Ho-Su Memorial Hospital was approved in February. Cell therapy project in collaboration with Show Chwan Memorial Hospital was approved in September. Cell therapy project in collaboration with Chang Bing Show Chwan Memorial Hospital was approved in October. Cell therapy project in collaboration with Hualien Tzu Chi Hospital was approved in December.
	OBP-301 oncolytic virus drug	The Phase I clinical trial for esophageal cancer conducted in the United States entered the second stage expansion cohort in August. The Phase II clinical trial for esophageal cancer conducted in Japan completed top-line data analysis in October.
2024	Magicell-NK cell therapy	In February, an application was submitted to TFDA in Taiwan for the Phase I/II clinical trial of allogeneic natural killer (NK) cell therapy. In March, the new version of the cell therapy project, in collaboration with Changhua Christian Hospital and Chi Mei Medical Center in Liuying, received approval.
	Magicell-GDT cell therapy	Cell therapy project in collaboration with Taichung Tzu Chi Hospital received approval in January. Cell therapy project in collaboration with Changhua Christian Hospital received approval in February. Cell therapy project in collaboration with Chi Mei Medical Center in Liuying received approval in March.

4. Long and short-term business development plans:

(1) Short-term business development plans:

A. Assist licensed partners in commencing clinical trials of PI-88 in Mainland China.

B. Assist Oncolys in developing OBP-301 and obtaining approval in Japan.

C. Increase the number of partner institutions for cell therapy projects in Taiwan.

D. Seek strategic alliance partners or M&A opportunities for joint development of molecular diagnostics.

E. Launch generic drugs and ophthalmic medical materials in the Overseas market.

(2) Long-term business development plans:

A. Gradually attain profitability with licensed new drugs and seek licensing opportunities for other new drug development.

B. Expand the operations and revenue of cell therapy and conduct cell therapy clinical trials.

C. Develop a full range of advanced nucleic acid test kits and market them worldwide.

D. Independently develop test instruments and use the nucleic acid test kits to create business synergy and entry barriers for competitors, and thus reap high profits and achieve stable growth.

E. Develop test kits for infectious diseases and cancer genomic profiling.

F. Expand overseas markets, particularly the generic drugs market in Southeast Asia.

II. Market and Production Overview

1. Market analysis

(1) Main product sales regions

Unit: NTD thousands

Year / Item	2022		2023	
	Amount	Percentage	Amount	Percentage
Revenue from export sales	50,560	4.79%	23,856	2.06%
Revenue from domestic sales	1,005,387	95.21%	1,133,864	97.94%
Total	1,055,947	100.00%	1,157,720	100.00%

(2) Market share

The Company's HLA typing kits have obtained certification in Taiwan, the United States, and the European Union and received NMPA registration in China. The products are mainly exported to 26 countries or regions in Europe, the Americas, and Asia including the United States, China, Canada, Italy, Singapore, and the United Arab Emirates. The distribution channels of the subsidiary Winston Medical Supply Co., Ltd. consist mainly of pharmacies, hospitals, and clinics in Taiwan. The net operating revenues of Winston Medical Supply Co., Ltd in 2023 amounted to NT$376,413 thousand, accounting for 0.39% of the NT$96.1 billion in operating revenues of the pharmaceutical industry in Taiwan. According to the number of ophthalmic institutions announced by the Health Insurance Agency, the exclusive ophthalmic drugs produced by the Company have achieved 100% market coverage in hospitals and 99.7% market coverage in clinics.

(3) Future market supply and demand and future growth

According to statistics from IQVIA, excluding expenses related to COVID-19 vaccines and therapies, the global pharmaceutical market was approximately $1.48 trillion in 2022, showing a growth of about 4.2% compared to the previous year. It is predicted to grow at a compound annual growth rate of 3-6% over the next five years, reaching a market size of $1.9 to $1.93 trillion by 2027.

<u>Biopharmaceutical market</u>

As technologies improve, the development of biopharmaceuticals has become more diverse. Products include recombinant protein drugs, monoclonal antibodies, immunotherapy antibodies, CAR-T cells that use genetically modified cells, and mRNA drugs developed with mRNA technology in the creation of COVID-19 vaccines. According to IQVIA's study, the global biopharmaceutical market totaled US$431 billion in 2022 and is expected to reach US$666 billion by 2027 with a compound annual growth rate of approximately 7.5% to 10.5%. Its growth is projected to be higher than that of the global pharmaceutical market and will make up 35% of the global pharmaceutical market.

Regenerative medicine market

In 2022, the number of companies engaged in the development of regenerative medical products globally reached 1,457, an increase from the previous year's 1,308. The U.S. FDA approved 28 regenerative medical products for market launch, 11 of which also received approval from the European Medicines Agency (EMA). These include 6 gene therapy products, 4 CAR-T products, and 1 cell therapy product. The number of cases entering clinical trials reached 2,200, with the highest number in Phase II trials at 1,184, followed by 834 in Phase I trials and 202 in Phase III trials. To meet the manufacturing demand for regenerative medicine, many contract development and manufacturing organizations (CDMOs) specializing in biopharmaceuticals have also entered the field. According to GlobalData's research, the global regenerative medicine market is projected to exceed $22 billion by 2027, with cell therapy accounting for the largest market share, reaching $10.8 billion.

Generic drugs market

Global inflation and rising interest rates have led to an increase in the cost of generic drugs, accelerating the restructuring and mergers of generic drug manufacturers. Additionally, with the aging population and the continued rise in chronic diseases, countries are seeking to curb healthcare expenditure growth by encouraging the use of generic drugs, thereby expanding the market for such drugs. According to a report by Research And Markets, the global generic drugs market is expected to grow from $361.7 billion in 2022, with a compound annual growth rate of 8.3%, to reach $682.9 billion by 2030, with the United States and mainland China being the primary markets for generic drugs.

In vitro diagnostics markets

According to data from Value Market Research, the global in-vitro diagnostics market demand is expected to increase from $229.06 billion in 2022 to $258.03 billion by 2030, with a compound annual growth rate of 1.5%. The growth of the market can be attributed to the increasing demand for home testing and laboratory testing. Due to the global development of precision medicine, many companies in Taiwan have commenced the development of test kits for precision medicine. According to the Precision Treatment Development and Trends 2022 jointly published by PwC Taiwan and the Development Center for Biotechnology, the precision diagnostics market in Taiwan grew about 58% in the last five years and is projected to reach NT$3.66 billion by 2025.

Cosmetics and skin care market

According to Euromonitor estimates, the cosmetics and skincare market is expected to reach US$729.7 billion by 2026. The increase the quality of cosmetics products and meet international standards, Taiwan became an official member of the International Cooperation on Cosmetics Regulation (ICCR) in December 2021 and gradually implemented GMP compliance regulations for cosmetics production plants to meet international standards. As of the end of March 2024, 62 companies have passed and retained the validity of voluntary

GMP certification for cosmetics. Companies in Taiwan also form strategic alliances to expand in international markets, strengthen cooperation between industry, academia, and research institutions for the development of new materials, and use innovative business models to attract domestic consumers and compete with foreign brands.

(4) Competitive niche

A. International cooperation experience

The Company has extensive international cooperation experience. For instance, the Company worked with Progen in Australia to develop PI-88 in 1999. We successfully completed the phase II clinical trials for liver cancer in Taiwan and led the phase III clinical trials in Taiwan, Korea, China, and Hong Kong. In 2008, we worked with Oncolys, a listed company in Japan, to jointly develop the oncolytic virus drug OBP-301. We succeeded in convincing regulatory agencies which had reservations regarding genomic therapy to approve clinical trials. In 2019, the Company obtained the exclusive license in Taiwan for GDT immune cells from MEDINET, a Japanese listed company, and submitted the first application to TFDA for the GDT cell therapy project in the following year. In 2024, the Company collaborated with the Indian company NKure to promote Magicell-NK in India. All the above experiences demonstrated the Company's ability to perform clinical development through multinational collaboration.

B. Expertise in developing molecular diagnostic reagents

As HLA reagents have a higher threshold for development, they are currently developed by European and American companies. The Company's HLA reagent was developed in 2007 and has been certified in many countries, including Taiwan, United States, EU, and the NMPA in China. It is the first successful case of HLA reagent development in Asia. Despite the onslaught of the COVID-19 pandemic in early 2020, the Company continued to rapidly and successfully develop a series of COVID-19 test products despite the shortage of materials and other difficulties, and obtained the EU CE certification, EUA in the United States, and certification in Taiwan. These achievements demonstrate the Company's professional capabilities for developing molecular diagnostics reagents.

C. Insights on trends for effective business development

The Company has a diverse, professional, and experienced management and R&D team that tracks and analyzes technical and industrial trends, quickly makes decisions and formulate plans, and effectively implements the plans. It also uses diverse industrial models to effectively develop businesses including collaborative research and development, licensing, commissioned services, and mergers and acquisitions.

(5) Favorable and unfavorable factors for future development and response measures

A. Favorable factors

(A) Core professional team for building an operating platform that meets international standards

The Company has a core professional clinical research team with professional backgrounds in medicine, and healthcare and years of practical experience in international clinical trials. The team helps the Company conduct and complete clinical trials in compliance with international standards.

(B) Initiation of joint product development with advanced countries and strategic alliances to increase the Company's capabilities

The time and resources required for the development of new drugs from preliminary research, pre-clinical trials, and human clinical trials, are beyond the capabilities of small and medium-sized biotech companies. Therefore, the Company works with the best medical centers and clinical research teams in Taiwan and leverages foreign products and technologies to maximize benefits with the most efficient and cost-effective commercialization process.

(C) Capabilities for integration and management of contracted institutions

As a small company, the Company must implement strategies to maximize marginal utility. The use of contract research organization (CROs) is one of our key strategies. Members of the Company's team have professional qualifications as well as work experience in domestic and foreign CROs. They therefore fully understand the operations of CROs and matters requiring cooperation, making CRO management become one of the Company's core competencies.

(D) Precision medicine creates business opportunities

The global biopharmaceutical industry is shifting from traditional pharmaceuticals to precision medicine aims to enable more precise and personalized diagnosis and treatment. These improvements include prevention, diagnosis, medication, follow-up, and care. The Company has focused on nucleic acid testing of HLA genes since 2005, which are closely related to the functions of the human immune system. The gene code contains a cell surface antigen that is unique to each individual and is associated with genetic diseases, autoimmune diseases, and response to drugs. Physicians can use this information to tailor medication to individual difference and prevent severe side effects or ineffective treatment for patients.

B. Unfavorable factors:

(A) Long development duration, high costs, and high risks of new drug development

The process of the development of new drugs generally includes new drug exploration, pre-clinical tests, clinical tests, test registration, and post-market monitoring. According to PhRMA data, it takes 10-15 years and costs $800 million to $1 billion to successfully bring a new drug from discovery through a series of pre-clinical and clinical trials to market. Out of the 5,000-10,000 compounds developed, only one drug would eventually pass all tests for launch in the market. On average, only about 5% of drugs that enter clinical trials pass Phase III clinical trials. Therefore, the research, development, and marketing of new drugs are distinct from other industries due to the high R&D expenditures and time-consuming R&D and production process. They incur high risks and takes a very long time to develop.

Response measures:

The Company actively participates in long-term collaborative research conducted by enterprises, government agencies, and academic and research institutions. We also focus on the establishment of a technology platform for clinical trials and work with the best medical centers and clinical research teams in Taiwan. We form strategic alliances to access foreign technologies and create a complete technology platform for clinical trials that meet US FDA standards and ensure profitability with the most efficient and cost-effective process. We also use government subsidies and incentives to provide long-term funding for new drug development.

(B) Difficulties in obtaining licensing for international new drugs

Domestic companies that focus on new drug development obtain licensing from foreign suppliers by implementing clinical trials in Taiwan or other regions. This is the current business model in domestic new drug development. It reduces the high risks of failure during new drug discovery and reduces the time required to develop a successful drug. However, companies must pay a high price in the form of royalties, which create very high entry barriers. However, obtaining licensing is no easy task. Large international companies are well funded, and they do not easily license the new drugs they control that are not yet unless there is a special reason to do so. The high market demand for indications that incur tens or hundreds of millions of dollars in licensing fees is makes it difficult for the Company to engage in such operations. It is also the biggest obstacle for the domestic industry when seeking new drug licenses.

Response measures:

Explore upstream supplies of new drugs and gain control of technologies:

a. In the exploration of new chemical entities, large international pharmaceutical companies have laid down a fine patchwork of patents. It is difficult to make a breakthrough in this field without prior successful technical achievements.

b. The human autoimmune system includes monoclonal antibodies and NK cells, which form the basis of the Company's best solutions as the human immune system is the best way to combat diseases. By extracting antibodies and cells from the human body, optimizing them, combining them, and putting them back into the body, we have the opportunity to create the best medicine against diseases. The abundant natural treasure trove of new drugs is a key reason for the Company's investment in upstream research and development.

(C) Control of the product development process

The Company has successfully developed the HLA reagents and will continue with the development of new reagents. If the development of a new reagent fails or is delayed, it will have a negative impact on the Company's operations.

Response measures:

The Company successfully acquired key technologies for the development of HLA reagents through the acquisition of a company in the United States. HLA typing is one of the most difficult development tasks for nucleic acid reagents. With the successful development of the HLA reagent, the Company created a technology platform for nucleic acid reagents as well as core technologies for PCR primer design, response system optimization, and PCR product detection. These technologies are used in other nucleic acid reagents such as the KIR agents which significantly reduces the risks in the development of reagents.

2. Major product applications and manufacturing processes

Business Category	Primary Products	Major Applications	Production Process
Drug development projects	Magicell-NK (development underway)	Cancer treatment	Medical institutions collect samples and send them to the Company for production and tests.
	Magicell-GDT (development underway)	Cancer treatment	Medical institutions collect samples and send them to the Company for production and tests.
	PI-88 (licensed)	Cancer treatment	The licensed company is responsible for subsequent development
	OBP-301 (development underway)	Cancer treatment	The joint development is responsible for developing the production process for outsourced production.
Molecular diagnostics products and services	HLA typing kits	Genotyping compatibility before organ transplantation or bone marrow transplantation	Design and develop the required formula and specifications for production by OEMs.
	HLA typing services	Provide customers with HLA typing results	Customers collect samples and send them to the Company's laboratory for typing tests and reports.
	Test instruments	Extract nucleic acid from the samples for tests	Independently design and develop the required specifications for production by OEMs.
	COVID-19 test kit	Used for testing infections of the COVID-19 virus	Production by OEMs
Cosmeceutical products	UMO and Dr.PGA series	Human body whitening, moisturizing, maintenance, sunscreen, etc.	Outsourced production

Generic drugs:

Primary Products	Application
Ophthalmic drugs	Prevention and treatment of eye diseases
Oral drugs	Treatment for inflammation, infections, fever and pain relief, obesity, cold, and related symptoms
Hormonal drugs	Contraception, menstrual period adjustment, and prevention and treatment of cancer cachexia
Topical drugs	Treatments for skin diseases, nasal allergies, oral diseases, and alopecia

Healthcare food	Nutritional supplements, healthcare products, vitamin supplements, etc.
Cosmetics	Skin care

Production process:

(1) Pills:

Materials → sieving → mixing → (granulation → drying → pill) → pill forming → tests → separate packaging → packaging

(2) Capsules:

Materials → sieving → mixing → capsule filling → tests → separate packaging → packaging

(3) Oral liquid:

Materials → preparation → filtering → tests → separate packaging → packaging

(4) Soft creams/gels/cosmetics:

Materials → preparation → filling → separate packaging → tests → packaging

(5) Ophthalmic drugs:

Materials → preparation → aseptic filling → separate packaging → tests → packaging

3. Supply of major raw materials

The sources of raw materials supply for the Group include domestic and foreign companies. To obtain stable sources of materials, the Group maintains close partnerships with domestic suppliers and actively engages foreign material suppliers to ensure that the research and development of its products is not constrained by the sources of materials.

4. List of major suppliers and customers

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

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Net Purchase Percentage (%)	Relationship with the issuer	Name	Amount	Net Purchase Percentage (%)	Relationship with the issuer
1	Company A	183,540	23.98	Non-related party	None			
2	Company B	142,672	18.64	Non-related party				
	Others	439,276	57.38	-	Others	687,505	100.00	-
	Net amount of purchases	765,488	100.00	-	Net amount of purchases	687,505	100.00	-

Explanation for any increase or decrease:

In the fiscal year 2022, our main suppliers were primarily suppliers for raw materials for COVID-19 vaccine production. In the fiscal year 2023, our main suppliers shifted to suppliers for raw materials, packaging materials, and capsules for our subsidiary, Winston

Medical Supply Co. Ltd. No single supplier accounted for more than ten percent of the total procurement amount.

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

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer
1	Customer A	365,042	34.57	Non-related party	Moon Light Global Corporation	272,091	23.50	Non-related party
2	Moon Light Global Corporation	176,805	16.74	Non-related party	Customer A	136,525	11.79	Non-related party
	Others	514,100	48.69	-	Others	749,104	64.71	-
	Net sales	1,055,947	100.00		Net sales	1,157,720	100.00	-

Explanation for any increase or decrease:

In the past two fiscal years, aside from revenue from our Customer A's vaccine products, majority of our consolidated revenue came from our subsidiary Winston Medical Supply Co. Ltd. Additionally, revenue was generated through customized products developed and manufactured for our Japanese client's agent in Taiwan, Moon Light Global Corporation. These customized products include items like hair growth tablets, hair tonic, etc.

5. Production volume for the last two years:

Production volume for the last two years

Unit: NTD thousands/thousand doses

Year / Production Volume and Value / Primary Products (or by department)	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Generic drugs	260,586	208,688	275,826	316,999	284,557	320,529
Vaccines	10,000	1,094	211,745	3,000,000	910,201	234,581

Note 1: Capacity refers to the Company's quantities that can be produced using existing production facilities in normal operations, after consideration of necessary suspensions of operations, holidays and other such factors.

The Group is primarily engaged in biotech and medical research and development. Its main products are molecular diagnostics, vaccines, generic drugs, and cosmeceutical products.

Molecular diagnostics and cosmeceutical products are produced by outsourced processing plants. Therefore, this table is not applicable.

6. Sales volume for the last two years:

Unit: thousand units/NTD thousands

Main Product \ Year	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Molecular diagnostics	Note	51,009	Note	32,779	Note	35,369	Note	21,066
Cell therapy	Note	600	Note	0	Note	2,954	Note	0
Generic drugs	Note	358,486	Note	16,788	Note	374,529	Note	1,884
Cosmeceutical products	Note	230,250	Note	993	Note	331,755	Note	906
New drugs and vaccines development	551,682	365,042	-	0	551,682	389,257	-	0
Total	Note	1,005,387	Note	50,560	Note	1,133,864		23,856

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

III. Number of Workers, Average Length of Service, Average Age and Education Distribution of Employees in the Industry for the Last Two Years and as of the Printing Date of the Annual Report

Year		2022	2023
Number of employees	Managerial Personnel	36	37
	R&D personnel	84	48
	General employees	166	135
	Production line personnel	107	177
	Total	393	397
Average age		33.39	34.04
Average years of service		6	6.42
Education background (%)	PhD	6.62%	5.54%
	Master's degree	31.55%	30.23%
	Bachelor’s degree	51.91%	52.64%
	Senior high school	9.67%	11.34%
	Senior High School and below	0.25%	0.25%

IV. Environmental Protection Expenditures

(I) In the most recent fiscal year and up to the printing date of the annual report, any losses incurred due to environmental pollution (including compensation and results of environmental protection inspections indicating violations of environmental regulations) should be disclosed, including the date of the penalty, penalty reference number, violated regulations, the nature of the violation, and the details of the penalty. The estimated current and future amounts and response measures should also be disclosed. If it is not possible to reasonably estimate these amounts, the fact that it is not possible to reasonably estimate them should be explained:

Our company is in downtown Taipei City and is not situated within ecologically protected areas or habitats. We do not have any factories, nor have we violated environmental laws or experienced significant leaks.

Since our establishment, the company has been committed to environmental protection efforts and complies with relevant government environmental regulations and policies. Therefore, as of the end of the fiscal year 2023 and the printing date of the annual report, our company has not been penalized by environmental protection authorities for environmental pollution or involved in any pollution disputes. We will continue to adhere to this consistent philosophy and strive for environmental protection in the future.

V. Labor Relations

(I) The Company's employee welfare measures, continuing education, training, retirement regulations and their actual implementation, along with employer-employee agreements, and measures for protecting employee rights.

1. Employee welfare measures and implementation

The Company provides employees with compensation for their work and the following subsidies and benefits to fully take care of employees and provide security in their lives:

(1) Insurance:

A. Labor and health insurance: All employees of the Company are enrolled under labor insurance and national health insurance, and provided with childcare, disease, and medical service benefits and allowances in accordance with labor and health insurance regulations.

B. Group insurance: All employees enjoy life insurance, accident insurance, hospitalization and medical insurance, and cancer insurance policies that are fully paid for by the Company.

(2) Annual festival bonuses/recreation:

The Company established the Employee Welfare Committee and appointed committee members to process employee welfare affairs. We establish annual plans and allocate budgets to provide subsidies such as annual festival gifts, employee dinner parties, and distribution birthday gift money, and organize activities such as annual employee travel activities, annual health examination for employees, and subsidies for weddings and funerals so that employees can work hard for the development of the Company without worries.

(3) Bonuses/stock dividends:

A. Employee bonus: The type and ratio of annual earnings distribution shall be determined by the Board of Directors based on the actual profitability in the current fiscal year and the funding requirements, which shall require the approval of the shareholders' meeting.

B. Employee stock options: Employee stock warrants are issued in accordance with the "Employee Stock Warrants Issuance and Terms and Conditions".

2. Employee education and training

(1) New employees:

On the day new employees report for duty, they are provided with an introduction of the Company, employee manual, environment, supervisors, and colleagues by personnel of the human resources unit.

(2) On-the-job training:

To improve the quality of employees, professional capabilities, and work efficiency, current employees may, based on the requirements for different skills and businesses, apply for approval from their supervisors for participation in different professional training or courses in related academic institutions to enhance their academic qualifications and skills, and thereby create overall benefits for the Company and employees. In 2023, in addition to the Company's internal training programs, the Company also sent employees to attend external training programs from time to time. They registered a total of 17 course enrollments and actual training expenditures amounted to NT$201 thousand.

Unit: Course enrollments/NTD thousands

Item	Finance and accounting/professional management training	Professional competency training
Course enrollments in training	8 Course enrollments	9 Course enrollments
Expenditures	NT$162 thousand	NT$39 thousand

Item	Finance and accounting/professional management training	Professional competency training
Course name	· Professional Development Course for Securities Exchange Accounting Supervisors organized by the Foundation of Accounting Research and Development in Taiwan.* 12 hours · How Internal Audit Personnel Interpret Business Performance and Risks from IFRS Financial Statements organized by the Association of Internal Auditors in Taiwan. * 6 hours · Analysis of Violations and Responses by Audit/Finance Personnel organized by the Association of Internal Auditors in Taiwan. * 6 hours · 2023 Cathay Sustainable Finance and Climate Change Summit organized by the Taiwan Stock Exchange. * 6 hours · Internal Equity Advocacy Seminar for OTC Emerging Companies organized by the Taiwan Over-the-Counter Exchange. * 3 hours · Evaluation of Intangible Asset Damages Compensation and Reading and Application of Intangible Asset Valuation Report organized by the Association of Intangible Assets and Business Valuation in China. * 6 hours · (Systex Corporation) CISSP Cybersecurity System Expert Certification Course *40 hours	· FDA Modernization Act Special Lecture organized by TRPMA. * 2 hours · Systematic Introductory Course on Statistical Design and Analysis of Clinical Trials organized by the Foundation of Medicine Inspection and Research. * 9 hours · First-in-Human (FIH) Clinical Trial Review Focus and Considerations Workshop organized by the Taiwan Research-based Biopharmaceutical Development Association. * 2.5 hours · Cell Therapy Clinical Trial Protocol Writing and Application Guidelines · 2023 GMP Training & Clinical Supply Workshop · Cell Therapy Clinical Trial Review Focus

3. Retirement system and implementation status

The Company has established the Employee Retirement Plan and has set aside funding for pensions to be deposited in a dedicated account under the supervision of the Bank of Taiwan to increase employees' sense of belonging and take care of employees after retirement so that they can do their best to serve the Company without worries. Starting from July 1, 2005, the Company appropriates pension funds equivalent to 6% of the employee's salary to the personal accounts at the Bureau of Labor Insurance for employees who opt for and are eligible for the new system. The Company appoints an actuary to perform actuarial valuations each year and review the allocation of pension funds.

4. Employee rights protection measures

The Company pays close attention to labor relations and is committed to creating a mutually beneficial environment of common prosperity. We also set up open communication channels for employees to communicate issues, recommendations, or matters of interest with the management of the Company. The Company establishes work rules in accordance with regulations to govern labor conditions and protect employees' rights and interests. The Company also set up the Employee Welfare Committee to implement employee welfare measures. We also use labor-management meetings and internal meetings to communicate and coordinate administrative measures and protect the rights and interests of employees. The Company enjoys stable and harmonious labor relations and there are no major labor-management disputes.

5. Employee Code of Conduct or Ethics

The Company formulated the "Employee Handbook" to clarify the rights and obligations of the employees and the employer and provide guidance to the Company's employees. The Employee Handbook provides clear regulations for hiring, salary, work hours, leave, leave application, benefits, safety and health, resignation, retirement, rewards and penalties, and compensation for occupational accidents and condolence compensation. The Company also established the "Code of Ethical Conduct" to ensure that related personnel shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty when engaging in commercial activities for purposes of acquiring or maintaining benefits.

6. Protection measures for the work environment and employees' personal safety

Item	Description	Implementation status
Access security	1. The Company implements access management and requires all employees and visitors to swipe cards and verify their identities when they use the elevators and office doors of the park area to enter the Company. 2. At the end of each work day or after overtime work on holidays, the last employee to leave the office is required to close all doors and windows, switch off the air-conditioning and lighting, lock the door, and set the security system. 3. Employees who borrow the access card to the office must return it after use.	Access control is implemented for the building and office doors. A security system is also used after work hours and on holidays to ensure the safety of employees when they enter or leave the building. The implementation status has been satisfying.

	They may not lend the Company's access cards and keys to non-company personnel.	
Disaster prevention measures and response	1. The Company participates in the fire safety drills and exercises organized by the management committee of the Software Park each year. 2. Office spaces are equipped with sufficient quantities of fire extinguishers. 3. Smoking is prohibited in all indoor work environments and public areas in accordance with the Tobacco Hazards Prevention Act.	Nangang Software Park organizes regular fire safety drills and exercises each year. It organized the fire safety drill seminar on October 27, 2023.
Physical health	1. The Company organizes employee health examinations each year. 2. A professional cleaning company is appointed to clean the office environment every week.	The Company works with a reputable external health examination institution every year to implement employee health examination. A professional cleaning company is appointed to clean the office environment every week and the implementation status has been satisfying.
Mental health	1. The Company complies with labor laws and regulations and the regulations of the competent authorities. We established related management regulations and the internal control system to protect the legal rights of employees. We also established the Employee Welfare Committee in accordance with regulations. 2. Purchase of group insurance for employees. 3. The Company purchases travel insurance for employees assigned by the Company to overseas business travel. 4. We convene employee assemblies when necessary to facilitate communication with employees.	In addition to the employee assemblies, the Company purchases group insurance for employees each year and travel insurance for employees on business travel. The implementation status has been satisfying.
Insurance and healthcare	1. The Company enrolls employees under labor insurance (including occupational	Employees can obtain medical services at the clinic whenever they feel unwell.

	disaster insurance), health insurance, accident insurance, and employee dishonesty insurance in accordance with laws. 2. The Taipei City Hospital System Nangang Software Park Clinic provides employees with convenient access to medical services.	The implementation status has been satisfying.

(II) For the most recent year and up to the date of printing of the annual report, the losses suffered by the Company as a result of labor disputes, the estimated amount for now and in the future and any response measures, and state the items that cannot be reasonably estimated:

The Company pays close attention to employee welfare and maintains harmonious labor relations. All management regulations regarding the rights and interests of employees are processed in accordance with the terms of the Labor Standards Act. There have been no labor disputes as of the publication date of the Annual Report.

(III) Training courses and licenses taken by the Company's finance and accounting manager in accordance with the regulations of the competent authorities in the last two years:

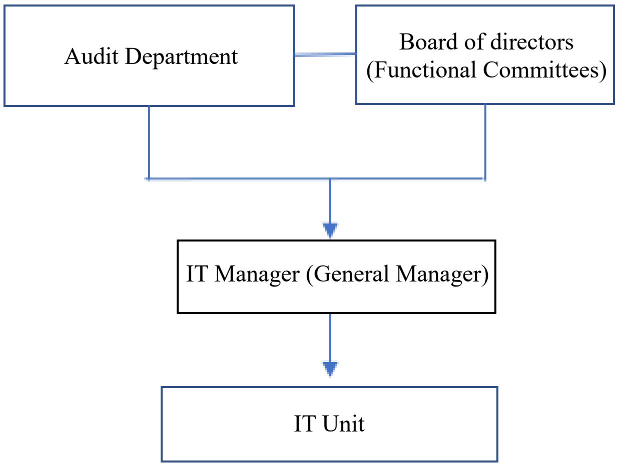
Year	Course name	Hours	Qualification certification
2022	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (Accounting)	3	Passed test
2022	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (Finance)	3	Passed test
2022	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (Corporate Governance)	3	Passed test
2022	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (professional and ethical legal liabilities)	3	Passed test
2023	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (Accounting)	3	Passed test
2023	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (Audit)	3	Passed test
2023	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (Corporate Governance)	3	Passed test
2023	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (professional and ethical legal liabilities)	3	Passed test

VI. Cybersecurity Management

(I) State the cybersecurity risk management framework, cybersecurity policies, specific management plans, and the resources invested in cybersecurity management.

1. Cybersecurity risk management framework:

The Company's IT unit is responsible for information security. It regularly reports the information security management operations to the IT supervisor. The Company's internal systems are located on the internal network and isolated. They are not directly accessible from external networks. The Company also uses multiple network security systems. The front-end firewall, intrusion prevention and connection screening system, and mail security control system are used for filtering the contents of incoming and outgoing network connections, preventing attacks from external networks, and blocking the latest malware, harmful links, spam, and other threats in real time.



2. Information security policy and specific management plans:

The Company has set up an internal control system for computer data to maintain the Information Security Policy. We review and evaluate security regulations and procedures each year to ensure their adequacy and effectiveness. The response measures are described below:

(1) Information Security Policy:

A. Ensure the security of the Company's data, systems, equipment, and network communications, and prevent intrusion and destruction by external entities.

B. Ensure that access to system information accounts and system changes are authorized in accordance with the Company's procedures.

C. Implement destruction procedures and dispose of discarded computer storage media to prevent unintended disclosure or leak of data.

D. Monitor the security status and activity logs of information systems to effectively control and process information security incidents.

E. Maintain the availability and integrity of data and systems, and restore normal operations in the event of a disaster or damage.

As the Company currently has a comprehensive set of information security measures and as cybersecurity insurance is a new type of insurance that require measures such as information security ratings and forensic procedures for claims, we are still evaluating potential future applications.

(2) Cybersecurity network framework

Antivirus software is set up on both the servers and terminals of the internal network from the central console, which updates virus codes and identify patterns of malicious behaviors at all times. It instantly blocks viruses, Trojan horses, worms, ransomware, and malware in files to effectively reduce the risks of hacker attacks.

(3) System account life cycle management and authorized account management

The Company sets user accounts and authorization based on the scope of business operations and duties. Data access requires approval procedures and applications file by the supervisor, which must be approved before use and implementation. When a user leaves his/her original post, the user account and authorization is terminated immediately to prevent unauthorized use.

(4) Data access logging and retention for audits

The system maintains the file access records of system files and mail for filing and retention. The hard drives of computers for which discarding procedures are completed must be disassembled and destroyed to meet management requirements for compliance and the Information Security Policy.

(5) Continuous operations of the IT system

The system creates daily, weekly, and monthly local backups of system and files. Monthly backups are then transferred to another location for off-site backup. The Company regularly performs system data recovery test exercises every year to ensure the normal operations of the IT and data protection, which reduces the risks of data loss caused by natural and man-made disasters that may occur without warning.

3. Resources invested in the cybersecurity management

The Company holds monthly meetings with IT personnel to identify the overall operational risks for information security risk management, threat intelligence management, information security controls, outsourcing and reliance management, and information security incident management and response to maintain network and information security. The Company currently has one IT supervisor and two IT engineers. The Company invested NT$3,214 thousand in 2022 to update the IT software and hardware equipment and strengthen information security protection capabilities.

(II) List any losses suffered by the Company in the most recent year and as of the date the annual report was printed due to significant cybersecurity incidents, the possible impacts therefrom, 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.

There were no losses due to cybersecurity incidents.

VII. Important Contracts

Nature of the Contract	Counterparty of the Contract	Duration of the Contract	Main Contents of the Contract	Restrictive Provisions
Technology licensing transfer agreement	National Taiwan University, Professor Pei-Jer Chen, Professor Ping-Hei Chen, Professor Hsiu-Hui Tsai	2009/05/01~2034/04/30	Exclusive license and transfer of the technologies developed in the "Thermal Convection PCR Technology Platform" created in the collaboration of Medigen and NTU to Medigen.	None
Technology licensing transfer agreement	National Health Research Institutes	2010/08/02~2025/08/02	Exclusive license granted by the National Health Research Institutes to Medigen for the development, production, or sales of influenza vaccines worldwide.	None
Technology licensing transfer agreement	PROGEN PHARMACEUTICALS Ltd	2010/07/01~2025/06/30	Exclusive license granted by Progen to Medigen for the use, production, and sales of PI-88 worldwide.	None
Technology licensing transfer agreement	Oncolys Biopharm Inc.	March 6, 2008 to the completion of contract performance	Oncolys licenses the Company the patents and technologies to develop oncolytic virus treatments for liver cancer and engage in joint development to share the benefits after completing development.	None
Assignment of rights and technology transfer agreement	Hsin Tai Biotechnology Co., Ltd.	2012/07/30 (Sales of technologies, rights, and obligations)	Acquisition of technologies, formulas, and personnel for the human monoclonal antibodies technology platform used for treatment	None
Settlement agreement	Taipei Veterans General Hospital	2012/08/02	Medigen and Taipei Veterans General Hospital engaged in cancer genome licensing and collaboration in 2001 and the parties initiated litigation due to differences in the subject of development. The parties recently reached a settlement for all litigation between them and signed a settlement agreement on the basis of good faith and friendly negotiations.	None
Strategic alliance and stock transfer agreement	Perkin Elmer Inc.	2012/11/09~	Sales of all shares in the investee Power Ability The parties form a strategic alliance for the testing of infectious diseases	None

Nature of the Contract	Counterparty of the Contract	Duration of the Contract	Main Contents of the Contract	Restrictive Provisions
Project transfer agreement	Medigen Vaccine Biologics Corporation	2012/11/28~	Transfer of the rights and obligations of Company's vaccine business to Medigen Vaccine Biologics Corporation	None
Share exchange agreement	Winston Medical Supply Co., Ltd.	2013/11/25~	Medigen issues new shares in exchange for 67.92% of the shares of Winston Medical Supply Co., Ltd.	None
Share exchange agreement	PROGEN PHARMACEUTICALS Ltd.	2015/10/16~	The Company signed a share exchange contract with Progen; after completing the exchange of shares, Progen was renamed TBG and its main business items include test kits and equipment	None
Supplementary agreement for strategic alliance agreement	Oncolys BioPharma Inc	2017/03/24	Expanded the scope joint R&D of the oncolytic virus drug OBP-301 in the partnership and added clinical developments for melanocytic tumor and esophageal cancer.	None
Construction agreement	Formula Precision Engineering Co., Ltd.	2018/03/17~	GTP lab planning, design, and construction project.	None
Joint venture contract	Jiaxingding Equity Investment Partnership, Beijing Yuan Yang Business Administration Partnership	2019/08/18~	The Company established Cellxpert Biotechnology Corp. with the joint venture partner to expand the cell therapy market in China.	None
Exclusive licensing contract	MEDINET Co.,Ltd	October 7, 2019 until three years after the licensed technology is approved by the Ministry of Health and Welfare.	After obtaining the Gamma Delta T cell technology for exclusive licensing in Taiwan from MEDINET, the Company will work with medical institutions on using the technology for immunotherapy in accordance with the "Regulations Governing the Application of Specific Medical Examination Technique and Medical Device ".	None
Licensing contract	Cellxpert Biotechnology Corp.	2019/12/18~	Exclusive licensing of the development and commercialization of PI-88 worldwide (excluding Taiwan) to Cellxpert Biotechnology Corp., including commercial	None

Nature of the Contract	Counterparty of the Contract	Duration of the Contract	Main Contents of the Contract	Restrictive Provisions
			activities such as the research, development, manufacturing, sales, and sub-licensing in the authorized regions	
Share Sale Agreement	TBG Diagnostics Limited	2022/06/21~	Obtained all shares of TDL Holding and its subsidiaries TBG Taiwan and TBG Texas (United States) for the integration of molecular diagnostics businesses.	None
Insurance contract (Directors' liability insurance)	Insurance Company of North America	2023/11/06~2024/11/06	The contract states that the respondent is responsible for compensation for the liabilities of the Directors, Supervisors, and critical employees of Medigen	None
Licensing Agreement	NKure Therapeutics Pvt. Ltd.	2023/12/26 until four years after the licensed technology is approved by the Indian Competent Authority.	Medigen licenses its independently developed natural killer cell technology to the Indian company NKure for the application and commercialization of the licensed technology in the field of cancer in India.	None
Asset Transfer and Cooperation Agreement	Taiwan Exosome Company	2024/3/18~	Medigen sells the software and hardware assets (excluding real estate) related to the cell laboratory located in Xizhi to Taiwan Exosome Company.	None
Investment Agreement	Taiwan Exosome Company	2024/3/18~	Medigen participates in the cash increase of Taiwan Exosome Company through its wholly-owned subsidiary.	None
Real estate sale and purchase agreement	Taiwan Exosome Company	2024/3/18~	Medigen sells the property located at 14F-3, No.3, Park Street, Nangang District, Taipei.	None

Chapter 6 Financial Overview

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

(I) Condensed Balance Sheet and Statement of Comprehensive Income Statement

Condensed Balance Sheet - International Financial Reporting Standards (IFRSs)

Unit: NTD thousands

Item \ Year		Financial Data for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,312,122	3,021,684	4,918,282	6,732,826	5,708,037
Property, plant and equipment		2,199,061	1,971,684	1,995,830	1,918,498	1,770,209
Intangible assets		181,479	155,513	124,250	113,072	106,539
Other assets		1,136,138	1,003,545	1,161,132	1,217,878	942,460
Total assets		4,828,800	6,152,426	8,199,494	9,982,274	8,527,245
Current liabilities	Before distribution	930,455	933,802	1,064,905	1,052,323	2,779,891
	After distribution (Note 2)	930,455	933,802	1,064,905	1,052,323	2,779,891
Non-current liabilities		1,213,078	719,154	708,485	2,458,938	750,225
Total liabilities	Before distribution	2,143,533	1,652,956	1,773,390	3,511,261	3,530,116
	After distribution (Note 2)	2,143,533	1,652,956	1,773,390	3,511,261	3,530,116
Equity attributable to owners of the parent company		1,361,109	1,815,418	2,394,388	2,194,027	1,591,643
Capital stock		1,389,856	1,389,856	1,393,625	1,394,463	1,393,463
Advance receipts for capital stock		0	1,130	225	0	3,285
Outstanding shares awaiting cancellation		0	0	0	0	(2,000)
Capital surplus		298,220	1,101,308	1,108,539	1,561,666	968,142
Retained earnings	Before distribution	(300,994)	(631,375)	(52,817)	(727,979)	(747,509)
	After distribution (Note 2)	(300,994)	(631,375)	(52,817)	(727,979)	(747,509)
Other equity		(25,973)	(45,501)	(55,184)	(34,123)	(23,738)
Treasury stock		0	0	0	0	0
Non-controlling equity		1,324,158	2,684,052	4,031,716	4,276,986	3,405,486
Total equity	Before distribution	2,685,267	4,499,470	6,426,104	6,471,013	4,997,129
	After distribution (Note 2)	2,685,267	4,499,470	6,426,104	6,471,013	4,997,129

Note 1: Financial statements audited by the CPA based on the International Financial Reporting Standards.
Note 2: The numbers after distribution specified above provided according to the distribution resolutions of the annual general shareholders' meeting in the following year.

Condensed Balance Sheet - International Financial Reporting Standards (Individual)

Unit: NTD thousands

Item		Financial Data for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		246,776	483,438	655,193	492,541	452,348
Property, plant and equipment		476,431	462,571	447,587	434,939	373,284
Intangible assets		26,954	17,883	9,102	2,948	457
Other assets		1,257,928	1,663,516	2,026,491	2,030,739	1,583,925
Total assets		2,008,089	2,627,408	3,138,373	2,961,167	2,410,014
Current liabilities	Before distribution	221,742	383,840	314,479	361,530	411,173
	After distribution (Note 2)	221,742	383,840	314,479	361,530	411,173
Non-current liabilities		425,238	428,150	429,506	405,610	407,198
Total liabilities	Before distribution	646,980	811,990	743,985	767,140	818,371
	After distribution (Note 2)	646,980	811,990	743,985	767,140	818,371
Equity attributed to the owners of the parent company		1,361,109	1,815,418	2,394,388	2,194,027	1,591,643
Capital stock		1,389,856	1,389,856	1,393,625	1,394,463	1,393,463
Advance receipts for capital stock		0	1,130	225	0	3,285
Outstanding shares awaiting cancellation		0	0	0	0	(2,000)
Capital surplus		298,220	1,101,308	1,108,539	1,561,666	968,142
Retained earnings	Before distribution	(300,994)	(631,375)	(52,817)	(727,979)	(747,509)
	After distribution (Note 2)	(300,994)	(631,375)	(52,817)	(727,979)	(747,509)
Other equity		(25,973)	(45,501)	(55,184)	(34,123)	(23,738)
Treasury stock		0	0	0	0	0
Non-controlling equity		0	0	0	0	0
Total equity	Before distribution	1,361,109	1,815,418	2,394,388	2,194,027	1,591,643
	After distribution (Note 2)	1,361,109	1,815,418	2,394,388	2,194,027	1,591,643

Note 1: Financial statements audited by the CPA based on the International Financial Reporting Standards.
Note 2: The numbers after distribution specified above provided according to the distribution resolutions of the annual general shareholders' meeting in the following year.

Condensed Statement of Comprehensive Incom
- International Financial Reporting Standards (IFRSs)

Unit: NTD thousands
(except earnings per share which is expressed in NTD)

Item \ Year	Financial Data for the Most Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	552,345	615,541	3,922,012	1,055,947	1,157,720
Gross profit	256,131	262,285	2,552,676	87,460	617,329
Operating profit and loss	(762,329)	(912,171)	789,204	(1,666,976)	(1,233,093)
Non-operating income and expenses	(55,453)	32,165	347,230	(205,637)	(45,767)
Net profit before tax	(817,782)	(880,006)	1,136,434	(1,872,613)	(1,278,860)
Net profit from continuing operations in current period (loss)	(826,504)	(847,372)	1,070,701	(1,931,487)	(1,470,067)
Loss from discontinued operations	138,533	0	0	0	0
Current period net profit (loss)	(687,971)	(847,372)	1,070,701	(1,931,487)	(1,470,067)
Other comprehensive income (net income after tax)	63,188	(57,288)	(31,518)	80,473	16,038
Total comprehensive income for the period	(624,783)	(904,660)	1,039,183	(1,851,014)	(1,454,029)
Net profit attributable to owners of the parent company	(255,719)	(337,923)	(52,614)	(675,874)	(561,296)
Net profit attributable to non-controlling equity	(432,252)	(509,449)	1,123,315	(1,255,613)	(908,771)
Total comprehensive income attributed to the owners of the parent company	(192,531)	(362,353)	(67,355)	(658,955)	(554,889)
Total comprehensive income attributed to non-controlling equity	(432,252)	(542,307)	1,106,538	(1,192,059)	(899,140)
Earnings per share	(1.84)	(2.43)	(0.38)	(4.86)	(4.03)

Note 1: Financial statements audited by the CPA based on the International Financial Reporting Standards.

Condensed Statement of Comprehensive Income
- International Financial Reporting Standards (Individual)

Unit: NTD thousands (except earnings per share which is expressed in NTD)

Item \ Year	Financial Data for the Most Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	122,907	41,845	36,312	30,655	9,993
Gross profit	116,410	26,109	(23,243)	(8,677)	8,315
Operating profit and loss	(56,013)	(156,721)	(266,788)	(240,108)	(187,607)
Non-operating income and expenses	(187,832)	(195,937)	259,041	(406,744)	(222,457)
Net profit before tax	(243,845)	(352,658)	(7,747)	(646,852)	(410,064)
Net profit from continuing operations in current period (loss)	(255,719)	(337,923)	(52,614)	(675,874)	(561,296)
Loss from discontinued operations	0	0	0	0	0
Current period net profit (loss)	(255,719)	(337,923)	(52,614)	(675,874)	(561,296)
Other comprehensive income (net income after tax)	63,188	(24,430)	(14,741)	16,919	6,407
Total comprehensive income for the period	(192,531)	(362,353)	(67,355)	(658,955)	(554,889)
Net profit attributable to owners of the parent company	(192,531)	(362,353)	(67,355)	(658,955)	(554,889)
Net profit attributable to non-controlling equity	0	0	0	0	0
Total comprehensive income attributed to the owners of the parent company	(192,531)	(362,353)	(67,355)	(658,955)	(554,889)
Total comprehensive income attributed to non-controlling equity	0	0	0	0	0
Earnings per share	(1.84)	(2.43)	(0.38)	(4.86)	(4.03)

Note 1: Financial statements audited by the CPA based on the International Financial Reporting Standards.

(II) Names of auditors and audit opinions for the most recent five years:

Year	Name of the accounting firm	CPAs	Audit Opinion
2023	ERNST & YOUNG	Shao-Pin Kuo, Chien-Ju Yu	Unqualified opinion
2022	PwC Taiwan	Man-Yu Juan Lu, Ya-Hui Lin	Unqualified opinion
2011	PwC Taiwan	Ya-Hui Lin, Man-Yu Juan Lu	Unqualified opinion
2010	PwC Taiwan	Ya-Hui Lin, Sheng-Wei Teng	Unqualified opinion
2019	PwC Taiwan	Ya-Hui Lin, Sheng-Wei Teng	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial analysis

Financial Analysis - International Financial Reporting Standards IFRS

Analysis Item	Year	Financial Analysis for the Most Recent Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	44.39	26.87	21.63	35.17	41.40
	Long-term capital to property, plant and equipment ratio	177.27	264.68	357.47	465.47	324.67
Liquidity (%)	Current ratio	141.02	323.59	461.85	639.81	205.33
	Quick ratio	125.07	285.77	381.80	537.65	184.45
	Times Interest Earned (Times)	(35.67)	(38.09)	60.60	(46.46)	(21.89)
Operating performance	Accounts receivable turnover (times	4.53	4.13	13.08	2.51	3.22
	Average collection days	80.58	88.38	27.91	145.42	113.36
	Inventory turnover (times)	2.14	1.46	2.43	0.64	0.85
	Accounts payable turnover (times)	3.51	3.23	10.01	5.55	3.51
	Average days of sales	170.21	250.84	150.08	566.33	428.94
	Turnover (times) of real estate properties, plants and equipment	0.25	0.30	1.98	0.54	0.63
	Total assets turnover (times)	0.12	0.11	0.55	0.12	0.13
Profitability	Return on assets (%)	(17.16)	(15.11)	15.13	(20.90)	(15.40)
	Return on equity (%)	(29.38)	(23.59)	19.60	(29.95)	(25.64)
	Pre-tax profit to paid-in capital ratio (%)	(58.84)	(63.32)	81.55	(134.29)	(91.78)
	Net profit margin (%)	(149.64)	(137.66)	27.30	(182.92)	(126.98)
	Earnings per share (NTD)	(1.84)	(2.43)	(0.38)	(4.86)	(4.03)
Cash Flow	Cash flow ratio (%)	(59.93)	(73.63)	48.65	(108.16)	(18.11)
	cash flow adequacy ratio (%)	(113.76)	(188.95)	(124.52)	(229.21)	(204.08)
	Cash reinvestment ratio (%)	(16.12)	(13.54)	7.37	(12.43)	(7.98)
Leverage	Operating leverage	0.75	0.78	1.25	0.89	0.86
	Financial leverage	0.97	0.98	1.02	0.98	0.96

Please state the reasons for the changes in each financial ratio for the last two years. (If the increase or decrease does not reach 20%, the analysis can be exempted)

I. Financial structure:

1. Ratio of Long-term Funds to Property, Plant, and Equipment: The ratio of long-term funds to property, plant, and equipment decreased in the fiscal year 2023 compared to fiscal year 2022, mainly due to a decrease in long-term liabilities.

II. Solvency:

1. Current ratio and quick ratio: The current ratio and quick ratio decreased in fiscal year 2023 compared to fiscal year 2022, primarily due to an increase in current liabilities leading to a decrease in the ratios.
2. Interest protection multiples: The interest protection multiples decreased in fiscal year 2022 compared to fiscal year 2021, mainly due to decrease in pre-tax and pre-interest losses in the current period.

III. Operating performance:

1. Accounts Receivable Turnover and Average Collection Days: The accounts receivable turnover increased in fiscal year 2023, compared to fiscal year 2022, while the average collection days decreased. This was primarily due to higher accounts receivable at the beginning of fiscal year 2022 and changes in product portfolio.
2. Inventory Turnover and Average Sales Days: Inventory turnover increased in fiscal year 2023, compared to fiscal year 2022, while average sales days decreased. This was mainly due to higher inventory provisions and obsolete losses recorded in the previous year according to company policy, as well as a significant decrease in inventory in the current year.
3. Accounts Payable Turnover: The decrease in accounts payable led to a reduction in turnover.

IV. Profitability:

1. Return on assets: The return on assets increased in fiscal year 2023 compared to fiscal year 2022, mainly due to a decrease in pre-tax losses in the current period.
2. Operating Profit as a Percentage of Paid-in Capital, Pre-tax Net Profit as a Percentage of Paid-in Capital, and Net Profit Margin: The ratios increased in fiscal year 2023 compared to fiscal year 2022, mainly due to increased revenue and a decrease in post-tax losses in the current period.

V. Cash flow:

1. Cash Flow Ratio and Cash Reinvestment Ratio: The cash flow ratio and cash reinvestment ratio increased in fiscal year 2023 compared to fiscal year 2022, mainly due to a decrease in cash outflows from operating activities in the current period.

Note: The financial statements provided above contain financial data audited by the CPA.

Financial Analysis - International Financial Reporting Standards IFRS (Individual)

Analysis Item (Note 2)	Year	2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	32.22	30.90	23.71	25.91	33.96
	Long-term capital to property, plant and equipment ratio	374.94	485.02	630.92	597.70	535.47
Liquidity (%)	Current ratio	111.29	125.95	208.34	136.24	110.01
	Quick ratio	107.46	98.04	193.45	130.85	105.67
	Times Interest Earned (Times)	(29.56)	(29.51)	0.22	(62.96)	(26.01)
Operating performance	Accounts receivable turnover (times)	4.49	1.52	8.51	7.15	11.23
	Average collection days	82	241	43	52	33
	Inventory turnover (times)	7.78	1.18	0.60	1.25	0.54
	Accounts payable turnover (times)	1.34	2.36	9.07	17.90	4.31
	Average days of sales	47	310	608	292	676
	Turnover (times) of real estate properties, plants and equipment	0.26	0.09	0.08	0.07	0.02
	Total assets turnover (times)	0.06	0.02	0.01	0.01	0.004
Profitability	Return on assets (%)	(12.02)	(14.18)	(1.55)	(21.90)	(20.45)
	Return on equity (%)	(17.65)	(21.28)	(2.50)	(29.46)	(29.65)
	Pre-tax profit to paid-in capital ratio (%)	(17.54)	(25.37)	(0.56)	(46.39)	(29.43)
	Net profit margin (%)	(208.06)	(807.56)	(144.89)	(2,204.78)	(5,616.89)
	Earnings per share (NTD)	(1.84)	(2.43)	(0.38)	(4.86)	(4.03)
Cash Flow	Cash flow ratio (%)	(38.46)	(41.93)	(42.28)	(37.61)	(31.16)
	cash flow adequacy ratio (%)	(83.96)	(323.31)	(679.78)	(562.98)	(268.64)
	Cash reinvestment ratio (%)	(16.71)	(28.19)	(16.64)	(22.37)	(30.16)
Leverage	Operating leverage	0.56	0.83	0.90	0.91	0.92
	Financial leverage	0.88	0.93	0.96	0.96	0.93

Note 1: The financial statements provided above contain financial data audited by the CPA.

Note 2: The analysis formula of the items is as follows:

1. Financial structure
   (1) Debt-to-assets ratio = total liabilities / total assets.
   (2) Long-term fund ratio for property, plant, and equipment = (total equity + non-current liabilities) / net for property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Times Interest Earned (Times) = earnings before interest expense and net income / interest expense.
3. Operating performance
   (1) Accounts receivables (including accounts receivable and notes receivable arising from operation) turnover ratio = net sales / average receivables (including accounts receivable and notes receivable arising from operation) balances.
   (2) Average collection period = 365 / receivables turnover.

(3) Inventory turnover = cost of goods sold / average inventory.
(4) Accounts payable (including accounts payable and notes payable arising from operation) turnover ratio = cost of goods sold / average payables (including accounts payable and notes payable arising from operation) balances.
(5) Average days of sales = 365 / inventory turnover.
(6) Property, plant, and equipment turnover ratio = net sales / average net for property, plant, and equipment.
(7) Total assets turnover ratio = net sales / average total assets.

4. Profitability
(1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
(2) Return on equity = income after tax/net average equity.
(3) Net profit margin = net income / net sales.
(4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued. (Note 4)

5. Cash Flow
(1) Cash flow ratio = net cash flow from operating activities / current liabilities.
(2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent years / most recent five years (capital expenditure + inventory + cash dividend).
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross profit for property, plant, and equipment + long-term investments + other non-current assets + working capital (Note 5)

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

Note 4: The following items should be noted for the calculation of earnings per share using the above-mentioned formula:
1. The calculations shall be based on the average number of the weighted common shares instead of shares issued as of the end of the year.
2. The circulation period shall be considered for cash capital increase or treasury stock traders when calculating the weighted average number of shares.
3. When calculating annual or semi-annual earnings per share for those with capitalization of retained earnings or capital reserves, the capital ratio shall be adjusted retrospectively and the replenishment period issues need not be considered.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend of the current year (whether it is distributed) should be deducted from net income after tax or added to net loss. If the preferred shares are not cumulative in nature, the preferred stock dividends shall be deducted from the net income under after-tax net profit conditions. If there is a loss, no adjustment is needed.

Note 5: Special attention shall be paid to the following items during cash flow analysis measurements:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities listed in the cash flow statement.
2. Capital expenditures refer to the annual capital investment cash outflow.
3. Increases in inventories are included only if the ending balance is higher than the opening balance. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include common stock and preferred stock cash dividends.
5. Gross profit for property, plant, and equipment refer to the total amount for property, plant, and equipment before accumulated depreciation is deducted.

Note 6: The issuer shall divide the operating costs and expenses as fixed or changeable based on the nature. If such costs are subject to estimates or subjective judgments, the issuer shall ensure that the methods for determining such costs are reasonable and consistent.

Note 7: For company shares with no face value or with face value per share not equaling NT$10, the aforementioned calculation for paid-in capital ratio should be changed to calculation for the equity ratio attributable to owners of parent in the balance sheet instead.

III. Audit Committee’s Review Report of the 2023 Financial Statements

Medigen Biotechnology Corp.

Audit Committee’s Review Report

The Board of Directors has submitted the Company's 2023 Individual Financial Statements and Consolidated Financial Statements, and they have been audited by certified public accountants Shao-Pin Kuo and Chien-Ju Yu of ERNST & YOUNG. Together with the Business Report and loss off-setting proposal, they have been reviewed by the Audit Committee and no non-compliance have been found. A report is hereby submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:
2024 General Shareholders' Meeting of Medigen Biotechnology Corp.

Audit Committee convener: Pei-Wei Chen

March 11, 2024

IV. Financial Report Including the Independent Auditor’s Report for the Most Recent Year, Balance Sheet for the Last Two Years, Consolidated Income Statement, Statement of Changes in Equity, Cash Flow Statement, and Notes or Tables: Please Refer to Appendix A. Financial Statements for 2023 Audited by a Certified Public Accountant.

V. Individual Financial Statements for the Most Recent Year Audited by a Certified Public Accountant. However, the Statement of Significant Accounting Items is not Included: Please Refer to Appendix B. Individual Financial Statements for 2023 Audited by a Certified Public Accountant.

VI. Financial Difficulties Experienced by the Company and its Affiliates in the Most Recent Year and up to the Publication Date of the Annual Report:

None.

Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Conditions

Unit: NTD thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	6,732,826	5,708,037	(1,024,789)	(15.22)
Property, plant and equipment	1,918,498	1,770,209	(148,289)	(7.73)
Intangible assets	113,072	106,539	(6,533)	(5.78)
Other assets	1,217,878	942,460	(275,418)	(22.61)
Total assets	9,982,274	8,527,245	(1,455,029)	(14.58)
Current liabilities	1,052,323	2,779,891	1,727,568	164.17
Long-term liabilities	451,307	449,099	(2,208)	(0.49)
Other liabilities	2,007,631	301,126	(1,706,505)	(85.00)
Total liabilities	3,511,261	3,530,116	18,855	0.54
Capital stock	1,394,463	1,393,463	(1,000)	(0.07)
Advance receipts for capital stock	0	3,285	3,285	N/A
Outstanding shares awaiting cancellation	0	(2,000)	(2,000)	N/A
Capital surplus	1,561,666	968,142	(593,524)	(38.01)
Retained earnings	(727,979)	(747,509)	(19,530)	2.68
Other equity	(34,123)	(23,738)	10,385	(30.43)
Non-controlling equity	4,276,986	3,405,486	(871,500)	(20.38)
Total shareholder equity	6,471,013	4,997,129	(1,473,884)	(22.78)

Analysis and explanation of differences:

1. Analyze the main reasons and the impact of changes of 20% or more in the prior and subsequent periods, and when the amount of change reaches NT$10,000 thousand:
   (1) Decrease in Other Assets: Primarily due to reductions in investments accounted for using the equity method, deferred tax assets, and prepaid equipment payments..
   (2) Increase in Current Liabilities and Decrease in Other Liabilities: Mainly attributed to the issuance of corporate bonds by subsidiaries resulting in short-term liabilities due within one year.
   (3) Decrease in Capital Surplus: Mainly caused by using capital surplus to offset losses.
   (4) Decrease in Other Equity: Mainly due to a decrease in translation differences on the financial statements of foreign operations.
   (5) Decrease in Non-controlling Interests and Total Equity: Mainly due to a decrease in the net value of associated enterprises recognized as equity method income and the current period's net loss.
2. If the impact is significant, explain future response measures: No significant impact.

Note: The comparative financial performance analysis table for the last two years is prepared in accordance with International Financial Reporting Standards and audited by the CPA.

II. Financial Performance

Unit: NTD thousands

Year / Item	2022	2023	Increase (decrease) amount	Change ratio %
Total operating revenue	1,093,121	1,183,268	90,147	8.25
Less: Sales return and discounts	37,174	25,548	(11,626)	(31.27)
Net revenue	1,055,947	1,157,720	101,773	9.64
Operating costs	968,487	540,391	(428,096)	(44.20)
Gross profit	1,754,436	617,329	529,869	605.84
Operating expenses	(1,666,976)	1,850,422	95,986	5.47
Operating profits (losses)	96,029	(1,233,093)	433,883	(26.03)
Non-operating income and gains	(301,666)	102,353	6,324	6.59
Non-operating expenses and losses	(1,872,613)	(148,120)	153,546	(50.90)
Net income (loss) before tax	(58,874)	(1,278,860)	593,753	(31.71)
Income tax benefits (expenses)	(1,931,487)	(191,207)	(132,333)	224.77
Net profit (loss) per share from continuing operations for the current period	(1,931,487)	(1,470,067)	461,420	(23.89)
Net profit (loss) after tax	37,174	(1,470,067)	461,420	(23.89)

1. Change ratio analysis: (Where the change is 20% or more and over NT$10,000 thousand)
   (1) Decrease in Sales Returns and Allowances: Mainly due to a reduction in merchandise returns and the corresponding liability for sales returns by subsidiaries.
   (2) Decrease in Operating Costs and Increase in Gross Profit: Primarily attributed to higher provisions for inventory write-downs and obsolescence according to company policy in the previous year, resulting in higher operating costs and lower gross profit margins.
   (3) Increase in Operating Income (Loss): Mainly due to increased operating revenue and a recovery in gross profit.
   (4) Decrease in Non-operating Expenses and Losses: Mainly due to a decrease in the proportionate share of losses from associated enterprises and joint ventures recognized using the equity method.
   (5) Increase in Income Tax Benefit (Expense): Mainly due to an increase in deferred income tax expenses related to taxable losses and the reversal of original deferred income tax benefits.
   (6)Decrease in Continued operations segment's current period net loss and in net loss after tax: reasons as stated above.
2. Expected sales volume in the next year and basis, possible impact on the Company's future financial operations and response plans:
   (1) Sales forecast for the coming year and basis:

The main sources of sales revenue in the next year include molecular diagnostics, vaccines, generic drugs, health and beauty products, and cell therapy. Vaccines: The subsidiary Medigen's vaccines, quadrivalent Influenza vaccines, and enterovirus vaccines obtained drug approval from the Food and Drug Administration of Taiwan. They will be used to supply the domestic influenza vaccine and the inspection, registration, and application in Southeast Asia. In terms of generic drugs, the Company is mainly engaged in the production and sale of western pharmaceuticals in compliance with the regulations of the Ministry of Health and Welfare, the production of food or healthcare food, and OEM of overseas health and beauty products. GDT cell therapy has been approved for use in seven medical institutions including Shin Kong Wu Ho Su Hospital, Show Chwan Memorial Hospital, Chang Bing Show Chwan Memorial Hospital, Hualien Tzu Chi Hospital, Taichung Tzu Chi Hospital, Changhua Christian Hospital, and Chi Mei Medical Center. NK cell therapy has been approved for use in nine medical institutions including Shin Kong Wu Ho Su Hospital, Show Chwan Memorial Hospital, Chang Bing Show Chwan Memorial Hospital, Hualien Tzu Chi Hospital, Taichung Tzu Chi Hospital, Changhua Christian Hospital, Chi Mei Medical Center, Taipei Municipal Wanfang Hospital, and Taipei Mackay Memorial Hospital. Once partner hospitals completed enrollment, cell therapy business will begin to generate revenue.

(2) Possible impact on the Company's future financial operations and response plans:

As revenue from royalties is not a recurring income, before the molecular diagnostics and cell therapy businesses make significant contributions to revenue and profitability, more cautious plans for the sources of funding shall be adopted for future business plans. The financial planning is processed based on the financial report for the last two years and the information in the most recent report in accordance with the resolutions of the shareholders' meeting and the Board of Directors.

III. Cash Flow

1. Analysis of annual cash flow changes in the most recent year

Unit: NTD thousands

Year / Item	2022	2023	Changed amount	Change ratio (%)
Net cash inflow (outflow) from operating activities	(1,138,219)	(503,517)	634,702	(55.76)
Net cash inflow (outflow) from investing activities	(2,453,117)	497,660	2,950,777	120.29
Net cash inflow (outflow) from financing activities	3,490,466	193,152	(3,297,314)	(94.47)

(1) Decrease in cash outflow from operating activities: The increase in operating income in the current fiscal year resulted in a reduction in pre-tax net loss.

(2) Increase in cash inflow from investment activities: This is due to the repayment of financial assets measured at amortized cost upon maturity.

(3) Decrease in cash inflow from financing activities: This is due to the issuance of corporate bonds by subsidiary in the fiscal year 2022.

2. Improvement plan for lack of liquidity: The Company does not have a cash deficit.

3. Analysis of cash flow changes in the coming year:

Unit: NTD thousands

Cash balance at beginning of the period (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash inflow (outflow) (3)	Expected cash surplus (deficit) (1)+(2)+(3)	Remedial measures for expected cash deficit	
				Investment plan	Financing plan
2,222,926	(293,900)	35,481	1,964,507	N/A	N/A

(1) Analysis of cash flow changes in the coming year:

A. Operating activities: The net cash outflow was mainly due to the expenditures for the purchase of materials for clinical trials and the production of vaccine products.

B. Investment activities: Mainly for the purchase of machines and equipment for production.

C. Financing activities: Mainly for the repayment of bank loans.

(2) Estimated cash shortfall remediation measures and liquidity analysis. N/A.

IV. Effect of Major Capital Spending on Financial Position and Business Operation in the Most Recent Year

There was no major capital spending in 2023.

V. Reinvestment Policy in the Most Recent Year, Profit/Loss and Main Reasons, Improvement Plan, and Investment Plan for the Coming Year

(I) The Company's investment policy:

The Company invests assets in accordance with business requirements or to facilitate the future growth of the Company. Related units proceed with investments in accordance with the "Investment Management Regulations" and "Regulations Governing the Acquisition and Disposal of Assets" in the internal control system. The finance unit compiles data and proposes recommendations to the responsible supervisor. After an investment recommendation is created, the investee company's past and future prospects, market conditions, and business health are evaluated to form a basis for investment decisions by decision makers.

(II) Main reasons for gains or losses in investments and improvement plans:

December 31, 2023; Unit: NTD thousands

Investee company	Investment gains (losses) recognized by the Company	Policy	Main reasons for profit or loss	Improvement Plan
TBG Diagnostics Limited	(37,375)	Long-term investment	Product research and development underway	N/A
Medigen Vaccine Biologics Corporation	(223,475)	Long-term investment	Product research and development underway	N/A
Winston Medical Supply Co., Ltd.	93,088	Long-term investment	Success in OEM business development	N/A
Texas BioGene, Inc.	0	Long-term investment	R&D unit	None
TBG Biotechnology Corp.	0	Long-term investment	Smaller market in Taiwan	Accelerate overseas expansion
UMO International Co., Ltd.	0	Long-term investment	Product of niche market	N/A
Medigen Biotechnology Corp. (Xiamen)	(12)	Long-term investment	Intended for the application of new drug permit in China and no business activities at the moment	N/A
Shiny Lily Co., Ltd.	0	Long-term investment	Distribution of generic drugs	N/A
Fu Yu Capital (Stock) Company	0	Long-term investment	Investment holding company in Taiwan with no business activities	None
TDL Holding Co.	(8,856)	Long-term investment	Overseas investment holding company with no business activities	None
MVC BioPharma Ltd.	0	Long-term investment	Overseas investment holding company with no business activities	None
Medigen Biotechnology Corp. (Beijing)	(31,170)	Long-term investment	Overseas investment holding company with no business activities	None
Cellxpert Biotechnology Co., Ltd.(previously known as Medigen Cell Technology Corp.)	(31,179)	Long-term investment	Product development underway	Accelerate product development
U-GEN (previously known as TBG Inc.)	(2,762)	Long-term investment	Overseas investment holding company with no business activities	None
Yingxin Investment Co., Ltd.	0	Long-term investment	Investment holding company in Taiwan with no business activities	None

(III) Investment plan for the following year:

As of the publication date of the Annual Report, the Company has no specific investment plan for the following year and will prepare investment plans in the future based on the actual needs of the Company.

VI. Risk Analysis and Assessment

(I) Impacts of interest rates, exchange rate fluctuation and inflation situation on the Company's profit and loss, and the future countermeasures:

Unit: NTD thousands

Item	2023	Percentage of revenue (%)	2022	Percentage of revenue (%)
Interest income	89,068	7.69	8,883	0.84
Interest expenses	55,859	4.82	39,453	3.74
Foreign exchange gains (losses)	(133)	(0.01)	29,491	2.79

(1) The effect of interest rate fluctuations on earnings and losses of the Company as well as response measures:

The Company's interest expenses in 2023 and 2022 were NT$55,859 thousand and NT$39,453 thousand, respectively. Interest expenses account for a relatively small portion of the Company's revenue. Interest income is derived from bank deposits based on interest rate for deposits. The Company's interest income in 2023 and 2023 were NT$89,068 thousand and NT$8,883 thousand, respectively, which had limited effects on the Company's profit and loss.

The Company shall take related response measures for changes in interest rates. For instance, the finance unit shall monitor the latest interest rate fluctuations and plan suitable long and short-term bank loans based on actual capital requirements to reduce the cost of capital.

(2) The effect of exchange rate fluctuations on earnings and losses of the Company as well as response measures:

Certain parts of the Company's clinical trial drugs and services are provided by foreign suppliers. Therefore, we estimate the need for foreign currency in the upcoming period and retain a part of the foreign currency deposits. The Company takes the following response measures to mitigate the impact of exchange rate fluctuations on future revenue and profitability:

A. If the Company purchases materials from foreign countries or pays technology licensing royalties to foreign companies, the Company pays for such purchases in foreign currencies whenever possible to reduce the impact of exchange rate fluctuations and achieve natural hedging.

B. The finance unit closely monitors international financial conditions and the latest information on exchange rate changes. It seeks professional advice from banks to monitor exchange rate changes. It also adopts appropriate hedging strategies to reduce exchange rate risks at the appropriate time based on actual capital requirements.

C. The Company established the "Regulations Governing the Acquisition and Disposal of Assets" to regulate the trading, risk management, supervision, and auditing of derivative financial instruments, and ensure its implementation. When the Company needs foreign currency in the future, it shall retain foreign currency accounts receivable instead of converting them into NTD. The Company will also purchase foreign currencies from the spot market based on changes in exchange rates in accordance with the procedures set forth in the Regulations Governing the Acquisition and Disposal of Assets, obtain the approval of the Board of Directors for such purchases, and announce and report the transactions.

(3) Impact of inflation on the Company’s profits and losses and future response measures:

The Company and its subsidiaries are biotech companies that focus on new drug exploration, new drug development, vaccines, generic drugs, and molecular diagnostics. The technology, expenses and costs of research and development are less unaffected by inflation. The Company also maintains good relations with customers and suppliers. Therefore, the impact of inflation on the Company's profit and loss remains limited.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, derivatives transactions, profit/loss analysis, and future response measures:

The Company focuses on its core businesses and does not engage in high-risk, high-leveraged investments. The Company also does not provide loans, endorsements, and guarantees to others or engage in derivatives transactions. The Company has established the "Regulations Governing the Acquisition and Disposal of Assets", "Procedures for Lending Funds to Other Parties", and "Procedures for Endorsements and Guarantees" which have been approved in resolutions in shareholders' meetings. If necessary, future operations shall be executed in accordance with related operating procedures.

(III)Future R&D Programs and Expected R&D expenditure:

Research and development project	Current progress and contents	Estimated time for the completion of mass production	Factors that determine the success of R&D
New cancer drugs	New liver cancer drug PI-88: The Company granted an exclusive license for global development and commercialization (excluding Taiwan) to Beijing Medigen Cell Technology Corp. in December 2019 to accelerate the clinical development of PI-88 in China. OBP-301 oncolytic virus drug: The OBP-301 jointly developed by the Company and Oncolys of Japan has currently completed enrollment for the Phase II clinical trial for treating esophageal cancer with radiotherapy in Japan. We are also implementing the Phase I clinical trial for treating esophageal cancer in the United States.	After successful conclusion of clinical trials	1. Whether the clinical trials are well-designed 2. Whether R&D funding is adequate 3. Whether the drug is effective
Development of molecular diagnostic reagents	Development of HLA new products, HLA fluorescent typing kits, and KIR typing reagents	After successful conclusion of clinical trials	
Cell therapy	Construction of a cell operation room that meet international specifications Mesenchymal stem cells cultivation technology research Enhancement of natural killer cell (NK cell) therapy technology Regenerative medicine reagent development	After approval by the Special Act.	

Research and development project	Current progress and contents	Estimated time for the completion of mass production	Factors that determine the success of R&D
Vaccines	1.The Enterovirus A71 vaccine entered the self-payment vaccine market in Taiwan on August, 2023. Currently, MVC’s enterovirus A71 vaccine has been administered to tens of thousands of infants and young children, demonstrating excellent safety. As of December 2023, the enterovirus A71 vaccine has captured over 90% market share in the domestic self-payment market. 2.Quadrivalent seasonal influenza vaccine The Flu Quadrivalent vaccine is developed in collaboration with the South Korean vaccine manufacturer GC Biopharma. After obtaining market approval in March 2023, the Flu Quadrivalent vaccine was promptly included in the public-funded vaccine tender.	After successful completion of clinical trials and after obtaining market approval	

The Company expects to invest NT$ 423 million in the following year for the development of the aforementioned R&D projects.

(IV) Effects of and response to changes in policies and regulations relating to corporate finance and sales:

1. Domestic:

The regulatory environment can determine to the risks and return on investment of biotech companies. The cell therapies developed by the Company can be affected by domestic regulations such as the "Regulations Governing the Administration or Use of Specific Medical Technology-based Testing or Laboratory Medical Instruments" as well as domestic and foreign legislation on regenerative medicine and medical technology regulations. The Company uses its experience accumulated in 20 years of clinical trials, understanding of regulations, and international cooperation networks to adapt to rapid changes in the industry, study changes in regulations in different jurisdictions, and quickly respond. Therefore, the Company has the opportunity to become a leading company in cell therapy. We will work with the government and other biotech companies to make cell therapy a critical and unique medical service in Taiwan.

2. Overseas:

There are currently has no significant foreign policy or legal changes that may affect the Company's financial operations, and the Company continuously pays close attention to changes in policies of foreign governments and legislation and respond in a timely manner.

(V) Impact of recent technological (including information security risks) and market changes on finance and business of the Company, and response measures:

The Company is a biotech company that focuses on new drug development, cell therapy, new drug exploration, generic drugs, and molecular diagnostics. Any advancement or demand related to biotechnologies may affect the entire biopharmaceutical industry and the Company. The OBP-301 jointly developed by the Company and Oncolys has entered clinical trials. The molecular diagnostic reagents have also been sold in several countries across the world. In terms of cell therapy, as the Ministry of Health and Welfare promulgated the amendment of "Regulations Governing the Administration or Use of Specific Medical Technology-based Testing or Laboratory Medical Instruments" on September 6, 2018, to allow the use of autologous immunotherapy, Medigen will integrate the Group's experience in clinical trials, molecular diagnostics, and cell cultivation plants to set up a comprehensive system. The Company can start with front-end therapeutic assessments and improve the effectiveness of immunotherapy. We can also work closely with medical institutions to provide patients with high-quality treatment and services. The Company shall pay close attention to changes in technologies and the industry and their impact on the Company, and plan product development and resource allocation accordingly. Future changes are not expected to have any material impact on the Company's finance and business.

In addition, the response measures taken by the Company for cybersecurity risks include the implementation of the information security system, system authority management regulations, remote backup system maintenance, awareness campaigns, network monitoring, and regular training programs.

(VI) Impact of changes in corporate image on the corporate risk management, and the Company's response measures

Since the Company was founded in 1999, we have focused on using biotechnology innovations to create a better life for humans for more than ten years. After years of hard work, we have made many breakthroughs in research and development. The R&D projects received praise from the industry, government, and academia in Taiwan and won many domestic biotechnology awards. We have created a positive corporate image. As we pursue the Company's achievements and shareholders' interests in the future, we will also fulfill our corporate social responsibility, maintain a good corporate image, and pursue sustainable operation.

(VII) Expected benefits and possible risks in mergers and acquisitions (M&A) and countermeasures

The Company does not have any plans for acquisitions of other companies as of the publication date of the Annual Report. In the event of future mergers and acquisitions, the Company will follow the relevant laws and regulations and conduct a prudent evaluation of the benefits and control of risks in order to ensure both the Company's growth and the shareholders' interests, maximize profits, and minimize risks to the Company's overall operations.

(VIII) Expected benefits and potential risks of capacity expansion and response measures

The Company's subsidiary Medigen Vaccine Biologics Corporation set up a plant to produce vaccines and biologics in Hsinchu Biomedical Science Park. The plant meets PIC/S GMP vaccine production standards and can produce and supply vaccines with official commercialized products. The construction of a biopharmaceutical plant and related equipment requires capital and advanced technologies. The subsidiary has raised the necessary capital in the capital market and there are currently no risks of a shortage of capital. The Company will actively expand businesses to reduce the risks of inadequate utilization.

(IX) Risks associated with the concentration of inbound and outbound shipments and measures to address them:

The Company's main suppliers and customers are shown in the information disclosed in relevant chapters of the Annual Report. There have been no cases of over-concentration of sales in the last two years. In terms of vaccine products, as manufacturers of COVID-19 vaccine sell their products to the government of each country, the main customer of the subsidiary Medigen was the CDC of Taiwan. In terms of health and beauty products, we obtained six licenses from the TFDA of the Ministry of Health and Welfare in 2020 for the export of specialty pharmaceutical products and added a new Japanese OEM customer. The sales volume has grown steadily every year and the customer thus became one of the Company's top three customers. The subsidiary Winston will continue to develop new customers and new dosage products to disperse sales risks.

(X) Impacts and risks arising from major exchange or transfer of shares by Directors, Supervisors, or major shareholders with over ten percent of stake in the Company and countermeasures:

There has been no significant transfer of company shares by Directors, Supervisors, or major shareholders with over 10% of shares in the most recent year and up to the publication date of this Annual Report.

(XI) Impact, risk, and response measures related to any change in the administrative authority towards the Company's operations

There have been no changes in the administrative authority of the Company due to changes involving the shares held by Directors or major shareholder with more than 10% of shares in the past year and up to the date of report.

(XII) In terms of litigation or non-litigation matters, the Company and the Company's directors, supervisors, president, actual responsible person, shareholders holding more than 10% of the Company shares, and a subsidiary company who is involved in a major lawsuit that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or market prices of securities, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties currently involved in such litigations shall be disclosed:

1. Major litigation, non-litigation, or administrative events that have been determined by verdict of the court or are still pending, the results of which may have a significant impact on shareholders’ equity or securities prices: None.

2. Directors, supervisors, general managers, responsible personnel, substantial shareholders and affiliates of the Company holding more than 10% of the shares, as well as litigation, non-litigation or administrative disputes that have been determined or are currently pending, with outcomes that may have a material impact on shareholders' equity or share prices:

(1) Ta Ching Construction Co., Ltd.:

The Ta Ching Xinyi Fudi apartment building in Tucheng District, New Taipei City was damaged in an earthquake on March 31, 2002. 49 residents including one surnamed Chen filed a lawsuit to Banqiao District Court on June 1, 2003, and claimed that defects in the apartment building delivered by Ta Ching Construction Co., Ltd. and Ta Hsiung Construction Co., Ltd. caused damaged to the plaintiffs who claimed compensation totaling NT$84,798 thousand. Ta Ching Construction Co., Ltd. claimed that the plaintiffs converted what was originally a 5-floor building to a 7-floor building and modified the beams and columns. Therefore, the damage to the property was not entirely attributable to Ta Ching Construction Co., Ltd. The Supreme Court rendered a judgment rejecting the claim in Tai-Shang No. 402 in 2018. Although Ta Ching Construction Co., Ltd. was required to pay compensation for parts of the plaintiffs' losses, the case did not affect Medigen's finance or business and had no material adverse effect on Medigen.

(XIII) Other significant risks and response measures:

1. Long development duration of new drugs, high capital requirements, and no guarantee of success

The biopharmaceutical industry is characterized by high R&D expenditures, high risks, and a long industry value chain. The research, development, production, and commercialization of new drugs are strictly managed by laws and regulations in all countries. As a result, after the initial research and development of general biotech drugs in the laboratory, they must pass pre-clinical trials and human clinical trials, and obtain approval before they can be launched in the market. Based on the experience of foreign companies, it takes about 10 to 15 years to develop a new drug, but the success rate is only 2%. On average, only one out of 57 new drug development projects is marketed, and it takes more than US$200 million in capital investment. Therefore, the research, development, and marketing of new drugs are distinct from other industries due to the high R&D expenditures and time-consuming R&D and production process. They incur high risks and take a very long time to develop. Continuous investments are also required and there is no guarantee of success.

Response strategies:

A. Make use of the resources of the domestic industry, government, and academic and research institutions

New drug development is divided into different stages, and the value increases as the drug approaches marketability. In fact, the later stages of new drug development require more resources, such as clinical trials, licensing partnerships, strategic alliances, and market planning. Therefore, it is suitable for the industry to take over and commit investments in the later stages. To encourage more companies to take over the development of new drugs, the Company needs to use the "professional coordination and division of labor mechanisms between industry, government, academia, and research" to accelerate and increase investments in upstream R&D, facilitate the creation of technologies, know-how, and other intellectual properties, and foster long-term product development.

B. Prioritize cases where clinical trials can begin after obtaining licensing

It takes 7 to 10 years or more from the start of animal tests to the end of phase III in the new drug development process. The risks are high, and the investment payback period is long. Therefore, when the Company obtains new drug licensing from foreign companies, we shall focus on cases that are ready for clinical trials, cases for which safety and tolerance tests have been conducted, and cases with lower risks of test subjects. Such cases offer a higher success rate and a shorter estimated investment payback period but incur higher royalty expenditures.

C. Financing in the capital market

The process of new drug development is long and risky and there is no guarantee of success. Continuous capital investments are also required. Before the product is successfully launched, company operations cannot pay for themselves and rely on continuous participation of shareholders in capital increases for support.

2. Strong lineup and intense competition of international biopharmaceutical plants

The global biopharmaceutical industry has become a highly competitive environment of globalization dominated by big players and characterized by shortened product life cycles and declining margins. Many small and medium biotech companies are struggling to operate in a more competitive environment due to the financial strength and competitiveness of large international companies. The new drugs and molecular diagnostic products currently developed by the Company face competition mostly from Western companies, which offer critical technologies and high quality. They have strong brand recognition and market resources, and it is difficult for new biotech companies to counter their influence.

Response strategies:

A. Upstream breakthrough for reducing dependency on international new drugs

It is difficult for Taiwan's biotech industry to compete with advanced countries in the development of molecules and proteins in Western pharmaceuticals. Most of the new drug manufacturers in Taiwan rely on obtaining licenses from foreign countries and conducting clinical trials in Taiwan in arrangements for sharing rights and obligations. The biggest obstacle is obtaining licensing for high-performing new drugs. To overcome this dilemma, we have decided to move forward to the source of new drug development to reduce our dependence on foreign sources.

B. Clarify the focus and target of product development

The Company's new drug development platform focuses on "liver" and "cancer", and the primary target is the development of new drugs and technologies for liver cancer. The Company targets liver cancer because the domestic academia has completed significant amounts of research in liver cancer due to the government's support for research on common diseases of citizens in recent years. The academic achievements and potential are used as the basis for the project to increase the probability of success of the project. The incidence of liver cancer in Asian populations is several times higher than that of Western populations. By contrast, liver cancer does not make the top ten list of deaths caused by cancer in Western populations. There is less incentive for Western pharmaceutical companies and biotech companies to develop such drugs and the Company should be able to effectively differentiate itself from foreign pharmaceutical or biotech companies. In terms of the molecular diagnostic technology platform, the Company prioritizes the development of Human Leukocyte Antigen (HLA) as a niche product with less intensive competition compared to other products. In addition, we choose emerging countries including Taiwan, China, and Southeast Asia as the main niche markets and use our advantages in operations in Taiwan to reduce operating costs, develop competitive products, and increase the Company's competitiveness. As for cell therapy technologies, the Ministry of Health and Welfare relaxed regulations in 2018 to allow autologous immunotherapy. Before the regulations were relaxed, the Company integrated the Group's experience in clinical trials, molecular diagnostics, and cell cultivation plants to set up a comprehensive system. The Company can start with front-end therapeutic assessments and improve the effectiveness of immunotherapy. We can also work closely with medical institutions to provide patients with high-quality treatment and services.

C. Cultivation of professional talents and high-quality R&D team

After confirming the strategy for new drug development, the Company requires the participation of several experts in actual research and development, including design, composition, pharmacology, pharmacokinetics, pharmacochemistry, and toxicology, as well as talents skilled in multiple disciplines such as patents, law, and markets. Taiwan has more comprehensive talents for pharmacokinetics, pharmacology, and pharmaceutical patents and abundant R&D talents. The Company thus established a comprehensive team for new drug deployment. In addition, the Company has accumulated related knowledge in liver cancer research during the design and implementation of the PI-88 clinical trials. When implementing the new drug program, the Company also integrates the resources of different entities and appoints the most suitable academic or medical institution to form partnerships. We develop and cultivate talents to form a comprehensive new drug development team which significantly increases our international competitiveness.

3. The Company implements information security risk assessment and analysis and is required to disclose response measures if major operational risks are identified in the assessment.

To ensure the stability and security of operations and businesses, the Company will continue to strengthen the infrastructure and prepare and rehearse emergency response plans. The Group has completed upgrades for the internal and external firewall, VPN connection system, and backup platform. In response to the COVID-19 pandemic, the Company seeks to increase the stability of business operations and reduce the risks of infections of employees during commutes or operations. All employees can use VPN encrypted connection to successfully work from home without being affected by measures for quarantine at home or isolation for epidemic prevention.

Based on the aforementioned assessment, the Group's information security risks remain within control and should not pose significant operational risks.

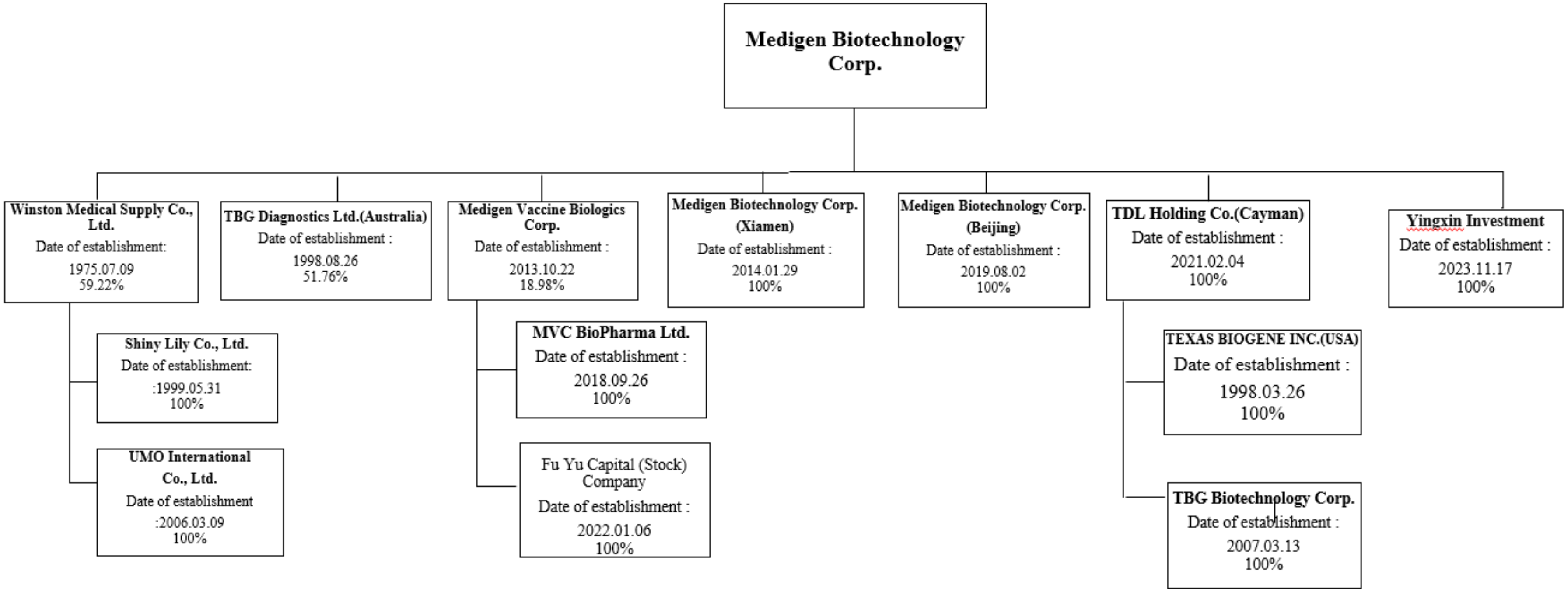
VII. Other Critical Matters: None.

Chapter 8 Special Notes

I. Profiles of Affiliates:

1. Organization Chart of Affiliates

December 31, 2023



2. Basic information of each affiliate

Company name	Date of establishment	Address	Paid-in capital	Main businesses (Note 1)	Transactions and division of work with affiliates (Note 2)
TBG Diagnostics Ltd.(Australia)	1989/09/26	Level 18, 101 Collins St., Melbourne VIC, 3000 Australia	AUD 195,270 thousand	Research, development, production, and sales of test kits	Research and development of test kits overseas
TDL Holding Co.(Cayman)	2021/02/04	71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.	48,430	Investment holding	N/A
Medigen Vaccine Biologics Corporation	2013/10/22	Hsinchu Science Park No. 68, Shengyi 3rd Rd., Zhubei City, Hsinchu County, Taiwan	NT$3,278,399 thousand	Research, development, retail, and wholesale of vaccines	N/A
Winston Medical Supply Co., Ltd.	1975/07/09	No. 117, Ren'ai Street, Yanzhou Village, Yongkang District, Tainan City, Taiwan	NT$184,170 thousand	Production and sales of generic drugs	OEM of health and beauty products
Medigen Biotechnology Corp. (Xiamen)	2014/01/29	4F-2, Building 3, No. 2004, Wengjiao West Road, Haigang District, Xiamen, People's Republic of China	NT$3,026 thousand	New drug marketing	N/A
Medigen Biotechnology Corp. (Beijing)	2019/08/02	3F, No. 101, West Sihuan South Road, Fengtai District, Beijing, People's Republic of China	NT$182,686 thousand	Investment holding	N/A
Texas BioGene, Inc.	1998/03/26	1107 Kenshire Lane, Richardson, TX 75081	NT$22,387 thousand	Research and development of test kits	Research and development of test kits overseas

Company name	Date of establishment	Address	Paid-in capital	Main businesses (Note 1)	Transactions and division of work with affiliates (Note 2)
TBG Biotechnology Corp.	2007/03/13	13F-1, No. 237, Sec. 1, Datong Road, Xizhi District, New Taipei City	NT$200,000 thousand	Research, development, production, and sales of test kits	Research, development, production, and sales of HLA test kits
UMO International Co., Ltd.	2006/03/09	14F, Building F, No. 3, Yuanqu Street, Nangang District, Taipei City, Taiwan	NT$10,000 thousand	Sales of health and beauty products	N/A
Shiny Lily Co., Ltd.	1999/05/31	No. 95, Xiannan Street, South District, Tainan City, Taiwan	NT$3,000 thousand	Sales of drugs	Sales of generic drugs
MVC BioPharma Ltd.	2018/09/26	Oleander Way,802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	USD 50 thousand	Holding	N/A
Fu Yu Capital (Stock) Company	2022/01/06	7F, No. 16, Lane 120, Section 1, Neihu Road, Neihu District, Taipei City	NT$200,000 thousand	Investment holding	N/A
Yingxin Investment (Stock) Company	2023/11/07	14F, Building F, No. 3, Yuanqu Street, Nangang District, Taipei City, Taiwan	NT$200,000 thousand	Investment holding	N/A

Note 1: Overall businesses covered by affiliates.
Note 2: Explain the distribution of work if the businesses covered by affiliates are interconnected.

3. Controlling and subordinate companies with identical shareholders: None.
4. Information on directors, supervisors, and general managers of affiliates:

Unit: Thousand shares

Company name	Title	Name or representative	Shares held directly by Medigen	
			Number of Shares	Shareholding Percentage
TBG Diagnostics Ltd. (Australia)	Director	Shi-Chung Chang	112,616	51.76%
TDL Holding Co. (Cayman)	Director	Shi-Chung Chang	976	100%
Medigen Vaccine Biologics Corporation	Chairman	Medigen Biotechnology Corp. Representative: Ming-Cheng Chang	62,359	18.98%
Winston Medical Supply Co., Ltd.	Director	Medigen Biotechnology Corp. Representative: Shi-Chung Chang	10,906	59.22%
Medigen Biotechnology Corp. (Xiamen)	Chairman	Medigen Biotechnology Corp. Representative: Shi-Chung Chang	—	100%
Medigen Biotechnology Corp. (Beijing)	Chairman	Medigen Biotechnology Corp. Representative: Shi-Chung Chang	—	100%
Texas BioGene, Inc.	—	—	0	0%
TBG Biotechnology Corp.	Chairman	TDL Holding Co. Representative: Shi-Chung Chang	0	0%
UMO International Co., Ltd.	Chairman	Winston Medical Supply Co., Ltd. Representative: Shi-Chung Chang	0	0%
Shiny Lily Co., Ltd.	Director	Winston Medical Supply Co., Ltd. Representative: Shi-Chung Chang	0	0%
MVC BioPharma Ltd.	Director	Shi-Chung Chang	0	0%
Fu Yu Capital (Stock) Company	—	—	0	0%
Yingxin Investment (Stock) Company	Chairman	Medigen Biotechnology Corp. Representative: Shi-Chung Chang	5	100%

5. Operations overview of affiliates:

December 31, 2023; Unit: NT$ thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit and loss	Income for the current period
TBG Diagnostics Ltd. (Australia)	AUD 195,270	114,708	5,463	109,245	0	181,83	70,105
TDL Holding Co.	78,430	75,658	0	75,658	0	(401)	(8,856)
Medigen Vaccine Biologics Corporation	3,286,081	6,092,646	2,246,067	3,84,6579	389,624	1,213,418	1,159,835
Winston Medical Supply Co., Ltd.	184,170	751,787	3,238,86	427,901	677,371	189,313	158,754
Medigen Biotechnology Corp. (Xiamen)	3,026	2,484	0	2,484	0	(42)	(12)
Medigen Biotechnology Corp. (Beijing)	182,686	48,785	0	48,785	0	2	(31,170)
Yingxin Investment (Stock) Company	50	50	0	50	0	0	0
Texas BioGene, Inc.	22,387	112	0	112	0	58	(58)
TBG Biotechnology Corp.	200,000	113,166	72,948	40,218	51,733	(9,472)	(9,172)
UMO International Co., Ltd.	10,000	72,905	55,182	17,723	60,239	6,727	4,675
Shiny Lily Co., Ltd.	3,000	3,313	26	3,287	1,935	61	66
MVC BioPharma Ltd.	USD 50	3,309	0	3,309	0	(8)	(203)
Fu Yu Capital (Stock) Company	300,000	327,718	0	327,718	0	(174)	(164)

6. Information on endorsements, loans to others, and derivative transactions of affiliates: No such situation.

7. Consolidated Financial Statement of Affiliates

We hereby state that the companies that should be included in the 2023 (January 1, 2023 to December 31, 2023) consolidated financial statements of affiliates in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to the companies that should be included in the consolidated financial statements of the parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10, and the information that should be disclosed in the consolidated financial statements of affiliates has been duly disclosed in the aforesaid consolidated financial statements of the parent company and subsidiaries (refer to Attachment A). The Company is therefore not required to prepare separate consolidated financial statements of affiliates.

8. Consolidated Business Reports from Affiliated Companies:

   The Company is not a subordinate company of controlled or deemed as controlled by another company and is therefore not required to prepare an affiliation report.

II. Private Placement of Marketable Securities for 2023 and as of the Date of the Annual Report: None.

III. Shares of the Company Held or Disposed of by Subsidiaries in 2023 up to the Publication Date of this Annual Report: None.

IV. Other Necessary Supplemental Information:

The Company has not yet completed the following commitments for listing on TPEx

TPEx listing commitments	Implementation of commitments
1. The Company is committed to adding to the "Regulations Governing the Acquisition and Disposal of Assets" the condition that "the Company may not abstain from future annual capital increases of TDL Holding Co. (hereinafter referred to as TDL Cayman); TDL Cayman may not abstain from future capital increase of Texas Biogene, Inc. and TBG Biotechnology Corp. If the Company is required to abstain from capital increase or dispose of shares of the aforementioned companies in the future due to strategic alliance considerations or with the approval of Taipei Exchange, a special resolution shall be required in the meeting of the Board of Directors of Medigen Biotech Corp." If the regulations are amended in the future, the results shall be entered as material information on the Market Observation Post System and reported to Taipei Exchange for registration.	The Company has amended the Regulations Governing the Acquisition and Disposal of Assets in the meeting of the Board of Directors on March 27, 2012, and the amendment was passed in the shareholders' meeting on June 28, 2012. The Company's Board of Directors passed a special resolution on April 30, 2015 for the transfer of all shares of TBG Cayman to the shares of Progen, a company listed in Australia. TBG Cayman and its subsidiaries thus become subsidiaries and affiliates of Progen. The merger and acquisition were completed on January 29, 2016 and announced on the Market Observation Post System. Although fundraising is included in the case, as the entity is Progen and not TBG Cayman, the commitment does not apply.
2. The shares held by the Company's Directors, Supervisors, shareholders with more than 5% of shares, or shareholders with special technical capital who are employed by the Company and hold at least 0.5% or 100,000 shares of the Company's total issued shares at the time of application for listing on TPEx shall be placed in central custody (hereinafter	The shares held by the Company's Directors, Supervisors, shareholders with more than 5% of shares, or shareholders with special technical capital who are employed by the Company and hold at least 0.5% or 100,000 shares of the Company's total issued shares at the time of application for listing on TPEx have

TPEx listing commitments	Implementation of commitments
referred to as the central custody regulation) in accordance with related regulations in Article 3, Paragraph 1, Subparagraph 4 of the "Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx". In addition, they must also pledge that they may only recover half of their shares placed under central custody six months after the Company's new liver cancer drug PI-88 completes the new drug application (NDA), and that they may only recover the remaining shares placed under central custody one year after the NDA.	been placed in central custody in accordance with related regulations in Article 3, Paragraph 1, Subparagraph 4 of the "Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx". The relevant statements have also been submitted.

V. Corporate Events with Material Impact on Shareholders' Equity or Securities Prices Set Forth in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act in the Most Recent Year and up to the Publication Date of this Annual Report: None.

Appendix A. Financial Statements for 2023 Audited by a Certified Public Accountant

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2023 and for the year then ended prepared under the International Financial Reporting Standards No.10 are the same as the entities to be included in the combined financial statements of the Company, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Company name: Medigen Biotechnology Corporation

Chairman: Chang, Shi-Chung

March 11, 2024

安永聯合會計師事務所

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9F, No. 333, Sec. 1, Keelung Road
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Independent Auditors' Report

To the Board of Directors and Shareholders of
Medigen Biotechnology Corporation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Company and its subsidiaries recognized NT$1,157,720 thousand as net sales, which includes sales of goods in the amount of NT$1,145,037 thousand and services and other operating revenues in the amount of NT$12,683 thousand for the year ended December 31, 2023. The revenue was mainly generated from the sales of generic drugs and aesthetic medicine products by the consolidated subsidiary, WINSTON MEDICAL SUPPLY CO., LTD. Since the Company and its subsidiaries have a large number of customers including hospitals, clinics, pharmacies, medicine companies and channel vendors in the country, and their revenue has a high inherent risk in nature, As a result, we determined this matter as a key audit matter.

Our audit procedures include (but are not limited to) evaluating the appropriateness of management's accounting policies for revenue recognition, and understanding, evaluating and testing the transaction process of the revenue recognition procedures for the identified performance obligations and the effectiveness of the design and implementation of internal controls that are critical to the timing of revenue recognition to meet performance obligations; performing test of details on a sampling basis by checking relevant vouchers and testing collection records to confirm that transactions have actually occurred; vouching relevant documents of sales transactions before and after a period of the balance sheet date; performing sales revenue cut-off tests to ensure that revenue is recognized in an appropriate period; and reviewing whether there are significant sales returns and allowances in the subsequent period. We also considered the disclosure of revenue recognition in Notes 5 and 6 to the consolidated financial statements.

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

The total carrying amount of property, plant and equipment, right-of-use assets and intangible assets of the Company and its subsidiaries was NT$2,149,747 thousand as of December 31, 2023, representing 25% of the total consolidated assets. Due to the recent operating losses of Medigen Vaccine Biologics Corporation and its subsidiaries, the management had conducted impairment evaluation tests on the cash-generating units to which these assets belong. The impairment evaluation was conducted based on value in use to estimate their recoverable amount. As the estimate of value in use is significant and it involves management judgment, we therefore determined it as a key audit matter.

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of the design and implementation of internal controls related to asset impairment, assessing the appropriateness of accounting policies for asset impairment, assessing the key assumptions used in the management impairment tests, including the growth rate of sales revenue, gross margin and discount rate, and discussing with the management to assess their reasonableness, and recalculating the recoverable amount of the management impairment assessment. We also considered the disclosure of property, plant and equipment, right-of-use assets and intangible assets in Notes 5 and 6 to the consolidated financial statements.

Assessment of allowance for inventory valuation losses

Net inventory of the Company and its subsidiaries amounted to NT$546,906 thousand as of December 31, 2023. The Company and its subsidiaries mainly engage in manufacturing and selling generic drugs, aesthetic medicine products and vaccine-related products, such inventories are affected by factors such as market demand, expiration date, normal depletion, obsolescence or lack of market value in different channels, and the management needs to evaluate whether the products are obsolete and the inventory price declines. The carrying amount of inventory is significant and the evaluation of inventory allowance involves significant judgment by the management, we therefore determined this matter as a key audit matter.

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of the design and implementation of internal controls related to obsolete and slow-moving inventories, evaluating the method and key assumptions used, including the reasonableness of the loss ratio, testing the sources of basic information, including the age of the inventory and the net realizable value used, recalculating the accuracy of inventory aging, and assessing the adequacy of the overall loss for market price decline of inventory through the analytical procedures. We also considered the disclosure of inventory in Notes 5 and 6 to the consolidated financial statements.

Other Matter –Previous Period Audited by Other Independent Accountants

The consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022 were audited by other independent accountants, who expressed a unqualified opinions on those statements on March 30, 2023.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our 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.

Others

We and other independent accountant have audited and expressed an unqualified opinion including an Other Matter Paragraph and an unqualified opinion on the parent company only financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2023 and 2022, respectively.

Kuo, Shao-Pin

Yu, Chien-Ju

Ernst & Young, Taiwan

March 11, 2024

Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022	
Accounts	Note	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6 and 12	$2,222,926	26	$2,040,633	20
Financial assets at fair value through profit or loss	4, 6 and 12	486	-	54,225	-
Financial assets measured at amortized cost-current	4, 6 and 12	2,364,100	28	2,979,940	30
Contract assets-current	4, 6, 7 and 12	358	-	8,638	-
Notes receivable, net	4, 6 and 12	108,411	1	120,042	1
Trade receivables, net	4, 6 and 12	220,125	3	263,919	3
Trade receivables from related parties, net	4, 6 and 7	-	-	5,715	-
Other receivables		52,954	1	8,253	-
Other receivables from related parties	7	40	-	41	-
Current tax assets	6	4,790	-	780	-
Inventories, net	4 and 6	546,906	6	692,615	7
Non-current assets or disposal groups held for sale, net	4 and 6	55,211	1	-	-
Other current assets	6	106,318	1	455,259	5
Other financial assets-current	8 and 12	25,412	-	102,766	1
Total current assets		5,708,037	67	6,732,826	67
Non-current assets					
Financial assets at fair value through other comprehensive income-noncurrent	4, 6 and 12	242,596	3	205,634	2
Investments accounted for using equity method	4 and 6	50,271	1	101,696	1
Property, plant and equipment	4, 6 and 8	1,770,209	21	1,918,498	19
Right-of-use assets	4 and 6	272,999	3	279,186	3
Intangible assets	4 and 6	106,539	1	113,072	1
Deferred tax assets	4, 5 and 6	327,495	4	480,938	5
Other non-current assets		25,640	-	113,776	2
Refundable deposits	8 and 12	23,459	-	36,648	-
Total non-current assets		2,819,208	33	3,249,448	33
Total assets		$8,527,245	100	$9,982,274	100

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

English Translation of Financial Statements Originally Issued in Chinese

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 31, 2023 and December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2023		December 31, 2022	
Accounts	Note	Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6 and 8	$402,600	5	$328,000	3
Financial liabilities at fair value through profit or loss-current	4, 6 and 12	29,050	-	-	-
Contract liabilities-current	6 and 7	134,996	2	130,398	1
Notes payable	12	46,700	1	34,771	-
Trade payables	12	75,867	1	150,238	2
Other payables		304,819	4	319,394	3
Current tax liabilities	4, 5 and 6	24,629	-	22,993	-
Lease liabilities-current	4, 6 and 12	17,320	-	13,126	-
Other current liabilities	7	15,500	-	24,541	1
Current portion of long-term liabilities	4, 6, 8 and 12	1,728,410	20	28,862	-
Total current liabilities		2,779,891	33	1,052,323	10
Non-current liabilities					
Financial liabilities at fair value through profit or loss-noncurrent	4, 6 and 12	-	-	19,250	-
Bonds payable	4, 6 and 12	-	-	1,677,850	17
Long-term borrowings	6 and 8	449,099	5	451,307	5
Deferred tax liabilities	4, 5 and 6	14,151	-	14,241	-
Lease liabilities-noncurrent	4, 6 and 12	267,533	3	275,319	3
Net defined benefit liabilities-noncurrent	4 and 6	9,162	-	10,691	-
Other non-current liabilities	4 and 6	10,280	-	10,280	-
Total non-current liabilities		750,225	8	2,458,938	25
Total liabilities		3,530,116	41	3,511,261	35
Equity attributable to owners of the parent					
Share capital	6				
Common stock		1,393,463	16	1,394,463	14
Advance receipts for share capital		3,285	-	-	-
Share capital awaiting retirement		(2,000)	-	-	-
Capital surplus		968,142	12	1,561,666	15
Retained earnings					
Accumulated deficits		(747,509)	(9)	(727,979)	(7)
Other equity		(23,738)	-	(34,123)	-
Total equity attributable to owners of the parent		1,591,643	19	2,194,027	22
Non-controlling interests		3,405,486	40	4,276,986	43
Total equity		4,997,129	59	6,471,013	65
Total liabilities and equity		$8,527,245	100	$9,982,274	100

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

English Translation of Financial Statements Originally Issued in Chinese
MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Accounts	Note	2023		2022	
		Amount	%	Amount	%
Operating income	4, 6 and 7	$1,157,720	100	$1,055,947	100
Operating costs	6 and 7	(540,391)	(47)	(968,487)	(92)
Gross profit		617,329	53	87,460	8
Operating expenses	6 and 7				
Selling expenses		(251,921)	(22)	(160,752)	(15)
Administrative expenses		(247,721)	(21)	(241,554)	(23)
Research and development expenses		(1,336,337)	(115)	(1,330,997)	(126)
Expected credit losses (gains)	4 and 6	(14,443)	(1)	(21,133)	(2)
Total operating expenses		(1,850,422)	(159)	(1,754,436)	(166)
Operating income		(1,233,093)	(106)	(1,666,976)	(158)
Non-operating income and expenses	6 and 7				
Interest income		89,068	8	8,883	1
Other income		25,278	2	75,863	7
Other gains and losses		(11,993)	(1)	11,283	1
Finance costs		(55,859)	(5)	(39,453)	(3)
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6	(92,261)	(8)	(262,213)	(25)
Total non-operating income and expenses		(45,767)	(4)	(205,637)	(19)
Net loss before tax		(1,278,860)	(110)	(1,872,613)	(177)
Income tax expense	4 and 6	(191,207)	(17)	(58,874)	(6)
Net loss		(1,470,067)	(127)	(1,931,487)	(183)
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plan		(242)	-	(614)	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	6	118	-	82,225	8
Income tax relating to those items not to be reclassified to profit or loss		111	-	122	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		17,528	2	(1,266)	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method - Items that may be reclassified subsequently to profit or loss		263	-	-	-
Income tax related to the items that may be reclassified to profit or loss		(1,740)	-	6	-
Other comprehensive income, net of tax		16,038	2	80,473	8
Total comprehensive income		$(1,454,029)	(125)	$(1,851,014)	(175)
Net income (loss) attributable to:					
Owners of the parent		$(561,296)		$(675,874)	
Non-controlling interests		(908,771)		(1,255,613)	
		$(1,470,067)		$(1,931,487)	
Total comprehensive income (loss) attributable to:					
Owners of the parent		$(554,889)		$(658,955)	
Non-controlling interests		(899,140)		(1,192,059)	
		$(1,454,029)		$(1,851,014)	
Losses per share (NT$)	6				
Basic and diluted losses per share (NT$)					
Current net income (loss)		$(4.03)		$(4.86)	

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

English Translation of Financial Statements Originally Issued in Chinese

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent										
	Share capital			Capital surplus	Retained earnings	Other equity					
Items	Common stock	Advance receipts for share capital	Share capital awaiting retirement	Capital surplus	Accumulated deficits	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of January 1, 2022	$1,393,625	$225	$-	$1,108,539	$(52,817)	$(10,950)	$(35,352)	$(8,882)	$2,394,388	$4,031,716	$6,426,104
Net loss for the year ended December 31, 2022	-	-	-	-	(675,874)	-	-	-	(675,874)	(1,255,613)	(1,931,487)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	712	(24)	16,231	-	16,919	63,554	80,473
Total comprehensive income	-	-	-	-	(675,162)	(24)	16,231	-	(658,955)	(1,192,059)	(1,851,014)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	-	378,040	-	-	-	-	378,040	51,702	429,742
Changes in ownership interests in subsidiaries	-	-	-	90,834	-	-	-	-	90,834	1,400,890	1,491,724
Changes in net equity of associates accounted for using equity method	-	-	-	15,126	-	-	-	-	15,126	(19,494)	(4,368)
Issuance of new shares by employee stock options	838	(225)	-	1,797	-	-	-	-	2,410	-	2,410
Costs of employee stock options	-	-	-	1,603	-	-	-	-	1,603	-	1,603
Costs of restricted stock options	-	-	-	-	-	-	-	4,854	4,854	-	4,854
Effect of organizational structure adjustments within the group	-	-	-	(34,273)	-	-	-	-	(34,273)	34,273	-
Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(30,042)	(30,042)
Balance as of December 31, 2022	$1,394,463	$-	$-	$1,561,666	$(727,979)	$(10,974)	$(19,121)	$(4,028)	$2,194,027	$4,276,986	$6,471,013
Balance as of January 1, 2023	$1,394,463	$-	$-	$1,561,666	$(727,979)	$(10,974)	$(19,121)	$(4,028)	$2,194,027	$4,276,986	$6,471,013
Net loss for the year ended December 31, 2023	-	-	-	-	(561,296)	-	-	-	(561,296)	(908,771)	(1,470,067)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	50	6,959	(602)	-	6,407	9,631	16,038
Total comprehensive income	-	-	-	-	(561,246)	6,959	(602)	-	(554,889)	(899,140)	(1,454,029)
Capital surplus used to cover accumulated deficits	-	-	-	(541,716)	541,716	-	-	-	-	-	-
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	-	125,022	-	-	-	-	125,022	31,552	156,574
Changes in ownership interests in subsidiaries	-	-	-	3,911	-	-	-	-	3,911	27,765	31,676
Changes in net equity of associates accounted for using equity method	-	-	-	(165,182)	-	-	-	-	(165,182)	5,876	(159,306)
Issuance of new shares by employee stock options	-	3,285	-	-	-	-	-	-	3,285	-	3,285
Costs of employee stock options	-	-	-	32	-	-	-	-	32	-	32
Costs of restricted stock options	-	-	-	-	-	-	-	4,028	4,028	-	4,028
Recovery of restricted stock options	(1,000)	-	(2,000)	(15,591)	-	-	-	-	(18,591)	-	(18,591)
Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(37,553)	(37,553)
Balance as of December 31, 2023	$1,393,463	$3,285	$(2,000)	$968,142	$(747,509)	$(4,015)	$(19,723)	$-	$1,591,643	$3,405,486	$4,997,129

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

English Translation of Financial Statements Originally Issued in Chinese
MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Items	2023 Amount	2022 Amount
Cash flows from operating activities:		
Net loss before tax, current	$(1,278,860)	$(1,872,613)
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation	168,356	177,254
Amortization	10,027	14,392
Prepayments for business facilities transferred to expenses	6,986	-
Expected credit losses	14,443	21,133
Losses on valuation of financial assets and liabilities at fair value through profit or loss	9,582	16,649
Interest expenses	55,859	39,453
Interest income	(89,068)	(8,883)
Share-based payment expenses	22,365	82,066
Share of profit or loss of associates and joint ventures accounted for using the equity method	92,261	262,213
Losses (gains) on disposals of investments	-	7
Losses (gains) on disposals of property, plant and equipment, net	1,032	-
Lease modification gains	-	(4)
Changes in current operating assets and liabilities		
Financial assets and liabilities at fair value through profit or loss	53,956	(832)
Contract assets	(358)	339,147
Notes receivable	11,631	(62,916)
Trade receivables	43,802	117,664
Trade receivables from related parties	(98)	(13,122)
Other receivables	4,971	(1,134)
Other receivables from related parties	1	4,312
Inventories	145,923	60,291
Other current assets	351,022	(194,340)
Contract liabilities	4,598	(114,025)
Notes payable	11,929	(9,723)
Trade payables	(74,371)	30,796
Other payables	(32,546)	(7,083)
Other current liabilities	(9,041)	15,821
Net defined benefit liabilities	(1,479)	(142)
Cash generated from operating activities	(477,077)	(1,103,619)
Interest received	39,396	8,850
Interest paid	(25,608)	(20,098)
Income tax paid	(40,228)	(23,352)
Net cash used in operating activities	(503,517)	(1,138,219)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(37,564)	(69,409)
Acquisition of financial assets measured at amortized cost	(3,146,212)	(2,979,940)
Proceeds from redemption of financial assets measured at amortized cost	3,766,276	800,000
Acquisition of investments accounted for using the equity method	(165,168)	(30,127)
Acquisition of property, plant and equipment	(38,409)	(54,875)
Decrease in refundable deposits	13,189	3,658
Acquisition of intangible assets	(3,494)	(3,214)
Decrease in other financial assets	77,354	-
Increase in other noncurrent assets	(9,016)	-
Increase in prepayments for equipment	-	(93,281)
Decrease in prepayments for equipment	42,919	-
Decrease in restricted assets	-	(8,198)
Increase in prepayments for investments	(2,215)	(17,731)
Net cash provided by (used in) investing activities	497,660	(2,453,117)
Cash flows from financing activities:		
Increase in short-term borrowings	210,000	308,000
Decrease in short-term borrowings	(135,400)	(280,000)
Proceeds from issuing bonds	-	1,755,250
Increase in long-term borrowings	29,696	-
Repayments of long-term borrowings	(10,206)	(11,943)
Cash payment for the principal portion of the lease liabilities	(18,024)	(16,968)
Proceeds from exercise of employee stock options	3,285	2,410
Increase in deposits received	-	3,310
Disposal of ownership interests in subsidiaries (without losing control)	156,574	434,264
Changes in non-controlling interests	13,371	1,326,185
Redemption of restricted stock	(18,591)	-
Cash dividends paid to non-controlling interests	(37,553)	(30,042)
Net cash provided by financing activities	193,152	3,490,466
Effect of changes in exchange rate on cash and cash equivalents	(5,002)	(3,077)
Net increase (decrease) in cash and cash equivalents	182,293	(103,947)
Cash and cash equivalents at the beginning of the year	2,040,633	2,144,580
Cash and cash equivalents at the end of the year	$2,222,926	$2,040,633

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

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

1. History and Organization

Medigen Biotechnology Corporation (the "Company") was incorporated on December 31, 1999, and commenced business on September 1, 2000. The Company is primarily engaged in the research and development of new drugs and vaccines, cytotherapy, advanced nucleic acid testing, and production and sales of generic drugs, aesthetic medicine products and vaccine-related products. The Company's shares were listed and traded on Taipei Exchange in November 2011.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors on March 11, 2024.

3. Newly Issued or Revised Standards and Interpretations

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

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

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

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

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

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

C. Non-current Liabilities with Covenants – Amendments to IAS 1

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

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Group.

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

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

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

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

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

B. IFRS 17 “Insurance Contracts”

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

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

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

C. Lack of Exchangeability – Amendments to IAS 21

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

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of Material Accounting Policies

(1) Statement of compliance

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

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of the consolidated financial statements

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

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

The consolidated entities are listed as follows:

			Percentage of ownership		
Investor	Subsidiary	Main businesses	December 31, 2023	December 31, 2022	Note
The Company	TBG Diagnostics Limited.	Biotechnology services and retail and wholesale of medical instrument	51.76%	51.76%	
The Company	TDL Holding Co.	Investment business	100%	100%	Note5
The Company	Medigen Vaccine Biologics Corporation	Research and development and manufacturing and wholesale business of vaccines and biopharmaceutical, and retail and wholesale business of medical devices	18.98%	19.74%	Note 1
The Company	WINSTON MEDICAL SUPPLY CO., LTD.	Manufacturing and marketing of chemistry medicine, ophthalmic anti-infectives, aesthetic medicine, dietary supplement and other medicines and products	59.22%	59.22%	
The Company	Medigen Biotechnology (Xiamen) Corporation	Research and development of clinical new medicine, supports of production technology and consult of related technology and after-sale service	100%	100%	
The Company	Medigen Biotechnology (Beijing) Corporation	Investment business	100%	100%	
The Company	Yingxin Investment Co., Ltd.	Investment business	100%	-	Note 2
Medigen Vaccine Biologics Corporation	MVC BioPharma Ltd.	Investment business	100%	100%	
Medigen Vaccine Biologics Corporation	MVC Capital corporation (Originally named Medigen Capital Corporation)	Investment business	100%	100%	Note 3
Medigen Vaccine Biologics Corporation	MVC AUSTRALIA PTY LTD.	To hold drug permit licenses and support local marketing	-	-	Note 4
Medigen Vaccine Biologics Corporation	MVC BIO SUPPLY SDN. BHD.	To hold drug permit licenses and support local marketing	-	-	Note 4
TBG Diagnostics Limited.	TDL Holding Co.	Investment business	-	-	Note 5
TDL Holding Co.	Texas BioGene, Inc.	Biotechnology services and retail and wholesale of medical instruments	100%	100%	
TDL Holding Co.	TBG Biotechnology Corp.	Biotechnology services and retail and wholesale of medical instruments	100%	100%	
WINSTON MEDICAL SUPPLY CO., LTD.	UMO INTERNATIONAL CO., LTD.	Retail and wholesale of skincare products and makeup	100%	100%	
WINSTON MEDICAL SUPPLY CO., LTD.	SHINY LILY CO., LTD.	Retail and wholesale of western medicine	100%	100%	

Note 1: On March 1, 2022, May 3, 2022, November 7, 2022, March 8, 2023, May 5, 2023 and November 2, 2023, the Board of Directors of Medigen Vaccine Biologics Corporation approved the conversion of employee stock options into ordinary shares. In addition, on March 1, 2022, the Board of Direstors of Medigen Vaccine Biologics Corporation approved the cash capital increase. However, the Company did not subscribe to the new shares proportionally to its original interest, and 10% of the new share were resesrved to be subscribed by employees. Additionally, the Company disposed some shares of Medigen Vaccine Biologics Corporation in the period from January 2022 to December 2023, thus the Company's shareholding ratio decreased from 20.96% to 18.98%. Currently, the Company is still the largest shareholder and other shareholders are relatively dispersed. Therefore, the Company still had control over Medigen Vaccine Biologics Corporation and included it in the consolidated financial statements. However, in the subsequent periods, the Company will continually assess whether the Company still has control over Medigen Vaccine Biologics Corporation.

Note 2: The Company passed a resolution in the board meeting held on November 7, 2023 to incorporate a company named Yingxin Investment Co., Ltd.

Note 3: The Company's subsidiary, Medigen Vaccine Biologics Corporation, passed a resolution in the board meeting held on November 10, 2021 to invest NT$200,000 thousand to establish Medigen Capital Corporation, which was approved and established on January 6, 2022, and was renamed MVC Capital corporation with the approval of the competent authority on May 3, 2023.

Note 4: The incorporation of the Company’s subsidiary, Medigen Vaccine Biologics Corporation, was approved by the local competent authority; however, as of December 31, 2023, no investment funds have been remitted.

Note 5: As the Company was optimistic about the prospects of molecular diagnostics business, on April 21, 2022, the Board of Directors of the Company approved to carry out a reorganization of the Group and planned to acquire all of the equity interest in TDL Holding Co., which was wholly owned by the subsidiary, TBG Diagnostics Limited, in the amount no higher than AUD 6.5 million by cash. Additionally, on October 28, 2022, the shareholders during the extraordinary general meeting of TBG Diagnostics Limited approved to dispose all of the equity interest in its subsidiary, TDL Holding Co., to the Company, for a consideration of AUD 6.3 million (NT$130,032 thousand), and the settlement date was on November 2, 2022. After the reorganization of the Group, the Company’s equity interest in TDL Holding Co. increased from 51.76% indirect ownership to 100% direct ownership, resulting in a decrease of NT$34,273 thousand in the Company’s capital surplus.

(4) Foreign currency transactions

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

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

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

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

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

(5) Translation of financial statements in foreign currency

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

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

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

(6) Current and non-current distinction

An asset is classified as current when:

A. the Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. the Group holds the asset primarily for the purpose of trading.
C. the Group expects to realize the asset within twelve months after the reporting period.
D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

(8) Financial instruments

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

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

A. Financial instruments Recognition and Measurement

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

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

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

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

Financial assets measured at fair value through profit or loss

Financial assets were classified as measured at cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivable.

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

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

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

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

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For financing lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) the rights to receive cash flows from the asset have expired.
(b) the Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification of liabilities or equity

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

Equity instruments

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

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 “Financial Instruments”.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 "Financial Instruments" are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(9) Derivative financial instruments

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

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

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

(10) Fair value measurement

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

A. in the principal market for the asset or liability, or
B. in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(11) Inventories

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

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

Raw materials – Purchase cost on a weighted average basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(13) Investments accounted for using equity method

The Group’s investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures". If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets". In determining the value in use of the investment, the Group estimates:

A. its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
B. the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 “Impairment of Assets”.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(14) Property, plant and equipment

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

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

Buildings and facilitues	3-50 years
Machinery and equipment	2-20 years
Office equipment	3-5 years
Testing equipment	2-15 years
Leasehold improvements	The shorter of lease terms or economic useful lives
Miscellaneous equipment	3-7 years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(15) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether the contract, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

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

Group as a lessee

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

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

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

Except for those leases that the meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

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

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

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

(16) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over its estimated useful lives of 3 to 10 years.

Drug licenses and special technique

Separately acquired drug licenses are stated at cost and amortized on a straight-line basis over its estimated useful lives of 5 years. Drug licenses acquired in a business combination are the licenses approved and issued by the Food and Drug Administration of the Ministry of Health and Welfare. They are recognized at fair value at the acquisition date and amortized over their estimated useful lives of 15 years.

Special technique is stated initially at its cost and amortized on a straight-line basis over its estimated useful life of 10 to 20 years.

Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

Vaccine patent

Vaccine patent is stated at cost and amortized on a straight-line basis over its estimated useful life of 15 years.

(17) Impairment of non-financial assets

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

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

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(18) Revenue recognition

The Group’s revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Group’s types of revence are explained as follow:

Sales of goods

The Group is engaged in the manufacturing and sales of biopharmaceuticals, vaccines, virus test kits, western medicines, medical instruments, aesthetic medicine products and food products, etc. Sales are recognised when control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognised based on the price specified in the contract, net of sales returns, volume discounts, and sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Some contracts include multiple deliverables, such as storage, custody and delivery of vaccine and other services. The nature of this service is simple. It does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. Accumulated experience is used to estimate such returns using the expected value method.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Technical service revenue

The Group provides technical services on HLA (Human Leukocyte Antigen) tissue-typing, cellular therapy and test service, cytotherapy technical supporting service and ophthalmic drug development and technical service. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided as of the end of the reporting period as a proportion of the total services to be provided. This is determined based on the number of delivered reports relative to the total number of committed reports. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(19) Borrowing costs

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

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(21) Post-employment benefits

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

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Retirement plans for employees of overseas subsidiaries and branches are implemented in accordance with local laws and regulations.

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

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes related restructuring or termination costs.

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

(22) Share-based payment transactions

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

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

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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

(23) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant Accounting Judgements, Estimates and Assumptions

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

(1) Judgement

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

De facto control without a majority of the voting rights in invested companies

The Group does not have majority of the voting rights in certain invested companies. However, after taking into consideration factors such as a majority of the seats held by the Group on the boards of directors, absolute size of the Group's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, etc., the Group reached the conclusion that it has de facto control over these invested companies. Therefore, it is included in the consolidated financial statements.

(2) Estimates and assumptions

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

A. Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

The Group assesses impairment based on its subjective judgement 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 utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Income tax

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

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

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

C. Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$1,175	$1,247
Checking and savings accounts	2,091,158	1,984,282
Time deposits	40,203	25,042
Cash equivalents-bonds sold under repurchase agreement	90,390	30,062
Total	$2,222,926	$2,040,633

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

The above cash and cash equivalents were not pledged as collateral or restricted for uses.

(2) Financial assets (liabilities) at fair value through profit or loss－current and noncurrent

	As of	
	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss-current:		
Stocks	$16,078	$16,035
Beneficiary certificates	500	54,400
Subtotal (total carrying amount)	16,578	70,435
Valuation adjustment	(16,092)	(16,210)
Total	$486	$54,225

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

	As of	
	December 31, 2023	December 31, 2022
Held for trading financial liabilities-current and noncurrent:		
Derivative financial instruments	$2,800	$2,800
Valuation adjustment	26,250	16,450
Total	$29,050	$19,250

The proft (loss) arising from financial asset and liabilities at fair value through profit or loss were NT$(9,582) thousand and NT$(16,649) thousand for the years ended December 31, 2023 and 2022, respectively.

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

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

	As of	
	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income:		
Foreign unlisted stocks	$39,817	$206,815
Emerging stocks	204,078	-
Subtotal (total carrying amount)	243,895	206,815
Valuation adjustment	(1,299)	(1,181)
Total	$242,596	$205,634

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost － current

	As of	
	December 31, 2023	December 31, 2022
Time deposits (over 3 months)	$2,364,100	$2,979,940
Interest rates	1.42%~5.00%	0.965%~4.15%

Financial assets measured at amortized cost were not pledged. Please refer to Note 12 for more details on credit risk.

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

The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes receivable

	As of	
	December 31, 2023	December 31, 2022
Notes receivable arising from operating activities	$108,411	$120,042
Less: allowance for doubtful debts	-	-
Total	$108,411	$120,042

Notes receivable were from operations and were not pledged as collateral or restricted for uses.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6.20 for more details on loss allowance. Please refer to Note 12 for details on credit risk.

(6) Trade receivables and Trade receivables from related parties

	As of	
	December 31, 2023	December 31, 2022
Trade receivables	$220,152	$263,954
Less: allowance for doubtful debts	(27)	(35)
Subtotal	220,125	263,919
Trade receivables from related parties	41,107	41,009
Less: allowance for doubtful debts	(41,107)	(35,294)
Subtotal	-	5,715
Total	$220,125	$269,634

Trade receivables are generally on 30 to 180 day terms. The total carrying amounts of notes and trade receivables were NT$369,670 thousand and NT$425,005 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6.20 for more details on impairment of trade receivables for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk.

Trade receivables were from operations and were not pledged as collateral or restricted for uses.

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(7) Inventories

	As of	
	December 31, 2023	December 31, 2022
Goods	$7,523	$9,171
Raw materials	126,938	249,431
Supplies	230,620	303,382
Work in progress and semi-finished product	68,322	96,572
Finished goods	113,503	34,059
Total	$546,906	$692,615

The inventory costs recognized as expenses for the current period:

	December 31, 2023	December 31, 2022
Cost of goods sold	$527,376	$465,808
Losses on decline in market price	(107,628)	445,507
Losses on abandonment of inventory	120,643	46,848
Total	$540,391	$958,163

The Group generated the gain from price recovery of inventories because the disposal of the slow-moving inventories caused the Group's net realizable value of inventory to rebound for the year ended December 31, 2023.

The Group’s allowance for inventory valuation losses amounted to NT$837,875 thousand and NT$513,869 thousand, as of December 31, 2023 and 2022, respectively.

No inventories were pledged as of December 31, 2023 and 2022.

(8) Non-current assets held for sale:

	As of	
	December 31, 2023	December 31, 2022
Land	$23,747	$-
Buildings	31,413	-
Miscellaneous equipment	51	-
Total	$55,211	$-

On November 7, 2023, the Board of Directors resolved to dispose of Nangang Office Room D and the Group is actively seeking a buyer. The transaction is in compliance with general terms and business practices for immediate sale. It is highly likely that the sale will be completed within 1 year, and the valuation of transaction is measured based on the lower of carrying amount and fair value less costs of disposal.

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

(9) Other current assets

	As of December 31, 2023	As of December 31, 2022
Prepayments	$33,610	$382,349
Excess business tax paid	66,933	57,297
Others	5,775	15,613
Total	$106,318	$455,259

(10) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

		As of			
		December 31, 2023		December 31, 2022	
Investees	Principal place of business	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:					
U-GEN BIOTECHNOLOGY INC.	Cayman Islands	$3,898	39.61%	$31,884	37.31%
CELLXPERT BIOTECHNOLOGY CORP.	China	46,373	37.19%	69,812	44.83%
Total		$50,271		$101,696	

U-GEN BIOTECHNOLOGY INC. (hereinafter “U-GEN”) issued new shares in January 2022, and the Company's sub-subsidiary, MVC Capital corporation (originally named Medigen Capital Corporation, hereinafter “MVC Capital”), acquired 0.48% interest in U-GEN for NT$27,795 thousand.

In March 2022, U-GEN issued new shares, and the Company's subsidiary, TBG Diagnostics Limited (hereinafter “TDL”) and MVC Capital reduced 0.82% of their interest in U-GEN due to not subscribing the shares proportionate to their original shareholdings.

In December 2022, U-GEN issued new shares, MVC Capital acquired 0.46% interest in U-GEN by NT$57,922 thousand in December 2022, and TDL’s interest in U-GEN reduced by 0.17% as it failed to subscribe the shares proportionate to its original shareholdings.

In March 2023, U-GEN issued new shares, the Company acquired 2.33% interest in U-GEN by NT$152,952 thousand, and TDL and MVC Capital reduced 0.52% of their interest in U-GEN due to not subscribing the shares proportionate o their original shareholdings.

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

In April 2023, the Company's subsidiary, Medigen Biotechnology (Beijing) Corporation, acquired CELLXPERT BIOTECHNOLOGY CORP by NT$17,724 thousand (including the write-off of prepayments for investments in the amount of NT$17,608 thousand), its interest reduced by 6.74% due to not subscribing the shares proportionate to its original shareholdings.

In August 2023, U-GEN recovered its own stock, the interest owned by TDL and MVC Capital increased by 0.49% as U-GEN reduced its share capital.

In July 2023, the Company's subsidiary, Medigen Biotechnology (Beijing) Corporation, acquired CELLXPERT BIOTECHNOLOGY CORP by NT$12,099 thousand, its interest increased by 1.64% due to not subscribing the shares proportionate to its original shareholdings.

In October and December 2023, CELLXPERT BIOTECHNOLOGY CORP. issued new shares, and the Company’s subsidiary, Medigen Biotechnology (Beijing) Corporation, reduced its interest by 2.54% due to not subscribing the shares proportionate to its original shareholdings.

A. Investments in associates

Summary financial information on the material associates of the Group is as follows:

Balance sheet

	CELLXPERT BIOTECHNOLOGY CORP.	
	December 31, 2023	December 31, 2022
Current assets	$159,046	$135,667
Non-current assets	98,958	175,310
Current liabilities	(133,318)	(92,553)
Non-current liabilities	-	(45,105)
Total net assets	$124,686	$173,319
Book value of associate	$46,373	$69,812

Statement of comprehensive income

	CELLXPERT BIOTECHNOLOGY CORP.	
	For the year ended December 31,	
	2023	2022
Operating revenue	$23,106	$41,571
Net profit (loss) from continuing operations	(76,951)	(63,100)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$(76,951)	$(63,100)

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

Balance sheet

	U-GEN	
	December 31, 2023	December 31, 2022
Current assets	$237,345	$254,654
Non-current assets	-	26,069
Current liabilities	(173,936)	(132,015)
Non-current liabilities	(50,904)	(70,839)
Total net assets	$12,505	$77,869
Book value of associate	$3,898	$31,884

Statement of comprehensive income

	U-GEN	
	For the year ended December 31,	
	2023	2022
Operating revenue	$-	$-
Net profit (loss) from continuing operations	(147,276)	(637,039)
Other comprehensive income (post-tax)	5,870	329
Total comprehensive income	$(141,406)	$(636,710)

B. No public price was available for the investments in associates.

C. The Group’s shareholding in U-GEN was 39.61% as of December 31, 2023. Although the Company’s subsidiary, TDL, is the single biggest shareholder of U-GEN, as the total shareholding of other three major shareholders, who are not related parties, is higher than the Group’s shareholding, and the Group does not hold more than half of all directors in U-GEN, indicating that the Group has no actual ability to direct relevant activities, the Group has no control, but has significant influence over U-GEN.

D. The carrying amount of investments accounted for using the equity method amounted to NT$50,271 thousand and NT$101,696 thousand, as of December 31, 2023 and 2022, respectively. The share of the profit or loss of these associates and joint ventures accounted for using the equity method amounted to NT$(92,261) thousand and NT$(262,213) thousand for the years ended December 31, 2023 and 2022, respectively. The share of other comprehensive income of these associates and joint ventures accounted for using the equity method amounted to NT$263 thousand and NT$0 thousand for the years ended December 31, 2023 and 2022, respectively.

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

(11) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022
Owner-occupied property, plant and equipment	$1,770,209	$1,918,498

	Land	Buildings and facilities	Machinery equipment	Office equipment	Testing equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and equipment awaiting examination	Total
Cost:									
As of January 1, 2023	$354,039	$1,505,887	$884,440	$38,599	$218,108	$99,022	$3,030	$14,538	$3,117,663
Additions	-	2,122	7,396	1,964	3,336	301	310	10,700	26,129
Disposals	-	-	(11,523)	(399)	(2,062)	(1,200)	-	-	(15,184)
Reclassification	(23,747)	(42,542)	29,786	-	1,939	(3,425)	-	(3,872)	(41,861)
Exchange differences	-	-	-	3	-	-	-	-	3
As of December 31, 2023	$330,292	$1,465,467	$910,099	$40,167	$221,321	$94,698	$3,340	$21,366	$3,086,750
As of January 1, 2022	$354,039	$1,500,203	$838,218	$37,927	$207,418	$94,695	$2,552	$4,695	$3,039,747
Additions	-	5,361	36,840	665	8,023	3,501	478	14,425	69,293
Disposals	-	-	-	-	-	(276)	-	-	(276)
Reclassification	-	323	9,382	6	2,667	1,102	-	(4,582)	8,898
Exchange differences	-	-	-	1	-	-	-	-	1
As of December 31, 2022	$354,039	$1,505,887	$884,440	$38,599	$218,108	$99,022	$3,030	$14,538	$3,117,663
Depreciation and impairment:									
As of January 1, 2023	$-	$436,329	$459,566	$36,255	$189,620	$75,280	$2,115	$-	$1,199,165
Depreciations	-	67,411	60,888	1,477	10,597	7,138	226	-	147,737
Disposals	-	-	(10,491)	(399)	(2,062)	(1,200)	-	-	(14,152)
Reclassification	-	(12,508)	(328)	-	-	(3,374)	-	-	(16,210)
Exchange differences	-	-	-	1	-	-	-	-	1
As of December 31, 2023	$-	$491,232	$509,635	$37,334	$198,155	$77,844	$2,341	$-	$1,316,541
As of January 1, 2022	$-	$369,305	$394,642	$34,425	$175,373	$68,514	$1,658	$-	$1,043,917
Depreciations	-	67,024	66,880	1,827	14,247	7,042	457	-	157,477
Disposals	-	-	-	-	-	(276)	-	-	(276)
Reclassification	-	-	(1,956)	-	-	-	-	-	(1,956)
Exchange differences	-	-	-	3	-	-	-	-	3
As of December 31, 2022	$-	$436,329	$459,566	$36,255	$189,620	$75,280	$2,115	$-	$1,199,165
Net carrying amount as of:									
December 31, 2023	$330,292	$974,235	$400,464	$2,833	$23,166	$16,854	$999	$21,366	$1,770,209
December 31, 2022	$354,039	$1,069,558	$424,874	$2,344	$28,488	$23,742	$915	$14,538	$1,918,498

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

A. The Group's borrowing costs for property, plant and equipment were not capitalized for the years ended December 31, 2023 and 2022.

B. Components of building that have different useful lives are electromechanical device and air conditioners, and fire protection engineering, which are depreciated over 3 to 15 years, respectively.

C. The reclassifications mainly arose from the transfer and reclassification of prepayments for business facilities (recognized as other non-current assets) into non-current assets held for sale.

D. Please refer to Note 8 for more details on property, plant and equipment under pledge.

E. Investing activities with only partial cash payments:

	As of	
	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	$26,129	$69,293
Add: Payables at the beginning of the year	20,700	6,282
Less: Payables at the end of the year	(8,420)	(20,700)
Cash payments for the current year	$38,409	$54,875

(12) Intangible assets

	Software	Drug licenses and special technique	Goodwill	Vaccine Patent	Total
Cost:					
As of January 1, 2023	$28,596	$292,135	$76,175	$48,987	$445,893
Additions	3,494	-	-	-	3,494
Disposals	(590)	-	-	-	(590)
As of December 31, 2023	$31,500	$292,135	$76,175	$48,987	$448,797
As of January 1, 2022	$25,382	$292,135	$76,175	$48,987	$442,679
Additions	3,214	-	-	-	3,214
As of December 31, 2022	$28,596	$292,135	$76,175	$48,987	$445,893

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

	Software	Drug licenses and special technique	Goodwill	Vaccine Patent	Total
Amortization and impairment:					
As of January 1, 2023	$23,033	$276,585	$-	$33,203	$332,821
Amortization	2,615	4,146	-	3,266	10,027
Disposals	(590)	-	-	-	(590)
As of December 31, 2023	$25,058	$280,731	$-	$36,469	$342,258
As of January 1, 2022	$20,515	$267,977	$-	$29,937	$318,429
Amortization	2,518	8,608	-	3,266	14,392
As of December 31, 2022	$23,033	$276,585	$-	$33,203	$332,821
Net carrying amount as of:					
December 31, 2023	$6,442	$11,404	$76,175	$12,518	$106,539
December 31, 2022	$5,563	$15,550	$76,175	$15,784	$113,072

Amortization expense of intangible assets under the statement of comprehensive income:

	As of	
	December 31, 2023	December 31, 2022
Selling expenses	$472	$317
Administrative expenses	1,651	1,781
Research and development expenses	7,904	12,294
Total	$10,027	$14,392

For the years ended December 31, 2023 and 2022, the Group had no interest capitalization of intangible assets.

Goodwill is identified as belonging to generic drug segment and aesthetic medicine product segment of the Group's operating segments.

The aforementioned drug licenses and special technique primarily include the drug licenses acquired in a business combination, special technique in the research and development of new anti-cancer drugs acquired from licensing, special technique in the research and development of vaccines acquired from licensing and special technique in the research and development of monoclonal antibody acquired externally.

For the year ended December 31, 2008, the Group signed a strategic alliance contract with Oncolys Biopharma Inc. who licensed related expertise (primarily used in anticancer) to the Group for use in human subject research. The Group is jointly responsible for the development expenses, and the Group can share the royalty based on a certain percentage after the expertise generates commercial profit. On April 8, 2019, the expertise was licensed to Chugai Pharmaceutical Co., Ltd. by Oncolys Biopharma Inc., and the licensed areas were Japan and Taiwan. On October 19, 2021, the Group received the notice of announcement from Oncolys Biopharma Inc. indicating that Oncolys Biopharma Inc. has informed Chugai Pharmaceutical Co., Ltd. to early terminate the licensing contract. Further, on February 25, 2022, Oncolys Biopharma Inc. formally notified the Group that the effective date of termination of the licensing contract will be October 15, 2022. Oncolys Biopharma Inc. and the Group will continue to develop OBP-301 and accept the clinical trial which was formerly performed by Chugai Pharmaceutical Co., Ltd.

In February 2017, the Group processed the unblinding of PI-88 Phase III clinical trial data and statistical analysis procedures, and externally announced on February 28, 2017. The data analysis result showed that the drug safety of PI-88 was good and was in the acceptable range. For the whole efficacy, the primary endpoint of the treatment group who applied PI-88 was not significantly better than the control group, however it did not reach the statistical significance which was asked by the clinical trial. In the clinical trial, the efficacy analysis of sub-group was found that, in the group with microvascular invasion, the treatment group who applied PI-88 was better than control group on the primary endpoint of “disease-free survival”, and the difference belongs to a marginally significant level. According to the research analysis result of the aforementioned PI-88 Phase III clinical trial which the Group had published in the European Society for Medical Oncology (ESMO) and consulted the medicines competent authority of each country and searched for international collaboration. On December 18, 2019, the Group had authorized the global (excluding Taiwan) rights of development and commercialization to CELLXPERT BIOTECHNOLOGY CORP. Please refer to Note 9.3 for details.

The aforementioned vaccine patents pertain to rights of vaccine production technology, clinical trial and the result of market development obtained from CESCO BIOENGINEERING CO., LTD. and Schweitzer Biotech Company Ltd.

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

(13) Short-term borrowings

	As of	
	December 31, 2023	December 31, 2022
Secured bank loans	$402,600	$228,000
Unsecured bank loans	-	100,000
Total	$402,600	$328,000
Interest rates	1.75%~2.80%	1.77%~2.56%

The Group's unused short-term lines of credits amounted to NT$22,150 thousand and NT$227,000 thousand, as of December 31, 2023 and 2022, respectively.

Partial property, plant and equipment, restricted assets and marketable securities were pledged as collateral to obtain the secured bank loan. Please refer to Note 8 for more details.

(14) Bonds payable

	As of	
	December 31, 2023	December 31, 2022
Domestic convertible bonds	$1,708,101	$1,677,850
Less: current portion	(1,708,101)	-
Net	$-	$1,677,850

Domestic convertible bonds payable

	As of	
	December 31, 2023	December 31, 2022
Liability component:		
Principal amount	$1,750,000	$1,750,000
Premiums (discounts) on bonds payable	(41,899)	(72,150)
Subtotal	1,708,101	1,677,850
Less: current portion	(1,708,101)	-
Net	$-	$1,677,850
Embedded derivatives	$29,050	$19,250

The issuance of domestic convertible bonds by the Company's subsidiary － Medigen Vaccine Biologics Corporation:

A. The terms of the first domestic unsecured convertible bonds issued by Medigen Vaccine Biologics Corporation are as follows:

(a) Medigen Vaccine Biologics Corporation issued NT$1,750,000 thousand, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (May 9, 2022 ~ May 9, 2025) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on May 9, 2022.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of Medigen Vaccine Biologics Corporation during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the increase in the number of ordinary shares issued (including private placement) by Medigen Vaccine Biologics Corporation occurs subsequently, including but not limited to issuance of common stock for cash, capital increase out of earnings or capital reserves, company merger, transfer of shares from other companies to issue new shares, stock splits and cash capital increase to participate in the issuance of overseas depositary receipts, etc. The conversion price was NT$278 (in dollars) per share on the issue date. In response to Medigen Vaccine Biologics Corporation's capital increase out of cash and earnings, the conversion price was adjusted to NT$277.5 and NT$187.1 (in dollars) on July 1, 2022 and August 9, 2022, respectively.

(d) The bondholders have the right to require Medigen Vaccine Biologics Corporation to redeem any bonds at the price of the bonds' face value upon two years from the issue date.

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

(e) Medigen Vaccine Biologics Corporation may repurchase all the bonds outstanding in cash at the bonds' face value at any time after either of the following events occurs: (i) the closing price of Medigen Vaccine Biologics Corporation's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

(f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

Regarding the issuance of convertible bonds, the equity conversion options amounting to NT$89,930 thousand were separated from the liability component and were recognized in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognized in 'financial liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 1.7882%.

(15) Long-term borrowings

Details of long-term borrowings as of December 31, 2023 and 2022 are as follows:

			As of			
			December 31, 2023		December 31, 2022	
Bank name	Contract period and repayment term	Nature	Amount	Interest rate	Amount	Interest rate
Taiwan Cooperative Bank	Borrowing period is from August 25, 2014 to August 25, 2029; a grace period was given till June 9, 2023; and interest was paid monthly from June 25, 2023 to June 25, 2024. The principal will be paid evenly in 62 monthly installments starting from June 25, 2024.	Mortgage loan of real estate	$48,000	2.17%	$48,000	2.05%

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

			As of			
			December 31, 2023		December 31, 2022	
Bank name	Contract period and repayment term	Nature	Amount	Interest rate	Amount	Interest rate
Taiwan Cooperative Bank	Borrowing period is from June 22, 2015 to June 22, 2035; a grace period was given till June 9, 2023; and after the principal of NT$3,000 thousand was repaid, interest was paid monthly from June 22, 2023 to June 22, 2024. The principal will be paid evenly in 132 monthly installments starting from June 22, 2024.	Mortgage loan of real estate	175,000	2.17%	178,000	1.92%
Taiwan Cooperative Bank	Borrowing period is from May 9, 2014 to May 9, 2034 with a grace period of 3 years; interest is payable monthly and principal is evenly paid in 204 monthly instalments from the fourth year.	Mortgage loan of real estate	33,698	2.17%	36,933	1.92%
Taiwan Cooperative Bank	Borrowing period is from February 2, 2015 to February 2, 2035 with a grace period of 3 years; interest is payable monthly and principal is evenly paid in 204 monthly instalments from the fourth year.	Mortgage loan of real estate	16,422	2.17%	17,893	1.92%
Shanghai Commercial and Savings Bank	Borrowing period is from November 2020 to November 2023; interest and principal are payable monthly.	Mortgage loan of restricted assets	-	3.25%	3,055	2.5%
Sunny Bank Ltd.	The principal and interests are payable monthly from April 17, 2018 to April 17, 2038 (however, only interest is payable monthly in the grace period from September 2018 to August 2024).	Mortgage loan of real estate	196,288	2.24%	196,288	1.99%
Subtotal			469,408		480,169	
Less: current portion			(20,309)		(28,862)	
Total			$449,099		$451,307	

Please refer to Note 8 for more details on the guarantee provided for the above long-term borrowings.

(16) Post-employment benefits

A. Defined contribution plan

The defined contribution plan of the Company’s Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant’s monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2023 and 2022, the expenses related to defined contribution plan amounted to NT$15,240 thousand and NT$17,571 thousand, respectively.

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B. Defined benefits plan

The defined benefit plan of the Company's Employee Retirement Plan is regulated according to the Labor Standards Act. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, two base points are given for each full year on the first 15 years of service and one base point is given for each full year after 15 years of service. The total bases points given shall not exceed 45. Under the retirement plan, the Company contributes an amount equal to 2% of gross salary to the pension reserve fund monthly, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company should make up the difference in one appropriation before the end of March in the following year.

Safeguard and Utilization of the Labor Retirement Fund is regulated by the Ministry of Labor. Investment of the fund is made by outsourcing and self-management. A long-term investment strategy is adopted with both initiative and passive approach. Considering market risk, creditability and liquidity etc., the Ministry of labor has set limit for fund risk and risk management plan so that the target rate of return can be reached without excess exposure to risk. Because the Company is not authorized to manage the Fund, it cannot disclose the classification of the fair value of the plan asset according to IAS 19. As of December 31 2023, the amount of contribution expected to be made in the following accounting year is NT$3,115 thousand.

As at December 31, 2023 and 2022, the defined benefit plan of the Group was expected to be expired in 2029 to 2035 and 2030 to 2034, respectively.

C. Pension costs recognized in profit or loss are as follows:

	For the year ended December 31,	
	2023	2022
Current service cost	$-	$-
Net interest on net defined benefit liabilities (assets)	144	79
Total	$144	$79

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

	As of	
	December 31, 2023	December 31, 2022
Defined benefit obligation	$20,052	$19,506
Plan assets at fair value	(10,890)	(8,815)
Other non-current liabilities, net defined benefit liabilities (assets)	$9,162	$10,691

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

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

	Defined benefit obligation	Plan assets fair value	Net defined benefit liabilities (assets)
As of January 1, 2022	$18,201	$(7,368)	$10,833
Current service cost	-	-	-
Interest expenses (income)	132	(53)	79
Subtotal	18,333	(7,421)	10,912
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(1,004)	-	(1,004)
Experience adjustments	2,177	-	2,177
Remeasurements of defined benefit assets	-	(559)	(559)
Subtotal	1,173	(559)	614
Payment of benefit obligation	-	-	-
Contributions by employer	-	(835)	(835)
As of December 31, 2022	$19,506	$(8,815)	$10,691
Current service cost	-	-	-
Interest expenses (income)	260	(116)	144
Subtotal	19,766	(8,931)	10,835
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	153	-	153
Experience adjustments	133	-	133
Remeasurements of defined benefit assets	-	(44)	(44)
Subtotal	286	(44)	242
Payment of benefit obligation	-	-	-
Contributions by employer	-	(1,915)	(1,915)
As of December 31, 2023	$20,052	$(10,890)	$9,162

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

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

	As of	
	December 31, 2023	December 31, 2022
Discount rate	1.18%~1.38%	1.16%~1.5%
Expected rate of salary increases	1%~2.25%	1%~2.25%

G. Sensitivity analysis for significant assumptions is as follows:

	For the year ended December 31,			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	$-	$920	$-	$937
Discount rate decreases by 0.5%	993	-	1,015	-
Rate of future salary increases by 0.5%	971	-	994	-
Rate of future salary decreases by 0.5%	-	908	-	927

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

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

(17) Equity

A. Common stock

The Company's authorized share capital was both NT$2,500,000 thousand, at a par value of NT$10 per share, divided into 250,000 thousand shares (including 21,000 thousand shares that can be subscribed by employee stock option certificates). The issued share capital was NT$1,393,463 thousand and NT$1,394,463 thousand, at a par value of NT$10, divided into 139,346 thousand shares and 139,446 shares, as of December 31, 2023 and 2022, respectively. Each share has one voting right and a right to receive dividends.

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The number of outstanding shares of the Company's ordinary shares at the beginning and end of the period is adjusted as follows (thousands of shares):

	As of	
	December 31, 2023	December 31, 2022
Outstanding at beginning of period	$139,446	$139,363
Exercised in prior period but registered in current period	-	22
Exercised but not registered	83	61
Not met the subscription conditions	(200)	-
Restricted stock awards cancelled	(100)	-
Outstanding at end of period	$139,229	$139,446

B. Capital surplus

	As of	
	December 31, 2023	December 31, 2022
Additional paid-in capital	$20,174	$20,174
The difference between the fair value of the consideration paid or received from aquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	910,255	785,233
Changes in ownership interests in subsidiaries	3,911	541,716
Share of changes in net assets of associates and joint ventures accounted for using the equity method	16,525	181,707
Employee stock options	17,277	17,245
Restricted stocks for employees	-	15,591
Total	$968,142	$1,561,666

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

(a) payment of all taxes, if any;
(b) to offset prior years’ deficit, if any;
(c) to set aside 10% of the remaining amount as legal reserve after deducting items (a) and (b);
(d) set aside or reverse special reserve in accordance with law and regulations; and
(e) the distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

The Group’s dividend policies were that dividends should be distributed in the forms of shares (including retained earnings or capital surplus) or cash. The Board of Directors proposed the appropriation of earnings with reference to the operating status, capital requirement and earnings of current year (reducing the provision in accordance with regulations and appropriation of directors’ and supervisors’ remuneration and employees’ bonus), and the appropriation of earnings should be approved by the shareholders. The amount of cash dividends should not exceed 50% of distributable dividends, however, if there will be significant capital expenditure plans in the future, the dividends could all be distributed in shares after obtaining approval from the shareholders.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

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

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

Shareholders' meetings were held on June 26, 2023 and June 6, 2022 to approve loss make-up proposal for the years ended December 31, 2022 and 2021, respectively.

The Company's accumulated deficit exceeds one-half of the Company's paid-in capital. In accordance with the Company Act, a resolution was passed in the regular shareholders' meeting on June 26, 2023 to offset the losses for the year ended December 31, 2022, and capital surplus was used to offset the losses in the amount of NT$541,716 thousand.

The Company's accumulated deficit exceeds one-half of the Company's paid-in capital. In accordance with the Company Act, a resolution was passed by the Board of Directors on March 11, 2024 to offset the losses for the year ended December 31, 2023, and capital surplus was used to offset the losses in the amount of NT$598,007 thousand, which would be reported to shareholders' meeting for admission on May 28, 2024.

D. Non-controlling interests

	As of	
	December 31, 2023	December 31, 2022
Beginning balance	$4,276,986	$4,031,716
Net loss attributable to non-controlling interests	(908,771)	(1,255,613)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Remeasurements of defined benefit plans	(181)	-
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income	720	65,994
Exchange differences resulting from translating the financial statements of foreign operations	9,092	(2,440)
Changes in ownership interests in subsidiaries	27,765	1,400,890
Share of changes in net assets of associates accounted for using the equity method	5,876	(19,494)
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired/disposed of	31,552	51,702
Effect of organizational structure adjustments within the group	-	34,273
Cash dividends paid to non-controlling interests	(37,553)	(30,042)
Ending Balance	$3,405,486	$4,276,986

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

(18) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

A. Share-based payment plan for employees of the parent entity

For the year ended December 31, 2023, the Company's share-based payment arrangement was as follows:

Type	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock option plans	December 12, 2018	1,410 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	March 12, 2019	90 thousand shares	6 years	Served for 2 to 4 years
Restricted stock to employees	December 31, 2019	200 thousand shares	Note 1	Note 1

For the year ended December 31, 2022, the Company's share-based payment arrangement was as follows:

Type	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock option plans	December 12, 2018	1,410 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	March 12, 2019	90 thousand shares	6 years	Served for 2 to 4 years
Restricted stock to employees	December 31, 2019	300 thousand shares	Note 2	Note 2

Note 1: The Company proceeded with the registration of capital change in August 2023, recovering and canceling 100,000 shares of the issued restricted stock awards due to capital reduction.

Note 2: After the restricted stock awards were distributed to employees, for those employees who have reached the Company's requirement of "operating performance target", shares shall be vested in different tranches in accordance with the Company's regulations on the issuance of restricted stock awards.

After the restricted stock awards were distributed to employees, if there were violations with labor contract and work rules, the Company would collect back and cancel those distributed and but yet vested restricted stock awards with no consideration.

After the restricted stock awards were distributed to employees, and before reaching the vesting conditions, employees may not sell, pledge, transfer, gift to another person, set real right, or otherwise dispose, excluding inheritance. Before the vesting conditions of restricted stock awards which were issued by the Company were achieved, other rights including but not limited to dividends, bonuses and capital surplus, and share options and voting rights of the cash capital increase, etc., are the same as those of the Company's issued ordinary shares.

The abovementioned share-based payment arrangements are all equity-settled.

The following table contains further details on the aforementioned share-based payment plan:

	For the year ended December 31,			
	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price (NT$)
Outstanding at beginning of period	993	41.60	1,063	$41.60
Exercised	(84)	39.35	(61)	39.35
Expired	(15)	39.35	(9)	39.35
Outstanding at end of period	894	41.63	993	41.76
Exercisable at end of period	888	41.23	971	41.20
Weight granted				
Average fair value (NT$)	-		-	

Expenses arising from share-based payment transactions are as follows:

	For the year ended December 31,	
	2023	2022
Equity-settled	$4,060	$6,457

The information on the outstanding share options as of December 31, 2023 and 2022 is as follows:

		As of			
		December 31, 2023		December 31, 2022	
Approved issuance date	Expiry date	Shares (thousand shares)	Exercise price (NT$)	Shares (thousand shares)	Exercise price (NT$)
November 29, 2018	December 11, 2024	804	$39.35	903	$39.35
November 29, 2018	March 11, 2025	90	65.90	90	65.90

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No modification or cancellation of share-based payment plan has occurred in the year ended December 31, 2023.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the stock options on the grant date. The relevant information is as follows:

Type	Grant date	Share price (NT$)	Exercise price (NT$)	Expected volatility (Note)	Expected remaining years	Expected dividends	Risk-free interest rate	Fair value per unit (NT$)
Employee stock option plans	December 12, 2018	39.35	39.35	45.84%	4 years	0%	0.7194%	14.27
Employee stock option plans	December 12, 2018	39.35	39.35	48.84%	4.5 years	0%	0.7487%	15.97
Employee stock option plans	December 12, 2018	39.35	39.35	48.86%	5 years	0%	0.7759%	16.78
Employee stock option plans	March 12, 2019	65.90	65.90	46.42%	4 years	0%	0.6383%	24.10
Employee stock option plans	March 12, 2019	65.90	65.90	48.61%	4.5 years	0%	0.6542%	26.54
Employee stock option plans	March 12, 2019	65.90	65.90	49.95%	5 years	0%	0.6697%	28.55
Restricted stock awards plans	December 31, 2019	61.97	-	-	-	-	-	61.97

Note: The expected volatility of the share-based payment arrangement granted by the Company is determined based on the average volatility of the Company's monthly average price announced by the Taipei Exchange.

B. Share-based payment plan for employees of the subsidiary, Medigen Vaccine Biologics Corporation

For the years ended December 31, 2023 and 2022, Medigen Vaccine Biologics Corporation’s share-based payment arrangement is as follows:

Type	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock option plans	July 19, 2017	2,135 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	April 18, 2018	365 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	November 5, 2018	3,035 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	August 13, 2019	465 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	March 23, 2021	2,500 thousand shares	6 years	Served for 2 to 4 years
Cash capital increase and retained employee subscription	May 31, 2022	508 thousand shares	0.074 years	Vested immediately

Details of share-based payment arrangement for employees of the subsidiary, Medigen Vaccine Biologics Corporation are as follows:

	For the year ended December 31,			
	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price (NT$)
Outstanding at beginning of period	3,135	$121.76	4,501	$140.45
Exercised	(577)	23.18	(1,187)	33.20
Expired	(415)	144.39	(179)	118.55
Outstanding at end of period	2,143	143.91	3,135	121.76
Exercisable at end of period	1,146	136.18	657	24.03
Weight granted Average fair value (NT$)	-		-	

Medigen Vaccine Biologics Corporation passed a resolution in the board meeting held on March 1, 2022 to increase its share cash capital in cash and issue new shares. 10% of new shares were reserved for employee stock options.

The costs of remuneration recognized by Medigen Vaccine Biologics Corporation for granting employee stock options for the years ended December 31, 2023 and 2022 were NT$18,305 thousand and NT$68,135 thousand, respectively.

Expenses arising from the share-based payment transactions of Medigen Vaccine Biologics Corporation are as follows:

	For the year ended December 31,	
	2023	2022
Equity-settled	$18,305	$75,609

The information on the outstanding share options as of December 31, 2023 and 2022, is as follows:

		As of			
		December 31, 2023		December 31, 2022	
Approved issuance date	Expiry date	Shares (thousand shares)	Exercise price (NT$)	Shares (thousand shares)	Exercise price (NT$)
July 19, 2017	July 18, 2023	-	$-	17	$19.90
April 18, 2018	April 17, 2024	-	-	75	26.60
November 5, 2018	November 4, 2024	144	24.80	475	24.80
August 13, 2019	August 12, 2025	5	18.60	185	18.60
March 23, 2021	March 22, 2027	1,994	152.80	2,383	152.80

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

The Company's subsidiary, Medigen Vaccine Biologics Corporation, uses the Black-Scholes option pricing model to estimate the fair value of the stock options on the grant date. The relevant information is as follows:

Type	Grant date	Fair value of shares (NT$)	Exercise price (NT$)	Expected volatility (Note)	Expected remaining years	Expected dividends	Risk-free interest rate	Fair value per unit (NT$)
Employee stock option plans	July 19, 2017	25.82	29.50	40.77%	4 years	0%	0.7128%	7.27
Employee stock option plans	July 19, 2017	25.82	29.50	42.35%	4.5 years	0%	0.7383%	8.12
Employee stock option plans	July 19, 2017	25.82	29.50	42.40%	5 years	0%	0.7643%	8.64
Employee stock option plans	April 18, 2018	39.45	39.50	40.05%	4 years	0%	0.6595%	12.62
Employee stock option plans	April 18, 2018	39.45	39.50	39.65%	4.5 years	0%	0.6909%	13.26
Employee stock option plans	April 18, 2018	39.45	39.50	40.14%	5 years	0%	0.7242%	14.12
Employee stock option plans	November 5, 2018	36.75	36.75	40.55%	4 years	0%	0.7180%	11.94
Employee stock option plans	November 5, 2018	36.75	36.75	40.60%	4.5 years	0%	0.7530%	12.66
Employee stock option plans	November 5, 2018	36.75	36.75	40.16%	5 years	0%	0.7939%	13.22
Employee stock option plans	August 13, 2019	27.65	27.65	39.13%	4 years	0%	0.5253%	8.62
Employee stock option plans	August 13, 2019	27.65	27.65	39.15%	4.5 years	0%	0.5308%	9.13
Employee stock option plans	August 13, 2019	27.65	27.65	39.16%	5 years	0%	0.5395%	9.61
Employee stock option plans	March 23, 2021	226.5	226.5	41.05%	4 years	0%	0.2921%	73.00
Employee stock option plans	March 23, 2021	226.5	226.5	39.74%	4.5 years	0%	0.3055%	75.00
Employee stock option plans	March 23, 2021	226.5	226.5	39.65%	5 years	0%	0.3172%	78.70
Cash capital increase and retained employee subscription	May 31, 2022	223.5	220.0	53.63%	0.074 years	0%	0.7326%	14.70

Note: The expected volatility used is based on the average stock market volatility in the industry or the average volatility of the monthly average share price announced by the Taipei Exchange.

(19) Operating revenues

	For the year ended December 31, 2023	2022
Revenue from contracts with customers		
Sale of goods		
Services of testing reagents, instruments and inspection on behalf of others	$54,554	$77,828
Vaccine products	389,257	365,042
Technical service of cytotherapy	-	600
Generic drugs	344,499	313,000
Aesthetic medicine products	332,496	231,243
Dietary supplement	32,079	45,486
Others	4,835	22,748
Total	$1,157,720	$1,055,947

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

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

Components of revenue for the year ended December 31, 2023 are as follows:

	Nucleic acid department	New drug and vaccine research and development segment	Generic drug, aesthetic medicine product, dietary supplement segment and cytotherapy department	Total
Sales of goods				
Services of testing reagents, instruments and inspection on behalf of others	$54,554	$-	$-	$54,554
Vaccine products	-	389,257	-	389,257
Generic drugs	-	-	344,499	344,499
Aesthetic medicine products	-	-	332,496	332,496
Dietary supplement	-	-	32,079	32,079
Others	4,468	367	-	4,835
Total	$59,022	$389,624	$709,074	$1,157,720
Revenue recognition point:				
At a point in time	$59,022	$389,624	$709,074	$1,157,720

Components of revenue for the year ended December 31, 2022 are as follows:

	Nucleic acid department	New drug and vaccine research and development segment	Generic drug, aesthetic medicine product, dietary supplement segment and cytotherapy department	Total
Sales of goods				
Services of testing reagents, instruments and inspection on behalf of others	$77,828	$-	$-	$77,828
Vaccine products	-	365,042	-	365,042
Technical service of cytotherapy	-	-	600	600
Generic drugs	-	-	313,000	313,000
Aesthetic medicine products	-	-	231,243	231,243
Dietary supplement	-	-	45,486	45,486
Others	5,960	-	16,788	22,748
Total	$83,788	$365,042	$607,117	$1,055,947
Revenue recognition point:				
At a point in time	$83,788	$313,585	$590,329	$987,702
Over time	-	51,457	16,788	68,245
Total	$83,788	$365,042	$607,117	$1,055,947

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

B. Contract balances

Contract assets-current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Service contract	$358	$8,638	$347,785

Contract liabilities-current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Advance sales receipts	$108,692	$104,094	$218,119
Advance royalty receipts	26,304	26,304	26,304
Total	$134,996	$130,398	$244,423

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31,	
	2023	2022
The opening balance transferred to revenue	$52,632	$199,039
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$56,373	$85,014

Contract assets and contract liabilities mainly arose from the domestic procurement contract of COVID-19 vaccine signed by the Company's subsidiary, Medigen Vaccine Biologics Corporation, with the Centers for Disease Control, Ministry of Health and Welfare. In addition, the penalties for delayed delivery of vaccine were treated as variable consideration and recognized as a deduction of revenue, which in total amounted to NT$88,164 thousand for the year ended December 31, 2022.

C. Assets recognized from costs to fulfil a contract

None.

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

(20) Expected credit gains (losses)

	For the year ended December 31,	
	2023	2022
Operating expenses – Expected credit gains (losses)		
Contract assets	$(8,638)	$-
Trade receivables	(5,805)	(21,133)
Total	$(14,443)	$(21,133)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its receivables (including notes receivable and trade receivables, excluding trade receivables from related parties) at an amount equal to lifetime expected credit losses. Receivables are treated as a single group based on past experience and a provision matrix is used to measure loss allowance. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 is as follows:

As of December 31, 2023

	Not yet due	Past due			
	(Note)	1-90 days	91-180 days	Over 180 days	Total
Gross carrying amount	$327,292	$1,262	$9	-	$328,563
Loss ratio	0.01%~5.45%	0.16%~44.15%	2.27%~53.68%	100%	
Lifetime expected credit losses	25	2	-	-	27
Total	$327,267	$1,260	$9	$-	$328,536

As of December 31, 2022

	Not yet due	Past due			
	(Note)	1-90 days	91-180 days	Over 180 days	Total
Gross carrying amount	$379,351	$4,532	$113	-	$383,996
Loss ratio	0.03%~3.75%	0.03%~44.15%	0.03%~55.60%	100%	
Lifetime expected credit losses	27	6	2	-	35
Total	$379,324	$4,526	$111	$-	$383,961

Note: The Group's notes receivable are not overdue.

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

The Group's trade receivables from related parties amounted to NT$41,107 thousand and NT$41,009 thousand, respectively, as of December 31, 2023 and 2022. Individual impairment assessments have been conducted for the Group's trade receivables from related parties and the recognized impairment losses were NT$5,805 thousand and NT$35,294 thousand, respectively.

The movement in the provision for impairment of contract assets, notes receivable and trade receivables during the years ended December 31, 2023 and 2022 are as follows:

	Contract assets	Trade receivables
As of January 1, 2023	$-	$35,329
Addition/(reversal) for the current period	8,638	5,805
As of December 31, 2023	$8,638	$41,134
As of January 1, 2022	$-	$14,196
Addition/(reversal) for the current period	-	21,133
As of December 31, 2022	$-	$35,329

(21) Leases

A. Group as a lessee

The Group leases various properties, including land, buildings, company cars and printing machines. The periods of the lease contracts for land and buildings range from 10 to 48 years, while others range from 2 to 8 years. Lease contracts are negotiated individually and include various terms and conditions. No other restrictions are imposed except that the leased assets cannot be used as security for loans.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

(a) Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	December 31, 2023	December 31, 2022
Land	$171,822	$175,818
Buildings	96,502	100,374
Transportation equipment	4,675	2,619
Miscellaneous equipment	-	375
Total	$272,999	$279,186

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

The Group's additions to right-of-use assets amounted to NT$14,432 thousand and NT$105,462 thousand for the years ended December 31, 2023 and 2022, respectively.

(ii) Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	$284,853	$288,445
Current	$17,320	$13,126
Non-current	$267,533	$275,319

Please refer to Note 6.23.D for the interest on lease liabilities recognized for the years ended December 31, 2023 and 2022 and refer to Note 12.5 for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the year ended December 31,	
	2023	2022
Land	$3,996	$3,996
Buildings	12,685	11,720
Transportation equipment	3,564	3,687
Miscellaneous equipment	374	374
Total	$20,619	$19,777

(c) Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expenses relating to short-term leases	$8,156	$4,187

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

(d) Cash outflows relating to leasing activities

For the years ended December 31, 2023 and 2022, the Group’s total cash outflows for leases including lease principal repayments and interest payments amounted to NT$25,535 thousand and NT$28,867 thousand, respectively. Cash payments for short-term leases amounted to NT$8,156 thousand and NT$4,187 thousand, respectively.

(e) Other information relating to leasing activities

None.

(22) Summary statement of employee benefits, depreciation and amortization expenses by function is as follow:

By function / By nature	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries and wages	$91,105	247,678	$338,783	$79,276	$293,616	$372,892
Labor and health insurance	9,310	20,642	29,952	8,259	22,701	30,960
Pension	4,386	11,519	15,905	4,029	13,621	17,650
Other personnel expenses	2,518	8,770	11,288	2,267	8,564	10,831
Depreciation	78,154	90,202	168,356	60,975	116,279	177,254
Amortization	-	10,027	10,027	-	14,392	14,392

According to the Articles of Incorporation, the profit of the current year shall be distributed by no lower than 2% as employees’ compensation and no higher than 2% as directors’ and supervisors’ remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the aforementioned ratios. Employees’ compensation can be distributed to subsidiaries who meet certain specific requirements in the form of shares or cash. If the Company’s current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and then, the Company appropriates or reverses special reserve as requirements or regulations when necessary. The remainder, if any, should be combined with beginning undistributed earnings to be retained or to be appropriated which shall be proposed by the Board of Directors and resolved by the stockholders at their meetings.

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

The Group's dividend policies were that dividends should be distributed in the forms of shares (including retained earnings or capital surplus) or cash. The Board of Directors proposed the appropriation of earnings with reference to the operating status, capital requirement and earnings of current year (reducing the provision in accordance with regulations and appropriation of directors' and supervisors' remuneration and employees' bonus), and the appropriation of earnings should be approved by the shareholders. The amount of cash dividends should not exceed 50% of distributable dividends, however, if there will be significant capital expenditure plans in the future, the dividends could all be distributed in shares after obtaining approval from the shareholders.

For the years ended December 31, 2023 and 2022, the Company still had accumulated deficit, and thus did not accrue employees' compensation and directors' remuneration.

For the year ended December 31, 2022, the Company still had accumulated deficit, and thus did not distribute employees' compensation and directors' remuneration.

(23) Non-operating income and expenses

A. Interest income

	For the year ended December 31,	
	2023	2022
Interest income from bank deposits	$11,468	$6,750
Financial assets measured at amortized cost	77,452	2,100
Other interest income	148	33
Total	$89,068	$8,883

B. Other income

	For the year ended December 31,	
	2023	2022
Government grant income	$-	$19,864
Other income-others	25,278	55,999
Total	$25,278	$75,863

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

C. Other gains and losses

	For the year ended December 31,	
	2023	2022
Losses on disposal of property, plant and equipment	$(1,032)	$-
Gains (losses) on disposal of investments	-	(7)
Gains on lease modification	-	4
Foreign exchange losses (gains), net	(133)	29,491
Losses on financial assets at fair value through profit or loss	(9,582)	(16,649)
Other losses-others	(1,246)	(1,556)
Total	$(11,993)	$11,283

D. Finance costs

	For the year ended December 31,	
	2023	2022
Interest on borrowings from bank	$18,104	$12,386
Interest on lease liabilities	7,504	7,712
Total interest expenses	25,608	20,098
Discounted amortization of bonds payable	30,251	19,355
Total finance costs	$55,859	$39,453

(24) Components of other comprehensive income

For the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Others comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$(242)	$-	$(242)	$111	$(131)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	118	-	118	-	118
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	17,528	-	17,528	(1,740)	15,788
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	263	-	263	-	263
Total	$17,667	$-	$17,667	$(1,629)	$16,038

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

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Others comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$(614)	$-	$(614)	$122	$(492)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	82,225	-	82,225	-	82,225
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(1,266)	-	(1,266)	6	(1,260)
Total	$80,345	$-	$80,345	$128	$80,473

(25) Income tax

The major components of income tax expense are as follows:

Income tax income (expense) recognized in profit or loss

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current income tax expense:		
Current income tax payable	$(39,169)	$(28,386)
Surtax on undistributed retained earnings	-	(345)
Adjustments in respect of current income tax of prior periods	(314)	11,115
Deferred tax expenses:		
Deferred tax expense relating to origination and reversal of temporary differences	(4,690)	(41,258)
Deferred tax expense relating to origination and reversal of tax loss and tax credit	(147,034)	-
Income tax expense	$(191,207)	$(58,874)

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

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2023	2022
Deferred tax income (expense):		
Exchange differences resulting from translating the financial statements of foreign operations	$(1,740)	$6
Remeasurements of defined benefit plans	111	122
Income tax relating to components of other comprehensive income	$(1,629)	$128

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates of parent company is as follows:

	For the year ended December 31,	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$(1,278,860)	$(2,028,754)
Income tax calculated by statutory tax rates	$(295,296)	$(89,400)
Gains and losses on investments accounted for using equity method	40,506	-
Tax effect of revenues exempt from taxation	(948)	(13,903)
Tax effect of non-deductible expense	26	85,618
Tax effect of deferred tax assets/liabilities	405,186	87,614
Unusable amount after the dividend revenue is calculated into loss deduction	41,593	-
Adjustments in respect of current income tax of prior periods	269	(11,115)
Tax effects of other adjustments from tax law	(129)	(285)
Corporate income tax on undistributed retained earnings	-	345
Total income tax expense (income) recognized in profit or loss	$191,207	$58,874

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

Deferred tax assets (liabilities) relate to the following:

(a) For the year ended December 31, 2023

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences:				
Unrealized gross profit from sales	$2,937	$(607)	$-	$2,330
Unrealized exchange losses	189	(33)	-	156
Impairment loss on financial instruments	45,609	-	-	45,609
Losses on investments accounted for using equity method	93,995	-	-	93,995
Share of other profit or loss from subsidiaries	8,838	-	-	8,838
Exchange differences resulting from translating the financial statements of foreign operations	2,744	-	(1,740)	1,004
Losses for market price decline and obsolete and slow-moving inventories	13,145	(3,955)	-	9,190
Others	4,867	(185)	111	4,793
Tax losses	40,655	(1,941)	-	38,714
Investment tax credits	267,959	(145,093)	-	122,866
Subtotal	480,938			327,495
Deferred tax liabilities, others	(665)	-	-	(665)
Arising from business combinations	(13,576)	90	-	(13,486)
Deferred tax expense		$(151,724)	$(1,629)	
Net deferred tax assets (liabilities)	$466,697			$313,344
Reflected in balance sheet as follows:				
Deferred tax assets	$480,938			$327,495
Deferred tax liabilities	$(14,241)			$(14,151)

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

(b) For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences:				
Unrealized gross profit from sales	$3,545	$(608)	$-	$2,937
Unrealized exchange losses	4	185	-	189
Impairment loss on financial instruments	45,609	-	-	45,609
Losses on investments accounted for using equity method	93,979	16	-	93,995
Share of other profit or loss from subsidiaries	8,838	-	-	8,838
Exchange differences resulting from translating the financial statements of foreign operations	2,738	-	6	2,744
Losses for market price decline and obsolete and slow-moving inventories	13,102	43	-	13,145
Others	3,642	925	300	4,867
Tax losses	82,759	(42,104)	-	40,655
Investment tax credits	267,959	-	-	267,959
Subtotal	522,175			480,938
Deferred tax liabilities, others	(665)	-	-	(665)
Arising from business combinations	(13,683)	285	(178)	(13,576)
Deferred tax expense		$(41,258)	$128	
Net deferred tax assets (liabilities)	$507,827			$466,697
Reflected in balance sheet as follows:				
Deferred tax assets	$522,175			$480,938
Deferred tax liabilities	$(14,348)			$(14,241)

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

Details of the investment tax credits available to the Company and the relevant amounts not recognized as deferred tax assets are as follows:

As of December 31, 2023

Legal Basis	Qualifying items	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Act for the Development of Biotech and Pharmaceuticals Industry	Research and development expenses	$267,959	$145,093	Note

As of December 31, 2022

Legal Basis	Qualifying items	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Act for the Development of Biotech and Pharmaceuticals Industry	Research and development expenses	$267,959	$-	Note

Note: On June 10, 2011, the Company was approved as a biotechnology and new medicine Company by the Ministry of Economic Affairs. Consequently, the Company and the Company's shareholders are entitled to incentives under the 'Act for the Development of Biotech and Pharmaceutical Industry'. The approval letter of the Ministry of Economic Affairs allows the Company, starting from the year that the Company first incurs income tax, to use the tax credits to offset tis income taxes for five consecutive years. As of December 31, 2023 the Company had no profits.

Summary information on the unused tax losses is as follows:

Year	Taxes losses for the period	Unused tax losses as at December 31, 2023	Unused tax losses as at December 31, 2022	Expiration year
2013	$390,187	$-	$390,187	2023
2014	551,819	551,819	551,819	2024
2015	435,038	435,038	435,038	2025
2016	290,254	290,254	290,254	2026
2017	223,002	223,002	223,002	2027
2018	198,593	198,593	198,593	2028
2020	110,869	110,869	110,869	2030
2021	225,368	192,649	192,649	2031
2022	251,946	208,321	208,321	2032
2023	228,195	173,663	-	2033
		$2,384,208	$2,600,732	

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Subsidiary, Medigen Vaccine Biologics Corporation	Assessed and approved up to 2021
Subsidiary, WINSTON MEDICAL SUPPLY CO., LTD.	Assessed and approved up to 2021
Sub-subsidiary, MVC Capital corporation	Incorporated in 2022, its income tax returns is not yet assessed
Sub-subsidiary, UMO INTERNATIONAL CO., LTD.	Assessed and approved up to 2021
Sub-subsidiary, SHINY LILY CO., LTD.	Assessed and approved up to 2021

(26) Earnings per share

Basic earnings (losses) per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (losses) per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31,	
	2023	2022
Basic/diluted losses per share		
Profit attributable to ordinary equity holders of the company (in thousand NT$)	$(561,296)	$(675,874)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	139,346	139,126
Basic/diluted losses per share (NT$)	$(4.03)	$(4.86)

Due to the loss in 2023 and 2022, the calculation of diluted earnings per share was not necessary.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

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

(27) Changes in parent's interest in subsidiaries

A. Disposal of equity interests in a subsidiary (without losing control)

During the period from January 2023 to December 2023, the Group disposed of 2,370 thousand shares in the subsidiary, Medigen Vaccine Biologics Corporation, reducing its ownership from 19.74% to 18.98%. The cash consideration received was NT$156,497 thousand. The transaction caused non-controlling interests to increase by NT$31,552 thousand, and equity attributable to owners of the parent to increase by NT$125,022 thousand.

During the period from January 2022 to March 2022, the Group disposed of 560 thousand shares in the subsidiary, Medigen Vaccine Biologics Corporation, reducing its ownership from 20.96% to 20.69%. The cash consideration received was NT$145,212 thousand. The transaction caused non-controlling interests to increase by NT$12,603 thousand, and equity attributable to owners of the parent to increase by NT$132,609 thousand.

During the period from April 2022 to May 2022, the Group disposed of 400 thousand shares in the subsidiary, Medigen Vaccine Biologics Corporation, reducing its ownership from 20.67% to 20.48%. The cash consideration received was NT$92,697 thousand. The transaction caused non-controlling interests to increase by NT$8,608 thousand, and equity attributable to owners of the parent to increase by NT$84,089 thousand.

In June 2022, the Group disposed of 210 thousand shares in the subsidiary, Medigen Vaccine Biologics Corporation, reducing its ownership from 20.45% to 20.35%. The cash consideration received was NT$50,175 thousand. The transaction caused non-controlling interests to increase by NT$4,543 thousand, and equity attributable to owners of the parent to increase by NT$45,632 thousand.

For the years ended December 31, 2023 and 2022, the effect of changes in the equity of Medigen Vaccine Biologics Corporation on the equity attributable to the owners of the parent company is as follows:

	For the year ended December 31,	
	2023	2022
Carrying amount of transaction with non-controlling interests	$(31,552)	$(51,702)
Consideration received from non-controlling interests (Note)	156,574	429,742
Capital surplus, difference between consideration given/received and carrying amount of interests in a subsidiary acquired/disposed of	$125,022	$378,040

Note: It included the receivables from shares sold of NT$1,397 thousand and NT$1,320 thousand (recognized as other receivables) as of December 31, 2023 and 2022, respectively.

B. Acquisition of new shares in a subsidiary not proportional to ownership interest

Medigen Vaccine Biologics Corporation issued new shares because its employees exercised options on March 8, 2023, May 5, 2023 and November 2, 2023. The Group did not subscribe to the new shares issued proportionally to its original interest that decreased its interest by 0.02%. The transaction caused non-controlling interests to increase by NT$27,765 thousand and equity attributable to owners of the parent to increase by NT$3,911 thousand.

Medigen Vaccine Biologics Corporation issued new shares because its employees exercised options on March 1, 2022. The Group did not subscribe to the new shares issued proportionally to its original interest that decreased its interest by 0.02%. The transaction caused non-controlling interests to increase by NT$7,486 thousand and equity attributable to owners of the parent to increase by NT$774 thousand.

Medigen Vaccine Biologics Corporation issued new shares because its employees exercised options on May 3, 2022. The Group did not subscribe to the new shares issued proportionally to its original interest that decreased its interest by 0.03%. The transaction caused non-controlling interests to increase by NT$11,367 thousand and equity attributable to owners of the parent to increase by NT$1,214 thousand.

On July 1, 2022, Medigen Vaccine Biologics Corporation carried out a cash capital increase in a total amount of NT$1,540,000 thousand by issuing 7,000 thousand ordinary shares with a par value of NT$10 (in dollars) per share and a premium issuance price of NT$220 (in dollars) per share. The Company participated in the capital increase in the amount of NT$253,220 thousand. Due to the inproportional subscription and employees' preemptive rights, the Group's equity interest decreased by 0.12%. The transaction also resulted in an increase in the non-controlling interest by NT$1,233,680 thousand and an increase in the equity attributable to owners of the parent by NT$306,320 thousand.

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

Medigen Vaccine Biologics Corporation issued new shares because its employees exercised options on November 7, 2022. The Group did not subscribe to the new shares issued proportionally to its ortginal interest that decreased its interest by 0.04%. The transaction caused non-controlling interests to increase by NT$19,946 thousand and equity attributable to owners of the parent to increase by NT$2,133 thousand.

The effect of changes in interest in Medigen Vaccine Biologics Corporation on the equity attributable to the owners of the parent for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31,	
	2023	2022
Cash from capital injection	$31,676	$1,582,921
Less: increase in non-controlling interests	(27,765)	(1,272,480)
Difference in equity-capital	$3,911	$310,441

As of December 31, 2023 and 2022, the amounts of advance receipts for exercised stock options of Medigen Vaccine Biologics Corporation were NT$0 (0 shares) and NT$4,744 thousand (191,300 shares), respectively, which were recorded in non-controlling interests.

(28) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

		As of	
Name of subsidiaries	Country of incorporation and operation	December 31, 2023	December 31, 2022
Medigen Vaccine Biologics Corporation	Hsinchu	81.02%	80.26%
WINSTON MEDICAL SUPPLY CO., LTD.	Tainan	40.78%	40.78%
TBG Diagnostics Limited	Australia	48.24%	48.24%

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	As of	
	December 31, 2023	December 31, 2022
Accumulated balances of material non-controlling interest:		
Medigen Vaccine Biologics Corporation	$3,113,757	$3,993,585
WINSTON MEDICAL SUPPLY CO., LTD.	239,029	211,457
TBG Diagnostics Limited	52,700	71,944

	For the year ended December 31,	
	2023	2022
Profit/(loss) allocated to material non-controlling interest:		
Medigen Vaccine Biologics Corporation	$(940,258)	$(276,584)
WINSTON MEDICAL SUPPLY CO., LTD.	65,306	16,851
TBG Diagnostics Limited	(33,819)	(16,829)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summary information of profit or loss for the year ended December 31, 2023:

	Medigen Vaccine Biologics Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	TBG Diagnostics Limited
Operating revenue	$389,624	$709,074	$-
Profit from continuing operations	(1,159,835)	158,755	(70,105)
Total comprehensive income	(1,214,102)	158,313	(70,105)

Summary information of profit or loss for the year ended December 31, 2022:

	Medigen Vaccine Biologics Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	TBG Diagnostics Limited
Operating revenue	$365,042	$606,517	$-
Profit from continuing operations	(1,474,573)	111,261	(248,241)
Total comprehensive income	(1,391,996)	110,057	(251,231)

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Summarized information of financial position as of December 31, 2023:

	Medigen Vaccine Biologics Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	TBG Diagnostics Limited
Current assets	$4,401,325	$599,822	$109,751
Non-current assets	1,691,322	201,954	4,957
Current liabilities	(1,991,711)	(298,690)	(5,463)
Non-current liabilities	(254,356)	(75,185)	-

Summarized information of financial position as of December 31, 2022:

	Medigen Vaccine Biologics Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	TBG Diagnostics Limited
Current assets	$5,462,422	$498,432	$124,017
Non-current assets	1,885,267	202,999	28,470
Current liabilities	(355,232)	(263,457)	(3,349)
Non-current liabilities	(1,963,452)	(76,301)	-

As of December 31, 2023 and 2022, the subscription amount of Medigen Vaccine Biologics Corporation amounted to NT$0 thousand and NT$4,744 thousand, which were recognized as non-controlling interests.

Summary information on cash flows for the year ended December 31, 2023:

	Medigen Vaccine Biologics Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	TBG Diagnostics Limited
Operating activities	$(478,334)	$215,448	$(32,237)
Investing activities	669,827	(19,882)	(301)
Financing activities	1,593	(99,098)	-
Exchange differences	(4,221)	-	15,893
Net increase/(decrease) in cash and cash equivalents	$188,865	$96,468	$(16,645)

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

Summary information on cash flows for the year ended December 31, 2022:

	Medigen Vaccine Biologics Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	TBG Diagnostics Limited
Operating activities	$(1,100,963)	$124,884	$(17,661)
Investing activities	(2,397,917)	(8,622)	129,968
Financing activities	3,323,091	(76,394)	-
Exchange differences	352	-	-
Net increase/(decrease) in cash and cash equivalents	$(175,437)	$39,868	$112,307

7. Related Party Transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Chang, Shi-Chung	Chairman of the Company
Chang, Tse-Ling	Director of the Company
SCHWEITZER BIOTECH COMPANY LTD.	Substantive related party of the Group
Taiwan Bio Therapeutics Co., Ltd.	Substantive related party of the Group
CELLXPERT BIOTECHNOLOGY CORP.	Associates
TBG Biotechnology (Xiamen) Inc.	Associates
U-GEN	Associates

Significant transactions with the related parties

(1) Sales

	For the year ended December 31,	
	2023	2022
Associates	$6,295	$21,087

The terms and conditions to related parties are similar to those with non-related parties.

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(2) Trade receivables from related parties

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology (Xiamen) Inc.	$41,107	$41,009
Less: allowance for doubtful debts	(41,107)	(35,294)
Net	$-	$5,715

The receivables from related parties arise mainly from sales of goods and provision of services. The receivables are unsecured in nature and bear no interest.

(3) Advance sales receipts

	As of	
	December 31, 2023	December 31, 2022
Associates	$305	$-

(4) Contract assets

	As of	
	December 31, 2023	December 31, 2022
CELLXPERT BIOTECHNOLOGY CORP.	$-	$8,638

(5) Contract liabilities

	As of	
	December 31, 2023	December 31, 2022
CELLXPERT BIOTECHNOLOGY CORP.	$26,304	$26,304

Contract liabilities arise mainly from royalty revenue received in advance.

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

(6) Professional service fees

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology (Xiamen) Inc.	$-	$2,183

(7) Financing

A. Other receivables from related parties (including interest receivable)

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology (Xiamen) Inc.	$-	$1
U-GEN	40	40
Total	$40	$41

B. Interest income

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology (Xiamen) Inc.	$-	$8

The loans to associates are repayable within a year and carry interest at 1% ~ 3.5% per annum for the years ended December 31, 2023 and 2022.

(8) Others

A. For the years ended December 31, 2023 and 2022, the Group participated in the cash capital increase of the associate, U-Gen, in the amount of NT$152,952 thousand and NT$30,127 thousand, respectively.

B. For the year ended December 31, 2023, the Group participated in the cash capital increase of the associate, CELLXPERT BIOTECHNOLOGY CORP., in the amount of NT$17,724 thousand.

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C. For the year ended December 31, 2022, the Group participated in the cash capital increase of the associate, CELLXPERT BIOTECHNOLOGY CORP., in the amount of NT$17,731 thousand, which was recorded as prepayments for investment (included in the line item of "other non-current assets").

D. For the years ended December 31, 2023 and 2022, the joint guarantor of the Group's loan from financial institutions was the related party, Chang Shi Chung.

(9) Key management personnel compensation

	For the year ended December 31,	
	2023	2022
Short-term employee benefits	$48,013	$53,427
Post-employment benefits	915	1,022
Share-based payment	9,530	15,932
Total	$58,458	$70,381

8. Assets Pledged as Collateral

The following table lists assets of the Group pledged as collateral:

	Carrying Amount		
Assets pledged as collateral	December 31, 2023	December 31, 2022	Purpose of pledge
Restricted assets-current (recognized as other financial assets-current)	$25,412	$42,316	Security for loan, loan plans and lease deposits
Property, plant and equipment:			Security for loan
Land	235,221	258,968	
Buildings	202,936	243,521	
Restricted assets-noncurrent (recognized as refundable deposits)	9,626	13,626	Security for purchase of materials and lease deposits
Total	$473,195	$558,431	

The Company provided 13,900 thousand shares and 12,600 shares of Medigen Vaccine Biologics Corporation as security against short-term borrowings as of December 31, 2023 and 2022, respectively.

9. Significant Contingencies and Unrecognized Contractual Commitments

Significant Commitments

(1) In November 2011, the Company obtained the grant from Industry - Technology Development Programs of Ministry of Economic Affairs - Fast Track "PI-88 treatment after curative resection for hepatocellular carcinoma global phase III clinical trial development plan". Under the plan, commitments were as follows: (1) After the beginning of the plan, if the plan product, PI-88, were licensed externally successfully, the Company was committed to appropriating 5% of the signing bonus and milestones bonus as feedbacks, and 2% of the feedback should be donated to the research foundations with the nature of charity and work in the biomedical related research, in order to fulfill the research and development expenditures of domestic biomedical research institutes with the nature of charity. Additionally, 3% will be the collaborative research and development expenditure of the Company and domestic academic research institutes or legal entity. The amount of feedbacks was not limited to the grants. (2) If "PI-88" which would be developed under the plan was approved to sell in the market in the country, before obtaining payments from national health insurance, the Company needed to provide this medicine to at least 15 underprivileged or low-income post-operative hepatocellular carcinoma patients.

(2) On October 7, 2019, the Company entered into an exclusive license agreement with a listed Japan Group, MEDINET Co., Ltd. (collectively referred to herein as the "MEDINET"), obtaining MEDINET's exclusive license of immunocyte, Gamma Delta T cell (collectively referred to herein as the "GDT cell"), in Taiwan. In the future, the Company would collaborate with medical institutions in accordance with "Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices" to use GDT cell in the immunotherapy and pays royalties at certain proportion in accordance with the agreement.

(3) On December 18, 2019, the Company entered into the PI-88 license agreement with CELLXPERT BIOTECHNOLOGY CORP. to exclusively license the global rights (excluding Taiwan) of development and commercialization to CELLXPERT BIOTECHNOLOGY CORP., who could research, develop, manufacture, sales, reauthorize and conduct other commercialization activities in the authorized area. The Company would receive upfront payments after entering into the license agreement and milestone payments based on each milestone achieved. Additionally, the Company could proportionately share profits from income of sales and relicensing of PI-88.

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(4) The Group’s capital expenditure contracted as of at the balance sheet date but not yet incurred is as follows:

	As of	
	December 31, 2023	December 31, 2022
Property, plant and equipment	$10,673	$29,058

(5) The Company’s subsidiary, Medigen Vaccine Biologics Corporation, signed a three party technical license agreement with Centers for Disease Control, Department of Health, Executive Yuan (now Taiwan Centers for Disease Control, CDC) and National Health Research Institute (NHRI) on June 28, 2013 for the development of Enterovirus Vaccine 71 (EV71). Under the contract, the subsidiary shall pay milestone payments as the research progresses and net sales royalty when products are launched in the future. The final data from the Phase III multi-region clinical trial for EV71 vaccine were unblinded on June 20, 2022, and the results were as expected. Accordingly, the subsidiary applied for a new drug application (NDA) for EV71 vaccine to the Food and Drug Administration on October 1, 2022. The Food and Drug Administration approved the application on April 12, 2023.

(6) The Company’s subsidiary, Medigen Vaccine Biologics Corporation, signed the license agreement with NHRI for the H7N9 novel influenza vaccine. The contract period is from April 25, 2014 through April 24, 2029. The contract includes authorized H7N9 novel influenza virus strains, vaccine manufacturing process, pre-clinical animal trials and other intellectual properties, and the complete rights to manufacture and sell the vaccine products in Taiwan. The subsidiary is required to pay fixed and running royalties as specified in the contract. The phase I and phase II clinical trials have passed the review by Taiwan CDC and approved for future reference.

(7) The Company’s subsidiary, Medigen Vaccine Biologics Corporation, contracted with United States National Institute of Health (NIH) on November 17, 2016 regarding the license agreement for the dengue fever vaccine, which granted the subsidiary complete rights of R&D, manufacture, selling and re-licensing. There were 17 countries included in the original authorized region. On September 17, 2017, the rights for 9 additional countries were obtained, which has expanded the total licensed region to 26 countries. The subsidiary is required to make a certain amount of fixed and running royaltys and milestone payments under the contract. The subsidiary has completed phase II clinical trials and received clinical trial reports.

(8) The Company’s subsidiary, Medigen Vaccine Biologics Corporation, signed a global commercial COVID-19 vaccine license agreement with US NIH on May 5, 2020 in order to attain the complete rights for the R&D, manufacture, and sales of COVID-19 vaccine. Under the contract, the subsidiary is required to pay a certain amount of fixed and running royalties and milestone payments.

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10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

(1) In order to improve the overall operating efficiency, a resolution was passed by the Board of Directors on January 30, 2024 to enter into strategic alliance cooperation with Taiwan Exosome Company. The Company planned to invest in Taiwan Exosome Company in the amount of NT$125 million to acquire 50 million shares, each at NT$2.5 per share, via a wholly owned subsidiary. The Company is expected to hold 29.76% interest in Taiwan Exosome Company after this investment. The Company will focus on the development of new drugs in the field of cytotherapy in the future. Its core business is to conduct clinical trials to verify efficacy. Cell production will be entrusted to qualified cell processing vendors.

12. Others

(1) Categories of financial instruments

Financial assets

	As of	
	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss	$486	$54,225
Financial assets measured at fair value through other comprehensive income	242,596	205,634
Financial assets measured at amortized cost		
Cash and cash equivalents	2,221,751	2,039,388
Financial assets measured at amortized cost	2,364,100	2,979,940
Notes receivable	108,411	120,042
Trade receivables (including related parties)	220,125	269,634
Other receivables (including related parties)	52,994	8,294
Restricted assets, current (recognized as other financial assets, current)	25,412	42,316
Other financial assets, current	-	60,450
Restricted assets, non-current (recognized as refundable deposits)	9,626	13,626
Refundable deposits	23,459	23,022
Subtotal	5,025,878	5,556,712
Total	$5,268,960	$5,816,571

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

Financial liabilities

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:		
Held for trading financial assets	$29,050	$19,250
Financial liabilities at amortized cost:		
Short-term borrowings	402,600	328,000
Payables	427,387	504,403
Bonds payable (including current portion with maturity less than 1 year)	1,708,101	1,677,850
Long-term borrowings (including current portion with maturity less than 1 year)	469,408	480,169
Lease liabilities (current and non-current)	284,853	288,445
Deposits received	10,280	10,280
Subtotal	3,302,629	3,289,147
Total	$3,331,679	$3,308,397

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

The Group has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (when revenue or expenses are denominated in a different currency from the Group’s functional currency) and the Group’s net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group’s profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group’s foreign currency risk is mainly related to the volatility in the exchange rates for USD, AUD and CNY. The information of the sensitivity analysis is as follows:

A. When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$7,823 thousand and NT$3,167 thousand, respectively.

B. When NTD appreciates or depreciates against AUD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$2,136 thousand and NT$985 thousand, respectively.

C. When NTD appreciates or depreciates against CNY by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$230 thousand and NT$164 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates primarily relates to the Group’s long-term borrowings at variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a rise/fall of 0.25% of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT$1,174 thousand and NT$960 thousand, respectively.

Equity price risk

The Group's equity instruments and open-end funds issued by domestic and foreign companies are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Group's equity instruments and open-end funds issued by domestic and foreign companies are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a rise/fall of 1% in the price of the equity instruments and open-end funds issued by domestic and foreign companies classified as equity instrument investments measured at fair value through profit or loss could have an increase/decrease in the amount of NT$5 thousand and NT$542 thousand on the profit or loss attributable to the Group for the years ended December 31, 2023 and 2022, respectively.

At the reporting date, a rise/fall of 1% in the price of the equity instruments and open-end funds issued by domestic and foreign companies classified as equity instrument investments measured at fair value through other comprehensive income could have an increase/decrease in the amount of NT$2,426 thousand and NT$2,056 thousand on the equity attributable to the Group for the years ended December 31, 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policies, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

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Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and liquid equity investments. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Less than 5 years	Total
As of December 31, 2023					
Borrowings	$436,693	$100,022	$99,612	$306,897	$943,224
Bonds payables	1,750,000	-	-	-	1,750,000
Lease liabilities	25,078	47,911	35,530	-	108,519
As of December 31, 2022					
Borrowings	$37,586	$48,113	$99,635	$356,385	$541,719
Bonds payables	-	1,750,000	-	-	1,750,000
Lease liabilities	23,275	432,791	-	-	456,066

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the years ended December 31, 2023 and 2022 is as follows:

	Short-term borrowings	Long-term borrowings (including current portion)	Bonds payables (including current portion)	Lease liabilities (current and non-current)	Total liabilities from financing activities
As of January 1, 2023	$328,000	$480,169	$1,677,850	$288,445	$2,774,464
Cash flows	74,600	(10,206)	-	(18,024)	46,370
Non-cash movement	-	(555)	30,251	14,432	44,128
As of December 31, 2023	$402,600	$469,408	$1,708,101	$284,853	$2,864,962
As of January 1, 2022	$300,000	$492,112	$-	$199,955	$992,067
Cash flows	28,000	(11,943)	1,755,250	(16,968)	1,754,339
Non-cash movement	-	-	(77,400)	105,458	28,058
As of December 31, 2022	$328,000	$480,169	$1,677,850	$288,445	$2,774,464

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

(c) Fair value of equity instruments without market quotations (including unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information.

(d) Fair value of bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group’s financial assets (including held-to-maturity investments, loans and receivables) and financial liabilities (including bank loans, bonds payable and lease payables) measured at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions of assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed stock investments and beneficiary certificates invested by the Group falls within this level.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the corporate bonds invested by the Group falls within this level.

Level 3: Unobservable inputs for the asset or liability. The Group's investments in equity instruments without market quotations fall within this level.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

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As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate	$486	$-	$-	$486
Measured at fair value through other comprehensive income				
Equity securities	203,577	-	39,019	242,596
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	-	29,050	-	29,050

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate	$54,225	$-	$-	$54,225
Measured at fair value through other comprehensive income				
Equity securities	-	-	205,634	205,634
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	-	19,250	-	19,250

Transfers between Level 1 and Level 2 during the period

During the year ended December 31, 2023 and 2022, there were no transfers between Level 1and Level 2 fair value measurements.

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

Details of changes in Level 3 of the recurring fair value measurement hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets	
	Measured at fair value through other comprehensive income	
	For the year ended December 31,	
	2023	2022
Beginning balance	$205,634	$54,000
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income")	118	82,225
Acquired for the current period	40,943	69,409
Transfer out of Level 3	(207,676)	-
Ending Balance	$39,019	$205,634

Total gains and losses recognized in profit or loss for the years ended December 31, 2023 and 2022 in the table above contain valuation gains and losses related to assets on hand as of December 31, 2023 and 2022 in the amount of NT$118 thousand and NT$82,225 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Unlisted company stocks	Comparable listed company method	Multiplier of price-book ratio	3.2%	The higher the multiplier, the higher the fair value	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT$527 thousand
		Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT$226 thousand
Unlisted company stocks	Based on the latest transaction price without market quotations	Not applicable	10%	Not applicable	

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

As of December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Unlisted company stocks	Comparable listed company method	Multiplier of price-book ratio	4.38%	The higher the multiplier, the higher the fair value	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT$1,756 thousand
		Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT$753 thousand
Unlisted company stocks	Based on the latest transaction price without market quotations	Not applicable	Not applicable	Not applicable	

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's asset management department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$26,434	30.71	811,788
CNY	5,326	4.33	23,046
AUD	10,181	20.98	213,597

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

	As of December 31, 2022		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$12,892	30.71	$395,913
CNY	4,662	4.41	20,550
AUD	5,908	20.83	123,064

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, or issue new shares.

(11) Others

None.

13. Additional disclosure

(1) Information on significant transactions:

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held at the end of the period: Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: None.

H. Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more: None.

I. Financial instruments and derivative transactions: Please refer to Note 6.2.

J. Significant inter-company transactions between consolidated entities: Please refer to Attachment 2.

(2) Names, locations and related information of investees (excluding investees in Mainland China): Please refer to Attachment 3.

(3) Information on investments in mainland China:

A. Investee company name, main business and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 4.
B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third region: Please refer to Attachment 5.

(4) Information on major shareholders: Please refer to Attachment 6.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

(1) Nucleic acid department: responsible for services of testing reagents, instruments and inspection on behalf of others.
(2) New drug and vaccine research and development segment: responsible for the development and relevant services of new drugs and vaccine.
(3) Cytotherapy department: responsible for research and development and relevant services of cytotherapy.
(4) Generic drug, aesthetic medicine product and dietary supplement segment : responsible for production and sales and relevant services of western medicine, aesthetic medicine product and dietary supplement.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on significant accounting policies information consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(1) The information on profit or loss, assets, and liabilities of reportable segments

For the year ended December 31, 2023

	Nucleic acid department	New drug and vaccine research and development segment	Cytotherapy department	Generic drug, aesthetic medicine product and dietary supplement segment	Subtotal for reportable segments	Adjustment and elimination	Consolidated
Revenue							
External customer	$59,046	$389,624	$-	$709,050	$1,157,720	$-	$1,157,720
Inter-segment	2,680	-	-	24	2,704	(2,704)	-
Total revenue	$61,726	$389,624	$-	$709,074	$1,160,424	$(2,704)	$1,157,720
Interest income	2,323	83,282	1,452	2,011	89,068	-	89,068
Rental income	441	-	-	-	441	-	441
Interest expenses	(16,760)	(37,571)	-	(1,528)	(55,859)	-	(55,859)
Depreciation and amortization	(21,822)	(131,171)	-	(27,979)	(180,972)	2,589	(178,383)
Segment profit	$(418,920)	$(1,159,835)	$(101,285)	$198,818	$(1,481,222)	$202,362	$(1,278,860)
Assets							
Investments accounted for using equity method	1,252,173	-	46,373	-	1,298,546	(1,248,275)	50,271
Segment assets	$2,558,621	$6,092,646	$166,026	$801,776	$9,619,069	$(1,091,824)	$8,527,245
Segment liabilities	$891,319	$2,246,067	$5,462	$373,875	$3,516,723	$13,393	$3,530,116

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

For the year ended December 31, 2022

	Nucleic acid department	New drug and vaccine research and development segment	Cytotherapy department	Generic drug, aesthetic medicine product and dietary supplement segment	Subtotal for reportable segments	Adjustment and elimination	Consolidated
Revenue							
External customer	$83,788	$365,042	$600	$606,517	$1,055,947	$-	$1,055,947
Inter-segment	-	-	-	-	-	-	-
Total revenue	$83,788	$365,042	$600	$606,517	$1,055,947	$-	$1,055,947
Interest income	628	7,605	252	398	8,883	-	8,883
Rental income	-	-	-	-	-	-	-
Interest expenses	(11,506)	(26,888)	-	(1,059)	(39,453)	-	(39,453)
Depreciation and amortization	(29,105)	(127,892)	-	(36,296)	(193,293)	1,647	(191,646)
Segment profit	$(263,599)	$(1,653,455)	$(95,534)	$139,975	$(1,872,613)	$-	$(1,872,613)
Assets							
Investments accounted for using equity method	1,511,674	-	69,812	-	1,581,486	(1,479,790)	101,696
Segment assets	$3,267,790	$7,292,716	$102,026	$701,431	$11,363,963	$(1,381,689)	$9,982,274
Segment liabilities	$840,110	$2,318,073	$16	$339,757	$3,497,956	$13,305	$3,511,261

Note 1: Inter-segment revenue are eliminated on consolidation and reflected in the adjustment and elimination section.

Note 2: Profit or loss of each reportable segment does not include the share of profits of associates and joint ventures and the foreign currency exchange gains and losses.

(2) Reconciliations of income, profit or loss, assets, liabilities and other major items in reportable segment

A. Revenue

	For the year ended December 31, 2023	For the year ended December 31, 2022
Total revenue for reportable segments	$1,160,424	$1,055,947
Elimination of inter-segment revenue	(2,704)	-
Group revenue	$1,157,720	$1,055,947

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

B. Profit or loss

	For the year ended December 31,	
	2023	2022
Total profit or loss for reportable segments	$(1,481,222)	$(1,872,613)
Adjustment of segment profit	202,362	-
Profit (loss) before tax from continuing operations	$(1,278,860)	$(1,872,613)

C. Assets

	For the year ended December 31,	
	2023	2022
Total assets for reportable segments	$9,619,069	$11,363,963
Adjustment of segment assets	(1,091,824)	(1,381,689)
Group assets	$8,527,245	$9,982,274

D. Liabilities

	For the year ended December 31,	
	2023	2022
Total liabilities for reportable segments	$3,516,723	$3,497,956
Adjustment of segment liabilities	13,393	13,305
Group liabilities	$3,530,116	$3,511,261

E. Other material items

For the year ended December 31, 2023

	Total for reportable segments	Reconciliation	Consolidated
Interest income	$89,068	$-	$89,068
Rental income	441	-	441
Interest expenses	(55,859)	-	(55,859)
Depreciation and amortization	(180,972)	2,589	(178,383)
Equity accounted investments	1,298,546	(1,248,275)	50,271

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

For the year ended December 31, 2022

	Total for reportable segments	Reconciliation	Consolidated
Interest income	$8,883	$-	$8,883
Rental income	-	-	-
Interest expenses	(39,453)	-	(39,453)
Depreciation and amortization	(193,293)	1,647	(191,646)
Equity accounted investments	1,581,486	(1,479,790)	101,696

The reconciling item to adjust other material items are mainly generated by equity accounted investments.

(3) Geographical information

Revenue from external customers:

	For the year ended December 31,	
	2023	2022
Taiwan	$1,146,467	$1,005,387
China	6,295	39,587
Other countries	4,958	10,973
Total	$1,157,720	$1,055,947

The revenue information above is based on the location of the customer.

Non-current assets:

	For the year ended December 31,	
	2023	2022
Taiwan	$2,197,787	$2,406,778
Other countries	51,330	146
Total	$2,249,117	$2,406,924

Non-current assets include property, plant and equipment and other assets but exclude financial instruments and deferred tax assets.

(4) Major customers

For the year ended December 31, 2023

Client	Sales amount	Sales department
Client A	$136,525	New drug and vaccine research and development segment
Client B	$272,091	Generic drug and aesthetic medicine product segment

Client	Sales amount	Sales department
Client A	$365,042	New drug and vaccine research and development segment
Client B	$176,805	Generic drug and aesthetic medicine product segment

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified otherwise)

Attachment 1: Marketable securities held as of December 31 ,2023:

(Amount in Thousands of New Taiwan Dollars/Shares)

Holding Company Name	Type and Name of the Securities (Note 1)	Relationship with the securities issuer (Note 2)	Financial Statement Account	As of December 31, 2023					Note (Note 4)
				Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	Pledge/Collateral	
The Company	Lanka Graphite Limited	-	Financial assets at fair value through profit or loss	3,000,000	$-	2.77%	$-	None	
〃	CytoPharm Inc.	-	〃	537,000	-	0.95%	-	〃	
〃	Neuberger Berman Global Strategic Income Securities Investment Trust Fund Class TWD T Accumulating	-	〃	50,000	486	-	486	〃	
MVC Capital Corporation (Originally named Medigen Capital Corporation)	Taiwan Bio Therapeutics Co., Ltd.	Subsidiary of the Company - MVC Capital Corporation is its corporate director	Financial assets at fair value through other comprehensive income-noncurrent	6,077,230	193,135	9.79%	207,112	〃	Note 5
〃	Thermolysis Co., Ltd.	Subsidiary of the Company - Medigen Vaccine Biologics Corporation is its corporate director	〃	2,545,454	38,334	5.92%	35,484	〃	
TBG Diagnostics Limited	Lanka Graphite Limited	-	〃	3,750,000	-	3.46%	-	〃	
〃	Zucero Therapeutics Limited	-	〃	12,500,000	-	9.62%	-	〃	

Note 1: Martketable securities include stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS No. 9 "Financial Instruments".

Note 2: Not required if the issuer of securities is not a related party.

Note 3: For items measured at fair value, please fill in the adjusted carrying amount after fair value assessment and deduction of accumulated impairment in "Carrying amount" column. For items not measured at fair value, please fill in the carrying amount after deducting accumulated impairment from the original cost or amortized cost in "Carrying amount" column.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: Name changed to MVC Capital Corporation was approved by the competent authority on May 3, 2023.

Attachment 2: Significant intercompany transactions between consolidated entities

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction			
				Accounts	Amount	Transaction terms	Percentage of total revenues or total assets (Note 3)
1	WINSTON MEDICAL SUPPLY CO., LTD.	UMO INTERNATIONAL CO., LTD.	3	Sales revenue	$28,868	General	2.49%
2	TBG Biotechnology Corp.	Medigen Biotechnology Corporation	2	Sales revenue	2,680	General	0.23%

Note 1: The numbers filled in for the transactions companyin respect of inter-company transactions are as follows.

(1) Parent company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order .

Note 2: Relationship between transactioncompany and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Attachment 3: Names, locations and related information of investees (excluding investees in Mainland China):

(Amount in Thousands of New Taiwan Dollars/Shares)

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee Company	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership (%)	Carrying Amount			
Medigen Biotechnology Corporation	TBG Diagnostics Limited	Australia	Biotechnology services and retail and wholesale of medical devices	$599,056	$599,056	112,615,938	51.76%	$55,456	$(70,105)	$(37,375)	
Medigen Biotechnology Corporation	Medigen Vaccine Biologics Corporation	Taiwan	R&D and manufacturing and wholesale business of vaccines and biopharmaceutical, and retail and wholesale business of medical devices	911,186	983,015	62,358,844	18.98%	717,787	(1,159,835)	(223,475)	
Medigen Biotechnology Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	Taiwan	Manufacturing and marketing of chemistry medicine, ophthalmic anti-infectives, aesthetic medicine, dietary supplement and other medicines and products	205,716	205,716	10,906,400	59.22%	347,116	158,754	93,088	
Medigen Biotechnology Corporation	TDL HOLDING	Cayman Islands	Investment Business	249,716	219,437	975,600	100%	75,658	(8,856)	(8,856)	
Medigen Biotechnology Corporation	Yingxin Investment Co., Ltd.	Taiwan	Investment Business	50	-	-	100%	50	-	-	
Medigen Biotechnology Corporation	U-GEN (originally named TBG Inc.)	Cayman Islands	Biotechnology services and retail and wholesale of medical devices	152,952	-	4,363,383	2.36%	295	(147,276)	(2,762)	
TBG Diagnostics Limited	U-GEN (originally named TBG Inc.)	Cayman Islands	Biotechnology services and retail and wholesale of medical devices	529,522	529,522	67,129,159	36.32%	4,735	(147,276)	(53,633)	
WINSTON MEDICAL SUPPLY CO., LTD	UMO INTERNATIONAL CO., LTD.	Taiwan	Retail and wholesale of skincare products and makeup	10,000	10,000	1,000,000	100%	16,389	4,675	-	Note 3
WINSTON MEDICAL SUPPLY CO., LTD	SHINY LILY CO., LTD.	Taiwan	Retail and wholesale of western medicine	3,271	3,271	-	100%	3,287	66	-	Note 3
TDL HOLDING	Texas BioGene, Inc.	United States	Biotechnology services and retail and wholesale of medical devices	19,682	19,682	739,328	100%	(27)	(58)	-	Note 3
TDL HOLDING	TBG Biotechnology Corp.	Taiwan	Biotechnology services and retail and wholesale of medical devices	199,755	199,755	20,000,000	100%	40,218	(9,172)	-	Note 3
Medigen Vaccine Biologics Corporation	MVC BioPharma Ltd.	Cayman Islands	Investment Business	7,081	7,081	50,000	100%	3,309	(203)	-	Note 3
Medigen Vaccine Biologics Corporation	MVC Capital Corporation (Originally named Medigen Capital Corporation)	Taiwan	Investment Business	300,000	200,000	30,000,000	100%	327,718	(164)	-	Notes 3 and 4
Medigen Vaccine Biologics Corporation	MVC Australia Pty Ltd.	Australia	To hold drug permit licenses and support local marketing	Note 5	-	Note 5	Note 5	Note 5	Note 5	Note 5	
Medigen Vaccine Biologics Corporation	MVC Bio Supply Sdn. Bhd.	Malaysia	To hold drug permit licenses and support local marketing	Note 5	-	Note 5	Note 5	Note 5	Note 5	Note 5	
MVC Capital Corporation	U-GEN (originally named TBG Inc.)	Cayman Islands	Biotechnology services and retail and wholesale of medical devices	57,922	57,922	1,727,893	0.93%	151	(147,276)	(3,898)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclosure the information of the overseas holding company abount the disclosure of related overseas investee in information.

Note 2: If situation does not belong to Note 1, filled in the conlumns according to the following regulations:

(1) The columns of "Investee Company", "Location", "Main businesses and Products", "Original Investment Amount" and "Shares held as at December 31, 2023" should fill orderly in the Company's (public company's) information on the investees and every directly or indirectiy controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'foot note' column.

(2) The"Net Income (Loss) of Investee Company" column should fill in amount of net profit (loss) of the investee for this period.

(3) The"Investment Income (Loss) Recognized" column should fill the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under equity method for this period.

When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: According to the related regulations, it was not required to disclose gains (losses) on investments recognized by the Company.

Note 4: Name was renamed MVC Capital Corporation which was approved by the competent authority on May 3, 2023.

Note 5: The incorporation of this company was approved by the local competent authority. However, as of December 31, 2023, no investment funds have been remitted.

Attachment 4: Information on investments in Mainland China

(Amounts in thousands of New Taiwan Dollars)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Medigen Biotechnology (Xiamen) Corporation	Research and development of clinical new medicine, supports of production technology and consult of related technology and after-sale service	$3,026	1	$3,026	$-	$-	$3,026	$(12)	100%	$(12)	$2,484	$-	Note 2(2)(B)
Medigen Biotechnology (Beijing) Corporation	Investment Business	182,686	1	182,686	-	-	182,686	(31,170)	100%	(31,170)	48,785	-	Note 2(2)(B)
CELLXPERT BIOTECHNOLOGY CORP.	Cytotherapy business	444,868	3	-	-	-	-	(76,951)	37.19%	(31,179)	46,373	-	Note 2(2)(B)

Company Name	Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
Medigen Biotechnology Corporation	$185,712 (USD 6,361 thousand)	$533,423 (USD 17,628 thousand)	$2,998,277

Note 1: Investment methods are classified into the three categories; fill in the number of category each case belongs to:
(1) Direct investment in a company in Mainland China.
(2) Through investing in an existing company in the third area, when then invested in the investee in Mainland China.
(3) Through investing in an existing company in the third area, when then invested in the investee in Mainland China.

Note 2: In the "Share of Profits/Losses" column:
(1) It should be indicate if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.
(2) The basis of recognition of investment income is classified into the following three types, which should be marked out:
A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm registered in the R.O.C.
B. The financial statements were attested by R.O.C parent company's CPA.
C. Others

Note 3: According to the MOEA Regulation No. 09704604680 ,"Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", announced on August 29, 2008, limit on accumulated amount of investment in Mainland China is the higher of 60% of net assets and consolidated net assets. The ultimate limit of investment is 60% of the consolidated net assets (4,997,129x 60% =2,998,277).

Note 4: The accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 was disclosed based on the amounts of subsidiaries included in the consolidated financial statements and investees accounted for using the equity method.

Attachment 5: Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third region

(Amounts in thousands of New Taiwan Dollars)

Investee Company	Sales (Purchases)		Property Transaction		Trade Receivables (Payables)		Provision of Endorsements/Guarantees or Collaterals		Financing				Others
	Amount	%	Amount	%	Balance	%	Ending balance	%	Maximum balance	Ending balance	Interest Rate	Current Interest	
CELLXPERT BIOTECHNOLOGY CORP.	$-	-	$-	-	$-	-	$-	-	$-	$-	-	$-	Note

The unearned royalty income for the current period was NT$26,304 (recognized as current contract liabilities), representing 0.75% in the consolidated total liabilities.

Attachment 6: Information of major shareholder

Unit: shares

Name of major shareholders information	Shares			
	Number of ordinary shares	Number of preference shares	Total of shares held	Percentage of ownership (%)
EVERSPRING INDUSTRY CO., LTD.	14,093,380	-	14,093,380	10.10%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholderswho held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed byeach trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The number of the shares declared by the insider include the shares of the trust assets which the insider has dicretion over use. For details of the insider's equity announcement please refer to the TWSE website.

Appendix B. Individual Financial Statements for 2023 Audited by a Certified Public Accountant

安永聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors and Shareholders of
Medigen Biotechnology Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Medigen Biotechnology Corporation (the "Company") as of December 31, 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the financial performance and the cash flows for the year ended December 31, 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company’s recognized NT$9,993 thousand as net sales, which was mainly generated from the sales of detection reagents for the year ended December 31, 2023. As the revenue has an inherent high risk and is material to the parent company only financial statements, we therefore determined this matter as a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of management's accounting policies for revenue recognition, and understanding, evaluating and testing the transaction process of the revenue recognition procedures for the identified performance obligations and the effectiveness of the design and implementation of internal controls that are critical to the timing of revenue recognition to meet performance obligations; performing test of details on a sampling basis by checking relevant vouchers and testing collection records to confirm that transactions have actually occurred; vouching relevant documents of sales transactions before and after a period of the balance sheet date; performing sales revenue cut-off tests and to ensure that revenue is recognized in an appropriate period; and reviewing whether there are significant sales returns and allowances in the subsequent period.

We also considered the disclosure of revenue recognition in Notes 4 and 6 to the parent company only financial statements.

Investments accounted for using equity method - Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets of the subsidiary, Medigen Vaccine Biologics Corporation

The total carrying amount of property, plant and equipment, right-of-use assets and intangible assets of the Company's subsidiary, Medigen Vaccine Biologics Corporation, for the year ended December 31, 2023 was material to the consolidated financial statements. Due to the recent operating losses of Medigen Vaccine Biologics Corporation and its subsidiaries, the management had conducted impairment evaluation tests on the cash-generating units to which these assets belong. The impairment evaluation was conducted based on value in use to estimate their recoverable amount. As the estimate of value in use is significant and it involves management judgment, we therefore determined it as a key audit matter.

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of the design and implementation of internal controls related to asset impairment, assessing the appropriateness of accounting policies for asset impairment, assessing the key assumptions used in the management impairment tests, including the growth rate of sales revenue, gross margin and discount rate, and discussing with the management to assess their reasonableness, and recalculating the recoverable amount of the management impairment assessment.

We also considered the appropriateness of disclosures of property, plant and equipment, right-of-use assets and intangible assets in Notes 5 and 6 to the consolidated financial statements.

Investments accounted for using equity method - Assessment of allowance for inventory valuation losses for the subsidiaries, WINSTON MEDICAL SUPPLY CO., LTD. and Medigen Vaccine Biologics Corporation

Net inventory of the Company and its subsidiaries as of December 31, 2023 was material to the consolidated financial statements. The Company and its subsidiaries mainly engage in manufacturing and selling generic drugs, aesthetic medicine products and vaccine-related products, such inventories are affected by factors such as market demand, expiration date, normal depletion, obsolescence or lack of market value in different channels, and the management needs to assess whether the products are obsolete and the inventory price declines. The evaluation of inventory allowance involves significant judgment by the management, we therefore determined this matter as a key audit matter.

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of the design and implementation of internal controls related to obsolete and slow-moving inventories, evaluating the method and key assumptions used, including the reasonableness of the loss ratio, testing the sources of basic information, including the age of the inventory and the net realizable value used, recalculating the accuracy of inventory aging, and assessing the adequacy of the overall loss for market price decline of inventory through the analytical procedures.

We also considered the disclosure of inventory in Notes 5 and 6 to the consolidated financial statements.

Other Matter – Previous Period Audited by Other Independent Accountants

The Company's parent company only balance sheet as of December 31, 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022, and notes to the parent company only financial statements, including the summary of material accounting policies, were audited and issued by other independent accountants, who expressed an unqualified opinions on those statements on March 30, 2023.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the parent company only financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

Kuo, Shao-Pin

Yu, Chien-Ju

Ernst & Young, Taiwan

March 11, 2024

Notice to Readers

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

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

MEDIGEN BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEET

As of December 31, 2023 and December 31, 2022

(Amounts in thousands of New Taiwan Dollars)

Accounts	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6 and 12	$348,390	15	$418,967	14
Financial assets at fair value through profit or loss	4, 6 and 12	486	-	1,232	-
Contract assets-current	4 and 6	358	-	8,638	-
Trade receivables, net	4, 6 and 12	-	-	424	-
Trade receivables from related parties, net	4, 6, 7 and 12	-	-	1,356	-
Other receivables	12	1,724	-	1,320	-
Current tax assets	6	110	-	4,673	-
Inventories, net	4 and 6	7,928	1	9,638	1
Non-current assets or disposal groups held for sale, net	4 and 6	55,211	2	-	-
Other current assets	6	30,341	1	33,493	1
Other financial assets-current	8 and 12	7,800	-	12,800	1
Total current assets		452,348	19	492,541	17
Non-current assets					
Investments accounted for using equity method	4 and 6	1,247,631	52	1,511,674	51
Property, plant and equipment	4, 6 and 8	373,284	16	434,939	15
Right-of-use assets	4 and 6	4,675	-	2,993	-
Intangible assets	4 and 6	457	-	2,948	-
Deferred tax assets	4, 5 and 6	321,302	13	474,230	16
Other non-current assets	7	1,050	-	31,805	1
Refundable deposits		9,267	-	10,037	-
Total non-current assets		1,957,666	81	2,468,626	83
Total assets		$2,410,014	100	$2,961,167	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEET (Continued)
As of December 31, 2023 and December 31, 2022
(Amounts in thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2023		December 31, 2022	
Accounts	Note	Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6, 8 and 12	$343,000	14	$268,000	9
Contract liabilities-current	4, 6 and 12	27,442	1	26,385	1
Notes payable	12	1,170	-	815	-
Notes payable to related parties	12	49	-	-	-
Trade payables	12	6	-	94	-
Trade payables to related parties	7	-	-	55	-
Other payables		21,047	1	43,733	1
Other payables to related parties	7	44	-	-	-
Lease liabilities-current	4, 6 and 12	2,172	-	-	-
Other current liabilities	7	640	-	1,348	-
Current portion of long-term liabilities	4, 6, 8 and 12	15,603	1	21,100	1
Total current liabilities		411,173	17	361,530	12
Non-current liabilities					
Long-term borrowings	6 and 8	403,685	17	401,188	14
Deferred tax liabilities	4, 5 and 6	665	-	665	-
Lease liabilities-noncurrent	4, 6 and 12	2,534	-	3,026	-
Net defined benefit liabilities-noncurrent	4	314	-	731	-
Total non-current liabilities		407,198	17	405,610	14
Total liabilities		818,371	34	767,140	26
Share capital	6				
Common stock		1,393,463	58	1,394,463	47
Advance receipts for share capital		3,285	-	-	-
Share capital awaiting retirement		(2,000)	-	-	-
Capital surplus		968,142	40	1,561,666	53
Retained earnings					
Accumulated deficits		(747,509)	(31)	(727,979)	(25)
Other equity		(23,738)	(1)	(34,123)	(1)
Total equity		1,591,643	66	2,194,027	74
Total liabilities and equity		$2,410,014	100	$2,961,167	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

MEDIGEN BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Accounts	Note	2023		2022	
		Amount	%	Amount	%
Operating income	4, 6 and 7	$9,993	100	$30,655	100
Operating costs	6 and 7	(4,717)	(47)	(42,371)	(138)
Gross profit (loss)		5,276	53	(11,716)	(38)
Realized intercompany profit		3,039	30	3,039	10
Gross profit (loss), net		8,315	83	(8,677)	(28)
Operating expenses	6 and 7				
Selling expenses		(946)	(10)	(760)	(2)
Administrative expenses		(82,916)	(830)	(70,356)	(230)
Research and development expenses		(103,573)	(1,036)	(160,164)	(522)
Expected credit losses	4 and 6	(8,487)	(85)	(151)	(1)
Total operating expenses		(195,922)	(1,961)	(231,431)	(755)
Operating losses		(187,607)	(1,878)	(240,108)	(783)
Non-operating income and expenses	6 and 7				
Interest income		1,328	13	605	2
Other income		3,290	33	1,725	6
Other gains and losses		(1,333)	(13)	(7,618)	(25)
Financial costs		(15,180)	(152)	(10,113)	(33)
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6	(210,562)	(2,107)	(391,343)	(1,277)
Total non-operating income and expenses		(222,457)	(2,226)	(406,744)	(1,327)
Net loss before tax		(410,064)	(4,104)	(646,852)	(2,110)
Income tax expense	4 and 6	(151,232)	(1,513)	(29,022)	(95)
Net loss		(561,296)	(5,617)	(675,874)	(2,205)
Other comprehensive income	6				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		311	3	890	3
Share of other comprehensive income of associates and joint ventures accounted for using the equity method					
- Items that will not be reclassified subsequently to profit or loss		(863)	(9)	16,231	53
Income tax related to the items not to be reclassified to profit or loss		-	-	(178)	(1)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign financial statements of associates and joint ventures accounted for using the equity method	6	8,699	87	(30)	-
Income tax related to the components of other comprehensive income		(1,740)	(17)	6	-
Other comprehensive income, net of tax		6,407	64	16,919	55
Total comprehensive income		$(554,889)	(5,553)	$(658,955)	(2,150)
Losses per share (NT$)					
Basic and diluted losses per share (NT$)	6				
Current net loss		$(4.03)		$(4.86)	

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

MEDIGEN BIOTECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Items	Share capital			Capital surplus	Retained earnings	Other equity			Total equity
	Common stock	Advance receipts for share capital	Share capital awaiting retirement	Capital surplus	Accumulated deficits	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	
Balance as of January 1, 2022	$1,393,625	$225	$-	$1,108,539	$(52,817)	$(10,950)	$(35,352)	$(8,882)	$2,394,388
Net loss for the year ended December 31, 2022	-	-	-	-	(675,874)	-	-	-	(675,874)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	712	(24)	16,231	-	16,919
Total comprehensive income	-	-	-	-	(675,162)	(24)	16,231	-	(658,955)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	-	378,040	-	-	-	-	378,040
Changes in ownership interests in subsidiaries	-	-	-	90,834	-	-	-	-	90,834
Changes in net equity in associates accounted for using equity method	-	-	-	15,126	-	-	-	-	15,126
Issuance of new shares by employee stock options	838	(225)	-	1,797	-	-	-	-	2,410
Costs of employee stock options	-	-	-	1,603	-	-	-	-	1,603
Costs of restricted stock options	-	-	-	-	-	-	-	4,854	4,854
Effect of organizational structure adjustments within the group	-	-	-	(34,273)	-	-	-	-	(34,273)
Balance as of December 31, 2022	$1,394,463	$-	$-	$1,561,666	$(727,979)	$(10,974)	$(19,121)	$(4,028)	$2,194,027
Balance as of January 1, 2023	$1,394,463	$-	$-	$1,561,666	$(727,979)	$(10,974)	$(19,121)	$(4,028)	$2,194,027
Net loss for the year ended December 31, 2023	-	-	-	-	(561,296)	-	-	-	(561,296)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	50	6,959	(602)	-	6,407
Total comprehensive income	-	-	-	-	(561,246)	6,959	(602)	-	(554,889)
Capital surplus used to cover accumulated deficits	-	-	-	(541,716)	541,716	-	-	-	-
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	-	125,022	-	-	-	-	125,022
Changes in ownership interests in subsidiaries	-	-	-	3,911	-	-	-	-	3,911
Changes in net equity in associates accounted for using equity method	-	-	-	(165,182)	-	-	-	-	(165,182)
Issuance of new shares by employee stock options	-	3,285	-	-	-	-	-	-	3,285
Costs of employee stock options	-	-	-	32	-	-	-	-	32
Costs of restricted stock options	-	-	-	-	-	-	-	4,028	4,028
Recovery of restricted stock options	(1,000)	-	(2,000)	(15,591)	-	-	-	-	(18,591)
Balance as of December 31, 2023	$1,393,463	$3,285	$(2,000)	$968,142	$(747,509)	$(4,015)	$(19,723)	$-	$1,591,643

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Items	2023 Amount	2022 Amount
Cash flows from operating activities:		
Net loss before tax, current	$(410,064)	$(646,852)
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation	15,760	18,589
Amortization	2,491	6,154
Expected credit losses	8,487	151
Loss on valuation of financial assets at fair value through profit or loss	(54)	(70)
Interest expenses	15,180	10,113
Interest income	(1,328)	(605)
Share-based payments	4,060	6,457
Share of profit or loss of associates and joint ventures accounted for using the equity method	210,562	391,343
Losses (gains) on disposals of investments	-	7
Lease modification gains	-	(4)
Investment cash dividends accounted for using equity method	54,532	43,626
Realized intercompany profit	(3,039)	(3,039)
Changes in current operating asset and liabilities		
Financial assets and liabilities at fair value through profit or loss	800	(667)
Contract assets	(358)	-
Trade receivables	424	4,286
Trade receivables from related parties	1,356	581
Other receivables	(481)	-
Inventories	1,710	6,186
Other current assets	3,286	25,992
Contract liabilities	1,057	-
Notes payable	355	(2,952)
Notes payable to related parties	49	-
Trade payables	(88)	145
Trade payables to related parties	(55)	-
Other payables	(22,642)	19,512
Other current liabilities	(708)	621
Net defined benefit liabilities	(106)	(992)
Cash generated from operating activities	(118,814)	(121,418)
Interest received	1,328	573
Interest paid	(15,180)	(10,113)
Income tax refunded (paid)	4,563	(5,001)
Net cash used in operating activities	(128,103)	(135,959)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(3,439)	(2,106)
Acquisition of investments accounted for using equity method	(153,002)	-
Decrease (increase) in refundable deposits	770	(280)
Increase in prepayments for equipment	(1,050)	(854)
Decrease (increase) in restricted assets	5,000	(7,800)
Net cash provided by (used in) investing activities	(151,721)	(11,040)
Cash flows from financing activities:		
Increase in short-term borrowings	100,000	218,000
Decrease in short-term borrowings	(25,000)	(190,000)
Repayments of long-term borrowings	(3,000)	(3,905)
Disposal of ownership interests in subsidiaries (without losing control)	156,574	434,264
Acquisition of investments accounted for using equity method (capital increase of a subsidiary)	-	(413,864)
Increase in prepayments for investments	-	(30,000)
Cash payment for the principal portion of the lease liabilities	(4,021)	(4,071)
Proceeds from exercise of employee stock options	3,285	2,410
Redemption of restricted stock	(18,591)	-
Net cash provided by financing activities	209,247	12,834
Net decrease in cash and cash equivalents	(70,577)	(134,165)
Cash and cash equivalents at the beginning of the period	418,967	553,132
Cash and cash equivalents at the end of the period	$348,390	$418,967

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese

MEDIGEN BIOTECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and Organization

Medigen Biotechnology Corporation (the "Company") was incorporated on December 31, 1999, and commenced business on September 1, 2000. The Company is primarily engaged in biopharmaceutical research and development, cytotherapy, retail and wholesale of veterinary drugs and medical devices. The Company's shares were listed and traded on Taipei Exchange in November 2011.

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors on March 11, 2024.

3. Newly Issued or Revised Standards and Interpretations

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

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

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

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

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

C. Non-current Liabilities with Covenants – Amendments to IAS 1

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

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Company.

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

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

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

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

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

B. IFRS 17 “Insurance Contracts”

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

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

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

C. Lack of Exchangeability – Amendments to IAS 21

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

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. Summary of Material Accounting Policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"). According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

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

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT$.

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

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

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

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

(4) Translation of financial statements in foreign currency

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

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

(5) Current and non-current distinction

An asset is classified as current when:

A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. the Company holds the asset primarily for the purpose of trading.
C. the Company expects to realize the asset within twelve months after the reporting period.
D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

A. Financial instruments Recognition and Measurement

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

The Company classified financial assets as subsequently measured at amortized cost or fair value through profit or loss on the basis of:

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial assets measured at fair value through profit or loss

Financial assets were classitied as measured at cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivable.

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

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at financial assets measured at amortized cost.

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

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

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For financing lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) the rights to receive cash flows from the asset have expired.
(b) the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification of liabilities or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities within the scope of IFRS 9 “Financial Instruments” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(8) Fair value measurement

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

A. in the principal market for the asset or liability, or
B. in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

(9) Inventories

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

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

Raw materials – Purchase cost on a weighted average basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(11) Investments accounted for using equity method

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”). According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “Investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

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

The Company’s investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company’s interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 “Investments in Associates and Joint Ventures”. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income in accordance with IAS 36 “Impairment of Assets”. In determining the value in use of the investment, the Company estimates:

A. its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
B. the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 “Impairment of Assets”.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

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

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

Buildings and facilities	25-49 years
Office equipment	3-5 years
Testing equipment	3-5 years
Miscellaneous equipment	5-6 years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

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

Company as a lessee

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

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

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

Except for those leases that the meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

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

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

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

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over its estimated useful lives of 3 to 5 years.

Special technique

Special technique is stated initially at its cost and amortized on a straight-line basis over its estimated useful life of 10 to 13 years.

(15) Impairment of non-financial assets

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

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

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(16) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revence are explained as follow:

Sales of goods

The Company is engaged in the manufacturing and sale of biopharmaceutical and virus reagent related products. Sales are recognised when control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognised based on the price specified in the contract, net of sales returns, volume discounts, and sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Accumulated experience is used to estimate such returns using the expected value method.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Technical service revenue

The Company provids cytotherapy technical supporting services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided as of the end of the reporting period as a proportion of the total services to be provided. This is determined based on the number of delivered reports relative to the total number of committed reports. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(17) Borrowing costs

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

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's consolidated financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes related restructuring or termination costs.

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

(19) Share-based payment transactions

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

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

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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

(20) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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

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

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

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant Accounting Judgements, Estimates and Assumptions

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

(1) Judgement

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

None.

(2) Estimates and assumptions

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

A. Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

The Company assesses impairment based on its subjective judgement 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 utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

B. Income tax

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

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

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$68	$156
Checking and savings accounts	348,322	418,811
Total	$348,390	$418,967

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

The above cash and cash equivalents were not pledged as collateral or restricted for uses.

(2) Financial assets (liabilities) at fair value through profit or loss-current and noncurrent

	As of	
	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss-current:		
Stocks	$14,505	$14,505
Beneficiary certificates	500	1,300
Subtotal (total carrying amount)	15,005	15,805
Valuation adjustment	(14,519)	(14,573)
Total	$486	$1,232

The proft (loss) arising from financial asset and liabilities at fair value through profit or loss were NT$54 thousand and NT$(77) thousand for the years ended December 31, 2023 and 2022, respectively.

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

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Trade receivables and Trade receivables from related parties

	As of	
	December 31, 2023	December 31, 2022
Trade receivables	$-	$424
Less: loss allowance for doubtful debts	-	-
Subtotal	-	424
Trade receivables from related parties	-	1,507
Less: loss allowance for doubtful debts	-	(151)
Subtotal	-	1,356
Total	$-	$1,780

Trade receivables are generally on 60 day terms. The total carrying amounts of notes and trade receivables were NT$0 thousand and NT$1,931 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6.16 for more details on impairment of trade receivables for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk.

Trade receivables were from operations and were not pledged as collateral or restricted for uses.

(4) Inventories

	As of	
	December 31, 2023	December 31, 2022
Goods	$1,385	$2,347
Raw materials	5,574	6,860
Work in progress and semi-finished product	454	431
Finished goods	515	-
Total	$7,928	$9,638

The costs of inventories recognized as expenses amounted to NT$4,717 thousand and NT$42,371 thousand for the years ended December 31, 2023 and 2022, respectively.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the year ended December 31, 2023, the Company reversed allowance for inventories and recognized a reversal gain of NT$17,346 thousand due to the disposal of scrap inventories, which had been approved by the tax authorities. In addition, the Company recognized a loss on market price decline of inventories in the amount of NT$$1,183 thousand in the same year.

The Company's allowance for inventory valuation losses amounted to NT$33,566 thousand and NT$49,729 thousand, as of December 31, 2023 and 2022, respectively.

No inventories were pledged as of December 31, 2023 and 2022.

(5) Non-current assets held for sale:

	As of	
	December 31, 2023	December 31, 2022
Land	$23,747	$-
Buildings	31,413	-
Miscellaneous equipment	51	-
Total	$55,211	$-

On November 7, 2023, the Board of Directors resolved to dispose of Nangang Office Room D and the Company is actively seeking a buyer. The transaction is in compliance with general terms and business practices for immediate sale. It is highly likely that the sale will be completed within 1 year, and the valuation of transaction is measured based on the lower of carrying amount and fair value less costs of disposal.

(6) Other current assets

	As of	
	December 31, 2023	December 31, 2022
Prepayments	$9,922	$9,832
Excess business tax paid	20,187	20,661
Others	232	3,000
Total	$30,341	$33,493

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

		As of			
		December 31, 2023		December 31, 2022	
Investees	Principal place of business	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Subsidiary of the Company:					
TBG DIAGNOSTICS LIMITED	Australia	$55,456	51.76%	$77,193	51.76%
TDL HOLDING CO.	Cayman Islands	75,658	100%	54,514	100%
Medigen Vaccine Biologics Corporation	Taiwan	717,787	18.98%	966,369	19.74%
WINSTON MEDICAL SUPPLY CO., LTD.	Taiwan	347,116	59.22%	308,821	59.22%
Medigen Biotechnology (Xiamen) Corporation	China	2,484	100%	2,543	100%
Medigen Biotechnology (Beijing) Corporation	China	48,785	100%	102,234	100%
Yingxin Investment Co., Ltd.	Taiwan	50	100%	-	-%
Subtotal		1,247,336		1,511,674	
Investments in associates:					
U-GEN BIOTECHNOLOGY INC.	Cayman Islands	295	2.36%	-	-%
CELLXPERT BIOTECHNOLOGY CORP.	China	-	-%	-	-%
Subtotal		295		-	
Total		$1,247,631		$1,511,674	

Because the Company was optimistic about the prospects of the future development of molecular diagnostics business, on April 21, 2022, the Board of Directors of the Company approved to carry out a reorganization of the Group and planned to acquire all of the equity interest in TDL HOLDING CO., which was wholly owned by the subsidiary, TBG Diagnostics Limited, in the amount no higher than AUD 6.5 million by cash. Additionally, on October 28, 2022, the shareholders during the extraordinary general meeting of TBG Diagnostics Limited approved to dispose all of the equity interest in its subsidiary, TDL HOLDING CO., to the Company, for a consideration of AUD 6.3 million (NT$130,032 thousand), and the settlement date was on November 2, 2022. After the reorganization of the Group, the Company's equity interest in TDL HOLDING CO. increased from 51.76% indirect ownership to 100% direct ownership, resulting in a decrease of NT$34,273 thousand in the Company's capital surplus.

The Group's shareholding in U-GEN was 39.61%. Although the Company's subsidiary, TDL, is the single biggest shareholder of U-GEN, as the total shareholding of other three major shareholders, who are not related parties, is higher than the Group's shareholding, and the Group does not hold more than half of all directors in U-GEN, indicating that the Group has no actual ability to direct relevant activities, the Group has no control, but has significant influence over U-GEN.

For the years ended December 31, 2023 and 2022, the Company sold 2,370 thousand share and 2,460 thousand shares of the subsidiary, Medigen Vaccine Biologics Corporation, respectively. The differences between the actual price and the book value of ownership interest amounted to NT$125,022 thousand and NT$378,040 thousand, which were recognized as capital surplus, respectively.

In March 2023, the Company subscribed all the new shares issued by TDL HOLDING CO. in the amount of NT$30,000 thousand. Prepayment for investment recognized in the previous year was therefore written off.

In March 2023, U-GEN issued new shares, the Company acquired 2.33% interest in U-GEN by NT$152,952 thousand, and TDL and MVC Capital reduced 0.52% of their interest in U-GEN due to not subscribing the shares proportionate to their original shareholdings.

In August 2023, U-GEN recovered its own stock, the Company's interest increased by 0.49% as U-GEN reduced its share capital.

The Company passed a resolution in the board meeting held on November 7, 2023 to incorporate a company named Yingxin Investment Co., Ltd.

A. Investments in subsidiaries are reported as "investments accounted for using the equity method" in parent company only financial statements with necessary valuation adjustments.

   Please refer to the Company's consolidated financial statements for the information on the Company's subsidiaries.

B. The associates directly held by the Company are not material. Please refer to the Company's consolidated financial statements for the year ended December 31, 2023 for the summarized information on the Company's investments in associates.

C. No public price was available for the investments in associates.

D. The aforementioned investments in associates had no contingent liabilities or capital commitments, nor under pledge as of December 31, 2023 and 2022.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Property, plant and equipment and non-current assets held for sale

	As of	
	December 31, 2023	December 31, 2022
Owner-occupied property, plant and equipment	$373,284	$434,939

	Land	Buildings and facilities	Office equipment	Testing equipment	Miscellaneous equipment	Total
Cost:						
As of January 1, 2023	$246,214	$221,022	$23,015	$92,833	$50,103	$633,187
Additions	-	-	749	2,528	162	3,439
Disposals	-	-	(399)	(881)	-	(1,280)
Reclassification	-	-	-	1,939	-	1,939
Reclassified as non-current assets held for sale:	(23,747)	(43,921)	-	-	(3,425)	(71,093)
As of December 31, 2023	$222,467	$177,101	$23,365	$96,419	$46,840	$566,192
As of January 1, 2022	$246,214	$221,022	$22,639	$91,329	$50,103	$631,307
Additions	-	-	376	1,504	-	1,880
Disposals	-	-	-	-	-	-
As of December 31, 2022	$246,214	$221,022	$23,015	$92,833	$50,103	$633,187
Depreciation and impairment:						
As of January 1, 2023	$-	$49,157	$21,762	$89,487	$37,842	$198,248
Depreciations	-	4,857	789	2,207	3,969	11,822
Disposals	-	-	(399)	(881)	-	(1,280)
Reclassified as non-current assets held for sale:	-	(12,508)	-	-	(3,374)	(15,882)
As of December 31, 2023	$-	$41,506	$22,152	$90,813	$38,437	$192,908
As of January 1, 2022	$-	$44,113	$20,509	$85,223	$33,875	$183,720
Depreciations	-	5,044	1,253	4,264	3,967	14,528
As of December 31, 2022	$-	$49,157	$21,762	$89,487	$37,842	$198,248
Net carrying amounts as of:						
December 31, 2023	$222,467	$135,595	$1,213	$5,606	$8,403	$373,284
December 31, 2022	$246,214	$171,865	$1,253	$3,346	$12,261	$434,939

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. The Company's borrowing costs for property, plant and equipment were not capitalized for the years ended December 31, 2023 and 2022.

B. There was no significant component of the Company's property, plant and equipment.

C. Reclassifications mainly arose from prepayments for business facilities and temporary debits reclassifying as testing equipment.

D. On November 7, 2023, a resolution was passed by the Board of Directors to dispose of Nangang Office Room D, and the Company is actively seeking a buyer. Therefore, it was reclassified as non-current assets held for sale. It had not been sold as of December 31, 2023.

E. Please refer to Note 8 for more details on property, plant and equipment under pledge.

F. Investing activities with only partial cash payments:

	As of	
	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	$3,439	$1,880
Add: Payables at the beginning of the year	-	226
Cash payments for the current year	$3,439	$2,106

(9) Intangible assets

	Software	Special technique	Total
Cost:			
As of January 1, 2023	$12,919	$116,289	$129,208
Additions	-	-	-
Disposals	(177)	-	(177)
As of December 31, 2023	$12,742	$116,289	$129,031
As of January 1, 2022	$12,919	$116,289	$129,208
Additions	-	-	-
As of December 31, 2022	$12,919	$116,289	$129,208

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Software	Special technique	Total
Amortization and impairment:			
As of January 1, 2023	$12,147	$114,113	$126,260
Amortization	315	2,176	2,491
Disposals	(177)	-	(177)
As of December 31, 2023	$12,285	$116,289	$128,574
As of January 1, 2022	$11,651	$108,455	$120,106
Amortization	496	5,658	6,154
As of December 31, 2022	$12,147	$114,113	$126,260
Net carrying amounts as of:			
December 31, 2023	$457	$-	$457
December 31, 2022	$772	$2,176	$2,948

Amortization expense of intangible assets under the statement of comprehensive income:

	As of	
	December 31, 2023	December 31, 2022
Administrative expenses	154	238
Research and development expenses	2,337	5,916
Total	$2,491	$6,154

For the years ended December 31, 2023 and 2022, the Group had no interest capitalization of intangible assets.

The aforementioned special technique primarily includes the special technique in the research and development of new anti-cancer drugs acquired from licensing, and special technique in the research and development of monoclonal antibody acquired externally.

For the year ended December 31, 2008, the Group signed a strategic alliance contract with Oncolys Biopharma Inc. who licensed related expertise (primarily used in anticancer) to the Group for use in human subject research. The Group is jointly responsible for the development expenses, and the Group can share the royalty based on a certain percentage after the expertise generates commercial profit. On April 8, 2019, the expertise was licensed to Chugai Pharmaceutical Co., Ltd. by Oncolys Biopharma Inc., and the licensed areas were Japan and Taiwan. On October 19, 2021, the Group received the notice of announcement from Oncolys Biopharma Inc. indicating that Oncolys Biopharma Inc. has informed Chugai Pharmaceutical Co., Ltd. to early terminate the licensing contract. Further, on February 25, 2022, Oncolys Biopharma Inc. formally notified the Group that the effective date of termination of the licensing contract will be October 15, 2022. Oncolys Biopharma Inc. and the Group will continue to develop OBP-301 and accept the clinical trial which was formerly performed by Chugai Pharmaceutical Co., Ltd.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

In February 2017, the Group processed the unblinding of PI-88 Phase III clinical trial data and statistical analysis procedures, and externally announced on February 28, 2017. The data analysis result showed that the drug safety of PI-88 was good and was in the acceptable range. For the whole efficacy, the primary endpoint of the treatment group who applied PI-88 was not significantly better than the control group, however it did not reach the statistical significance which was asked by the clinical trial. In the clinical trial, the efficacy analysis of sub-group was found that, in the group with microvascular invasion, the treatment group who applied PI-88 was better than control group on the primary endpoint of "disease-free survival", and the difference belongs to a marginally significant level. According to the research analysis result of the aforementioned PI-88 Phase III clinical trial which the Group had published in the European Society for Medical Oncology (ESMO) and consulted the medicines competent authority of each country and searched for international collaboration. On December 18, 2019, the Group had authorized the global (excluding Taiwan) rights of development and commercialization to CELLXPERT BIOTECHNOLOGY CORP. Please refer to Note 9.3 for details.

(10) Short-term borrowings

	As of	
	December 31, 2023	December 31, 2022
Secured bank loans	$343,000	$193,000
Unsecured bank loans	-	75,000
Total	$343,000	$268,000
Interest rates	1.75%~2.51%	1.77%~2.33%

The Company's unused short-term lines of credits both amounted to NT$22,000 thousand as of December 31, 2023 and 2022, respectively.

Partial property, plant and equipment, restricted assets and marketable securities were pledged as collateral to obtain the secured bank loan. Please refer to Note 8 for more details.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(11) Long-term borrowings

Details of long-term borrowings as of December 31, 2023 and 2022 are as follows:

			As of			
			December 31, 2023		December 31, 2022	
Bank name	Contract period and repayment term	Nature	Amount	Interest rate	Amount	Interest rate
Taiwan Cooperative Bank	Borrowing period is from August 25, 2014 to August 25, 2029; a grace period was given till June 9, 2023; and interest was paid monthly from June 25, 2023 to June 25, 2024. The principal will be paid evenly in 62 monthly installments starting from June 25, 2024.	Mortgage loan of real estate	$48,000	2.17%	$48,000	2.05%
Taiwan Cooperative Bank	Borrowing period is from June 22, 2015 to June 22, 2035; a grace period was given till June 9, 2023; and after the principal of NT$3,000 thousand was repaid, interest was paid monthly from June 22, 2023 to June 22, 2024. The principal will be paid evenly in 132 monthly installments starting from June 22, 2024.	Mortgage loan of real estate	175,000	2.17%	178,000	1.92%
Sunny Bank Ltd.	The principal and interests are payable monthly from April 17, 2018 to April 17, 2038 (however, only interest is payable monthly in the grace period from September 2018 to August 2024).	Mortgage loan of real estate	196,288	2.24%	196,288	1.99%
Subtotal			419,288		422,288	
Less: current portion			(15,603)		(21,100)	
Total			$403,685		$401,188	

Please refer to Note 8 for more details on the guarantee provided for the above long-term borrowings.

(12) Post-employment benefits

A. Defined contribution plan

The defined contribution plan of the Company’s Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant’s monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2023 and 2022, the expenses related to defined contribution plan amounted to NT$2,278 thousand and NT$2,592 thousand, respectively.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Defined benefits plan

The defined benefit plan of the Company's Employee Retirement Plan is regulated according to the Labor Standards Act. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, two base points are given for each full year on the first 15 years of service and one base point is given for each full year after 15 years of service. The total base points given shall not exceed 45. Under the retirement plan, the Company contributes an amount equal to 2% of gross salary to the pension reserve fund monthly, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company should make up the difference in one appropriation before the end of March in the following year.

Safeguard and Utilization of the Labor Retirement Fund is regulated by the Ministry of Labor. Investment of the fund is made by outsourcing and self-management. A long-term investment strategy is adopted with both initiative and passive approach. Considering market risk, creditability and liquidity etc., the Ministry of labor has set limit for fund risk and risk management plan so that the target rate of return can be reached without excess exposure to risk. Because the Company is not authorized to manage the Fund, it cannot disclose the classification of the fair value of the plan asset according to IAS 19. As of December 31, 2023, the amount of contribution expected to be made in the following accounting year is NT$115 thousand.

As of December 31, 2023 and 2022, the defined benefit plan of the Company was expected to be expired in 2030 and 2029, respectively.

C. Pension costs recognized in profit or loss are as follows:

	For the year ended December 31,	
	2023	2022
Current service cost	$-	$-
Net interest on net defined benefit liabilities (assets)	9	13
Total	$9	$13

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

	As of	
	December 31, 2023	December 31, 2022
Defined benefit obligation	$8,163	$8,337
Plan assets at fair value	(7,849)	(7,606)
Other non-current liabilities, net defined benefit liabilities (assets)	$314	$731

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

	Defined benefit obligation	Plan assets fair value	Net defined benefit liabilities (assets)
As of January 1, 2022	$8,649	$(6,926)	$1,723
Current service cost	-	-	-
Interest expenses (income)	60	(47)	13
Subtotal	8,709	(6,973)	1,736
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(305)	-	(305)
Experience adjustments	(67)	-	(67)
Remeasurements of defined benefit assets	-	(518)	(518)
Subtotal	(372)	(518)	(890)
Payment of benefit obligation	-	-	-
Contributions by employer	-	(115)	(115)
As of December 31, 2022	$8,337	$(7,606)	$731
Current service cost	-	-	-
Interest expenses (income)	97	(88)	9
Subtotal	8,434	(7,694)	740
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(12)	-	(12)
Experience adjustments	(259)	-	(259)
Remeasurements of defined benefit assets	-	(40)	(40)
Subtotal	(271)	(40)	(311)
Payment of benefit obligation	-	-	-
Contributions by employer	-	(115)	(115)
As of December 31, 2023	$8,163	$(7,849)	$314

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

	As of	
	December 31, 2023	December 31, 2022
Discount rate	1.18%	1.16%
Expected rate of salary increases	1.00%	1.00%

G. Sensitivity analysis for significant assumptions is as follows:

	For the year ended December 31,			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	$-	$281	$-	$299
Discount rate decreases by 0.5%	304	-	325	-
Rate of future salary increases by 0.5%	303	-	324	-
Rate of future salary decreases by 0.5%	-	282	-	301

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

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

(13) Equity

A. Common stock

The Company's authorized share capital was both NT$2,500,000 thousand, at a par value of NT$10 per share, divided into 250,000 thousand shares (including 21,000 thousand shares that can be subscribed by employee stock option certificates). The issued share capital was NT$1,393,463 thousand and NT$1,394,463 thousand, at a par value of NT$10, divided into 139,346 thousand shares and 139,446 shares, as of December 31, 2023 and 2022, respectively. Each share has one voting right and a right to receive dividends.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The number of outstanding shares of the Company's ordinary shares at the beginning and end of the period is adjusted as follows (thousands of shares):

	As of	
	December 31, 2023	December 31, 2022
Outstanding at beginning of period	$139,446	$139,363
Exercised in prior period but registered in current period	-	22
Exercised but not registered	83	61
Not met the subscription conditions	(200)	-
Restricted stock awards cancelled	(100)	-
Outstanding at end of period	$139,229	$139,446

B. Capital surplus

	As of	
	December 31, 2023	December 31, 2022
Additional paid-in capital	$20,174	$20,174
The difference between the fair value of the consideration paid or received from aquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	910,255	785,233
Changes in ownership interests in subsidiaries	3,911	541,716
Share of changes in net assets of associates and joint ventures accounted for using the equity method	16,525	181,707
Employee stock options	17,277	17,245
Restricted stocks for employees	-	15,591
Total	$968,142	$1,561,666

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

(a) payment of all taxes, if any;
(b) to offset prior years' deficit, if any;
(c) to set aside 10% of the remaining amount as legal reserve after deducting items (a) and (b);
(d) set aside or reverse special reserve in accordance with law and regulations; and
(e) the distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policies were that dividends should be distributed in the forms of shares (including retained earnings or capital surplus) or cash. The Board of Directors proposed the appropriation of earnings with reference to the operating status, capital requirement and earnings of current year (reducing the provision in accordance with regulations and appropriation of directors' and supervisors' remuneration and employees' bonus), and the appropriation of earnings should be approved by the shareholders. The amount of cash dividends should not exceed 50% of distributable dividends, however, if there will be significant capital expenditure plans in the future, the dividends could all be distributed in shares after obtaining approval from the shareholders.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

Shareholders' meetings were held on June 26, 2023 and June 6, 2022 to approve loss make-up proposal for the years ended December 31, 2022 and 2021, respectively.

The Company's accumulated deficit exceeds one-half of the Company's paid-in capital. In accordance with the Company Act, a resolution was passed in the regular shareholders' meeting on June 26, 2023 to offset the losses for the year ended December 31, 2022, and capital surplus was used to offset the losses in the amount of NT$541,716 thousand.

The Company's accumulated deficit exceeds one-half of the Company's paid-in capital. In accordance with the Company Act, a resolution was passed by the Board of Directors on March 11, 2024 to offset the losses for the year ended December 31, 2023, and capital surplus was used to offset the losses in the amount of NT$598,007 thousand, which would be reported to shareholders' meeting for admission on May 28, 2024.

(14) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Share-based payment plan for employees of the Company

For the year ended December 31, 2023, the Company's share-based payment arrangement was as follows:

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Type	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock option plans	December 12, 2018	1,410 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	March 12, 2019	90 thousand shares	6 years	Served for 2 to 4 years
Restricted stock to employees	December 31, 2019	200 thousand shares	Note 1	Note 1

For the year ended December 31, 2022, the Company's share-based payment arrangement was as follows:

Type	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock option plans	December 12, 2018	1,410 thousand shares	6 years	Served for 2 to 4 years
Employee stock option plans	March 12, 2019	90 thousand shares	6 years	Served for 2 to 4 years
Restricted stock to employees	December 31, 2019	300 thousand shares	Note 2	Note 2

Note 1: The Company proceeded with the registration of capital change in August 2023, recovering and canceling 100,000 shares of the issued restricted stock awards due to capital reduction.

Note 2: After the restricted stock awards were distributed to employees, for those employees who have reached the Company's requirement of "operating performance target", shares shall be vested in different tranches in accordance with the Company's regulations on the issuance of restricted stock awards.

After the restricted stock awards were distributed to employees, if there were violations with labor contract and work rules, the Company would collect back and cancel those distributed but not yet vested restricted stock awards with no consideration.

After the restricted stock awards were distributed to employees, and before reaching the vesting conditions, employees may not sell, pledge, transfer, gift to another person, set real right, or otherwise dispose, excluding inheritance. Before the vesting conditions of restricted stock awards which were issued by the Company were achieved, other rights including but not limited to dividends, bonuses and capital surplus, and share options and voting rights of the cash capital increase, etc., are the same as those of the Company's issued ordinary shares.

The abovementioned share-based payment arrangements are all equity-settled.

The following table contains further details on the aforementioned share-based payment plan:

	For the year ended December 31,			
	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price (NT$)
Outstanding at beginning of period	993	41.60	1,063	$41.60
Exercised	(84)	39.35	(61)	39.35
Expired	(15)	39.35	(9)	39.35
Outstanding at end of period	894	41.63	993	41.76
Exercisable at end of period	888	41.23	971	41.20
Weight granted				
Average fair value (NT$)	-		-	

Expenses arising from share-based payment transactions are as follows:

	For the year ended December 31,	
	2023	2022
Equity-settled	$4,060	$6,457

The information on the outstanding share options as of December 31, 2023 and 2022 is as follows:

		As of			
		December 31, 2023		December 31, 2022	
Approved issuance date	Expiry date	Shares (thousand shares)	Exercise price (NT$)	Shares (thousand shares)	Exercise price (NT$)
November 29, 2018	December 11, 2024	804	$39.35	903	$39.35
November 29, 2018	March 11, 2025	90	65.90	90	65.90

No modification or cancellation of share-based payment plan has occurred in the year ended December 31, 2023.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company uses the Black-Scholes option pricing model to estimate the fair value of the stock options on the grant date. The relevant information is as follows:

Type	Grant date	Share price (NT$)	Exercise price (NT$)	Expected volatility (Note)	Expected remaining years	Expected dividends	Risk-free interest rate	Fair value per unit (NT$)
Employee stock option plans	December 12, 2018	39.35	39.35	45.84%	4 years	0%	0.7194%	14.27
Employee stock option plans	December 12, 2018	39.35	39.35	48.84%	4.5 years	0%	0.7487%	15.97
Employee stock option plans	December 12, 2018	39.35	39.35	48.86%	5 years	0%	0.7759%	16.78
Employee stock option plans	March 12, 2019	65.90	65.90	46.42%	4 years	0%	0.6383%	24.10
Employee stock option plans	March 12, 2019	65.90	65.90	48.61%	4.5 years	0%	0.6542%	26.54
Employee stock option plans	March 12, 2019	65.90	65.90	49.95%	5 years	0%	0.6697%	28.55
Restricted stock awards plans	December 31, 2019	61.97	-	-	-	-	-	61.97

Note: The expected volatility of the share-based payment arrangement granted by the Company is determined based on the average volatility of the Company's monthly average price announced by the Taipei Exchange.

(15) Operating revenue

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 is as follows:

A. Disaggregation of revenue

	For the year ended December 31, 2023	2022
Sales of goods	$3,458	$25,232
Services revenue	2,596	477
Other operating revenue	3,939	4,946
Total	$9,993	$30,655

	For the year ended December 31, 2023	2022
Revenue recognition point:		
At a point in time	$9,993	$30,655

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Contract balances

Contract assets-current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Service contract	$358	$8,638	$8,638

Contract liabilities-current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Advance sales receipts	$1,138	$81	$81
Advance royalty receipts	26,304	26,304	26,304
Total	$27,442	$26,385	$26,385

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31,	
	2023	2022
The opening balance transferred to revenue	$-	$-
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$1,057	$-

(16) Expected credit gains (losses)

	For the year ended December 31,	
	2023	2022
Operating expenses-Expected credit gains (losses)		
Contract assets	$(8,638)	$-
Trade receivables	151	(151)
Total	$(8,487)	$(151)

Please refer to Note 12 for more details on credit risk.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company measures the loss allowance of its receivables (including notes receivable and trade receivables) at an amount equal to lifetime expected credit losses. Receivables are treated as a single group based on past experience, and a provision matrix is used to measure loss allowance. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 is as follows:

As of December 31, 2023

	Not yet due	Past due			
	(Note)	1-90 days	91-180 days	Over 181 days	Total
Gross carrying amount	$-	$-	$-	$-	$-
Loss ratio	1.06%	32.51%	82.37%	100%	
Lifetime expected credit losses	-	-	-	-	-
Total	$-	$-	$-	$-	$-

As of December 31, 2022

	Not yet due	Past due			
	(Note)	1-90 days	91-180 days	Over 181 days	Total
Gross carrying amount	$121	$303	$1,507	$-	$1,931
Loss ratio	1.06%	32.51%	82.37%	100%	
Lifetime expected credit losses	-	-	(151)	-	(151)
Total	$121	$303	$1,356	$-	$1,780

The Company's trade receivables from related parties amounted to NT$0 thousand and NT$1,931 thousand, respectively, as of December 31, 2023 and 2022. Individual impairment assessments have been conducted for the Company's trade receivables from related parties and the recognized impairment losses were NT$0 thousand and NT$151 thousand, respectively.

The Company's contract assets amounted to NT$358 thousand and NT$8,638 thousand, respectively, as of December 31, 2023 and 2022. Individual impairment assessments have been conducted for the Company's contract assets and the recognized impairment losses were NT$8,638 thousand and NT$0 thousand, respectively.

The movement in the provision for impairment of contract assets, notes receivable and trade receivables during the years ended December 31, 2023 and 2022 are as follows:

	Contract assets	Trade receivables
As of January 1, 2023	$-	$151
Addition/(reversal) for the current period	8,638	(151)
As of December 31, 2023	$8,638	$-
As of January 1, 2022	$-	$-
Addition/(reversal) for the current period	-	151
As of December 31, 2022	$-	$151

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(17) Leases

A. Company as a lessee

The Company leases multiple assets, including company cars, and computer and telecommunication equipment. The periods of the lease contracts range from 2 to 3 years. Lease contracts are negotiated individually and include various terms and conditions. No other restrictions are imposed except that the leased assets cannot be used as security for loans.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	December 31, 2023	December 31, 2022
Transportation equipment	$4,675	$2,619
Miscellaneous equipment	-	374
Total	$4,675	$2,993

The Company's additions to right-of-use assets amounted to NT$5,620 thousand and NT$1,877 thousand, which were acquired directly by bearing lease liabilities for the years ended December 31,2023 and 2022, respectively.

(ii) Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	$4,706	$3,026
Current	$2,172	$-
Non-current	$2,534	$3,026

Please refer to Note 6.19.D for the interest on lease liability recognized for the years ended December 31, 2023 and 2022 and refer to Note 12.5 for the maturity analysis for lease liabilities.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the year ended December, 31	
	2023	2022
Transportation equipment	3,564	3,687
Miscellaneous equipment	374	374
Total	$3,938	$4,061

(c) Income and costs relating to leasing activities

	For the year ended December, 31	
	2023	2022
The expenses relating to short-term leases	$781	$721

(d) Cash outflows relating to leasing activities

For the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases including lease principal repayments and interest payments amounted to NT$4,021 thousand and NT$4,071 thousand, respectively. Cash payments for short-term leases amounted to NT$781 thousand and NT$721 thousand, respectively.

(e) Other information relating to leasing activities

None.

(18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follow:

By function / By nature	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries and wages	$517	33,842	$34,359	$642	$54,036	$54,678
Labor and health insurance	-	4,232	4,232	-	4,728	4,728
Pension	-	2,402	2,402	-	2,605	2,605
Board compensation	-	1,354	1,354	-	1,302	1,302
Share-based payment expenses	-	4,060	4,060	-	6,457	6,457
Other personnel expenses	-	2,642	2,642	-	2,516	2,516
Depreciation	1,025	14,735	15,760	1,235	17,354	18,589
Amortization	-	2,491	2,491	-	6,154	6,154

On December 31, 2023 and 2022, the numbers of employees were 47 and 53 respectively, among which the numbers of directors who have not served as employees were both 6.

The Company’s average employee benefit expense was NT$1,163 thousand for the year ended December 31, 2023 (total employee benefit expense for the year minus total director’s remuneration for the year/number of employees for the year minus number of directors who have not served as employees for the year). The Company’s average employee benefit expense was NT$1,510 thousand for the year ended December 31, 2022 (total employee benefit expense for the previous year minus total director’s remuneration for the previous year/number of employees for the previous year minus number of directors who have not served as employees for the previous year).

The Company’s average salaries and wages were NT$937 thousand for the year ended December 31, 2023 (total salaries and wages for the year/number of employees for the year minus number of directors who have not served as employees for the year). The Company’s average salaries and wages were NT$1,301 thousand for the year ended December 31, 2022 (total salaries and wages for the previous year/number of employees for the previous year minus number of directors who have not served as employees for the previous year).

The Company's average salaries and wages decreased by 28% and 14% for the years ended December 31, 2023 and 2022 (the current year average salaries and wages minus the prior year average salaries and wages/the prior year average salaries and wages).

The Remuneration Policy for directors and managers are set out according to the Regulations Governing Salaries and Bonuses and take into account the general pay levels in the same industry, individual performance assessment results, the input time of the individual, responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years, as well as, the reasonableness of the correlation between the individual’s performance and this Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of this Company.

According to the Company’s Remuneration Policy for employees, annual salary included the 12-month base salary and year-end bonuses, employees are rewarded with bonuses based on the achievement of the operating performance of the Company or business unit in the year and the individual performance assessment results.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Articles of Incorporation, the profit of the current year shall be distributed by no lower than 2% as employees' compensation and no higher than 2% as directors' and supervisors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the aforementioned ratios. Employees' compensation can be distributed to subsidiaries who meet certain specific requirements in the form of shares or cash. If the Company's current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and then, the Company appropriates or reverses special reserve as requirements or regulations when necessary. The remainder, if any, should be combined with beginning undistributed earnings to be retained or to be appropriated which shall be proposed by the Board of Directors and resolved by the stockholders at their meetings.

The Company's dividend policies were that dividends should be distributed in the forms of shares (including retained earnings or capital surplus) or cash. The Board of Directors proposed the appropriation of earnings with reference to the operating status, capital requirement and earnings of current year (reducing the provision in accordance with regulations and appropriation of directors' and supervisors' remuneration and employees' bonus), and the appropriation of earnings should be approved by the shareholders. The amount of cash dividends should not exceed 50% of distributable dividends, however, if there will be significant capital expenditure plans in the future, the dividends could all be distributed in shares after obtaining approval from the shareholders.

For the years ended December 31, 2023 and 2022, the Company still had accumulated deficit, and thus did not accrue employees' compensation and directors' remuneration.

(19) Non-operating income and expenses

A. Interest income

	For the year ended December 31,	
	2023	2022
Interest income from bank deposits	$1,272	$573
Other interest income	56	32
Total	$1,328	$605

B. Other income

	For the year ended December 31,	
	2023	2022
Other income-others	$3,290	$1,725

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Other gains and losses

	For the year ended December 31,	
	2023	2022
Gains (losses) on disposal of investments	$-	$(7)
Gains on lease modification	-	4
Foreign exchange losses, net	(140)	(2,307)
Gains (losses) on financial assets at fair value through profit or loss	54	(70)
Other losses-others	(1,247)	(5,238)
Total	$(1,333)	$(7,618)

D. Finance costs

	For the year ended December 31,	
	2023	2022
Interest on borrowings from bank	$15,105	$10,044
Interest on lease liabilities	75	69
Total	$15,180	$10,113

(20) Components of other comprehensive income

For the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Others comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$311	$-	$311	$-	$311
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(863)	-	(863)	-	(863)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	8,699	-	8,699	(1,740)	6,959
Total	$8,147	$-	$8,147	$(1,740)	$6,407

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Others comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$890	$-	$890	$(178)	$712
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	16,231	-	16,231	-	16,231
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(30)	-	(30)	6	(24)
Total	$17,091	$-	$17,091	$(172)	$16,919

(21) Income tax

The major components of income tax expense are as follows:

Income tax income (expense) recognized in profit or loss

	For the year ended December 31, 2023	2022
Current income tax expense:		
Current income tax payable	$-	$-
Surtax on undistributed retained earnings	-	-
Adjustments in respect of current income tax of prior periods	(44)	13,550
Deferred tax expenses:		
Deferred tax expense relating to origination and reversal of temporary differences	(1,941)	(42,572)
Deferred tax expense relating to origination and reversal of tax loss and tax credit	(149,247)	-
Income tax expense	$(151,232)	$(29,022)

Income tax relating to components of other comprehensive income

	For the year ended December 31, 2023	2022
Deferred tax income (expense):		
Exchange differences resulting from translating the financial statements of foreign operations	$(1,740)	$6
Remeasurements of defined benefit plans	-	(178)
	$(1,740)	$(172)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$(410,064)	$(646,852)
Income tax calculated by statutory tax rates	$(82,013)	$(130,404)
Tax effect of revenues exempt from taxation	26,118	(13,029)
Tax effect of non-deductible expense	14,389	101,318
Adjustments in respect of current income tax of prior periods	(44)	(13,550)
Tax effect of unrecognized deferred tax assets/liabilities	151,189	-
Tax losses on unrecognized deferred tax assets	41,593	84,687
Total income tax expense (income) recognized in profit or loss	$151,232	$29,022

Deferred tax assets (liabilities) relate to the following:

(a) For the year ended December 31, 2023

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences:				
Unrealized gross profit from sales	$2,937	$(607)	$-	$2,330
Unrealized exchange losses	189	(33)	-	156
Impairment loss on financial instruments	45,609	-	-	45,609
Losses on investments accounted for using equity method	93,995	-	-	93,995
Share of other profit or loss from subsidiaries	8,838	-	-	8,838
Exchange differences resulting from translating the financial statements of foreign operations	2,744	-	(1,740)	1,004
Losses for market price decline and obsolete and slow-moving inventories	9,748	(3,469)	-	6,279
Others	891	(45)	-	846
Tax losses	40,655	(1,941)	-	38,714
Investment tax credits	267,959	(145,093)	-	122,866
Deferred tax expense		$(151,188)	$(1,740)	
Net deferred tax assets (liabilities)	$473,565			$320,637
Reflected in balance sheet as follows:				
Deferred tax assets	$474,230			$321,302
Deferred tax liabilities	$(665)			$(665)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences:				
Unrealized gross profit from sales	$3,545	$(608)	$-	$2,937
Unrealized exchange losses	4	185	-	189
Impairment loss on financial instruments	45,609	-	-	45,609
Losses on investments accounted for using equity method	93,995	-	-	93,995
Share of other profit or loss from subsidiaies	8,838	-	-	8,838
Exchange differences resulting from translating the financial statements of foreign operations	2,738	-	6	2,744
Losses for market price decline and obsolete and slow-moving inventories	9,748	-	-	9,748
Others	1,114	(45)	(178)	891
Tax losses	82,759	(42,104)	-	40,655
Investment tax credits	267,959	-	-	267,959
Deferred tax expense		$(42,572)	$(172)	
Net deferred tax assets (liabilities)	$516,309			$473,565
Reflected in balance sheet as follows:				
Deferred tax assets	$516,796			$474,230
Deferred tax liabilities	$(487)			$(665)

Details of the investment tax credits available to the Company and the relevant amounts not recognized as deferred tax assets are as follows:

As of December 31, 2023

Legal Basis	Qualifying items	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Act for the Development of Biotech and Pharmaceuticals Industry	Research and development expenses	$267,959	$145,093	Note

As of December 31, 2022

Legal Basis	Qualifying items	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Act for the Development of Biotech and Pharmaceuticals Industry	Research and development expenses	$267,959	$-	Note

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note: On June 10, 2011, the Company was approved as a biotechnology and new medicine Company by the Ministry of Economic Affairs. Consequently, the Company and the Company's shareholders are entitled to incentives under the 'Act for the Development of Biotech and Pharmaceutical Industry'. The approval letter of the Ministry of Economic Affairs allows the Company, starting from the year that the Company first incurs income tax, to use the tax credits to offset its income taxes for five consecutive years. As of December 31, 2023, the Company had no profits.

Summary information on the unused tax losses is as follows:

		Unused tax losses as at		
Year	Taxes losses for the period	December 31, 2023	December 31, 2022	Expiration year
2013	$390,187	$-	$390,187	2023
2014	551,819	551,819	551,819	2024
2015	435,038	435,038	435,038	2025
2016	290,254	290,254	290,254	2026
2017	223,002	223,002	223,002	2027
2018	198,593	198,593	198,593	2028
2020	110,869	110,869	110,869	2030
2021	225,368	192,649	192,649	2031
2022	251,946	208,321	208,321	2032
2023	228,195	173,663	-	2033
		$2,384,208	$2,600,732	

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021

(22) Earnings per share

Basic earnings (losses) per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (losses) per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31,	
	2023	2022
Basic/diluted losses per share		
Net losses (in thousands)	$(561,296)	$(675,874)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	139,346	139,126
Basic/diluted losses per share (NT$)	$(4.03)	$(4.86)

Due to the loss in 2023 and 2022, the calculation of diluted earnings per share was not necessary.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Chang, Shi-Chung	Chairman of the Company
Chang, Tse-Ling	Director of the Company
EVERSPRING INDUSTRY CO., LTD.	Director of the Company
TBG Biotechnology Corp.	The Company is its ultimate parent company
UMO INTERNATIONAL CO., LTD.	The Company is its ultimate parent company
Medigen Vaccine Biologics Corporation	The Company is its ultimate parent company
CELLXPERT BIOTECHNOLOGY CORP.	Associates
TBG Biotechnology (Xiamen) Inc.	Associates
U-GEN	Associates

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Significant transactions with the related parties

A. Purchases

	For the year ended December 31,	
	2023	2022
TBG Biotechnology Corp.	$2,680	$28,053

The purchase price and terms for goods were based on the mutual agreement. For some purchase unit prices, there were no prices available from other suppliers for comparison.

B. Trade receivables from related parties

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology (Xiamen) Inc.	$-	$1,507
Less: loss allowance for doubtful debts	-	(151)
Net	$-	$1,356

The receivables from related parties arise mainly from sales of goods and provision of services. The receivables are unsecured in nature and bear no interest.

C. Contract assets

	As of	
	December 31, 2023	December 31, 2022
CELLXPERT BIOTECHNOLOGY CORP.	$-	$8,638

D. Notes payable to related parties

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology Corp.	$49	$-

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

E. Trade payables to related parties

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology Corp.	$-	$55

F. Othe trade payables to related parties

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology Corp.	$44	$-

G. Contract liabilities

	As of	
	December 31, 2023	December 31, 2022
CELLXPERT BIOTECHNOLOGY CORP.	$26,304	$26,304

Contract liabilities arise mainly from royalty revenue received in advance.

H. Professional service fees

	As of	
	December 31, 2023	December 31, 2022
TBG Biotechnology (Xiamen) Inc.	$-	$2,183
TBG Biotechnology Corp.	11	-
Total	$11	$2,183

I. Others

(a) For the years ended December 31, 2023 and 2022, the Company participated in the cash capital increase of the associate, U-Gen, in the amount of NT$152,952 thousand and NT$30,127 thousand, respectively.

(b) For the year ended December 31, 2023, the Company participated in the cash capital increase of the associate, CELLXPERT BIOTECHNOLOGY CORP., in the amount of NT$17,724 thousand.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(c) For the year ended December 31, 2023, the Company participated in the cash capital increase of the subsidiary, Yingxin Investment Co., Ltd., for NT$50 thousand.

(d) For the year ended December 31, 2022, the Company purchased 100% ownership interest in TDL HOLDING CO. from the subsidiary, TBG Diagnostics Limited, in the amount of NT$130,032 thousand. The date of ownership interest settlement was November 2, 2022, and the payement was settled on November 4, 2022. Please refer to Note 6.6 for more information.

(e) For the year ended December 31, 2022, the Company participated in the cash capital increase of the associate, CELLXPERT BIOTECHNOLOGY CORP., in the amount of NT$17,731 thousand, which was recorded as prepayments for investments (included in the line item of "other non-current assets").

(f) For the years ended December 31, 2023 and 2022, the joint guarantor of the Company's loan from financial institutions was the related party, Chang Shi Chung.

(g) For the year ended December 31, 2022, the Company participated in the cash capital increase of the subsidiary, TDL HOLDING CO., in the amount of NT$30,000 thousand.

J. Key management personnel compensation

	For the year ended December 31,	
	2023	2022
Short-term employee benefits	$20,052	$22,723
Post-employment benefits	504	615
Share-based payment	18	-
Total	$20,574	$23,338

8. Assets Pledged as Collateral

The following table lists assets of the Company pledged as collateral:

	Carrying Amount		
Assets pledged as collateral	December 31, 2023	December 31, 2022	Purpose of pledge
Restricted assets-current (recognized as other financial assets-current)	$7,800	$12,800	Security for loan, loan plans and lease deposits
Property, plant and equipment:			Security for loan
Land	222,467	246,214	
Buildings	135,595	171,865	
Total	$365,862	$430,879	

The Company provided 13,900 thousand shares and 12,600 shares of Medigen Vaccine Biologics Corporation as security against short-term borrowings as of December 31, 2023 and 2022, respectively.

9. Significant Contingencies and Unrecognized Contractual Commitments

Significant Commitments

(1) In November 2011, the Company obtained the grant from Industry - Technology Development Programs of Ministry of Economic Affairs - Fast Track "PI-88 treatment after curative resection for hepatocellular carcinoma global phase III clinical trial development plan". Under the plan, commitments were as follows: (1) After the beginning of the plan, if the plan product, PI-88, were licensed externally successfully, the Company was committed to appropriating 5% of the signing bonus and milestone bonus as feedbacks, and 2% of the feedback should be donated to the research foundations with the nature of charity and work in the biomedical related research, in order to fulfill the research and development expenditures of domestic biomedical research institutes with the nature of charity. Additionally, 3% will be the collaborative research and development expenditure of the Company and domestic academic research institutes or legal entity. The amount of feedbacks was not limited to the grants. (2) If "PI-88" which would be developed under the plan was approved to sell in the market in the country, before obtaining payments from national health insurance, the Company needed to provide this medicine to at least 15 underprivileged or low-income post-operative hepatocellular carcinoma patients.

(2) On October 7, 2019, the Company entered into an exclusive license agreement with a listed Japan Group, MEDINET Co., Ltd. (collectively referred to herein as the "MEDINET"), obtaining MEDINET's exclusive license of immunocyte, Gamma Delta T cell (collectively referred to herein as the "GDT cell") in Taiwan. In the future, the Company would collaborate with medical institutions in accordance with "Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices" to use GDT cell in the immunotherapy and pays royalties at certain proportion in accordance with the agreement.

(3) On December 18, 2019, the Company entered into the PI-88 license agreement with CELLXPERT BIOTECHNOLOGY CORP. to exclusively license the global rights (excluding Taiwan) of development and commercialization to CELLXPERT BIOTECHNOLOGY CORP., who could research, develop, manufacture, sales, reauthorize and conduct other commercialization activities in the authorized area. The Company would receive upfront payments after entering into the license agreement and milestone payments based on each milestone achieved. Additionally, the Company could proportionately share profits from income of sales and relicensing of PI-88.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

(1) In order to improve the overall operating efficiency, a resolution was passed by the Board of Directors on January 30, 2024 to enter into strategic alliance cooperation with Taiwan Exosome Company. The Company planned to invest in Taiwan Exosome Company in the amount of NT$125 million to acquire 50 million shares, each at NT$2.5 per share, via a wholly owned subsidiary. The Company is expected to hold 29.76% interest in Taiwan Exosome Company after this investment. The Company will focus on the development of new drugs in the field of cytotherapy in the future. Its core business is to conduct clinical trials to verify efficacy. Cell production will be entrusted to qualified cell processing vendors.

12. Others

(1) Categories of financial instruments

Financial assets

	As of	
	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss	$486	$1,232
Financial assets measured at amortized cost		
Cash and cash equivalents	348,390	418,967
Trade receivables (including related parties)	-	1,780
Other receivables (including related parties)	1,724	1,320
Restricted assets, current (recognized as other financial assets, current)	7,800	12,800
Refundable deposits	9,267	10,037
Subtotal	367,181	444,904
Total	$367,667	$446,136

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial liabilities

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	343,000	268,000
Payables	22,316	44,697
Long-term borrowings (including current portion with maturity less than 1 year)	419,288	422,288
Lease liabilities (current and non-current)	4,706	3,026
Total	$789,310	$738,011

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

A. When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$(137) thousand and NT$610 thousand, respectively.

B. When NTD appreciates or depreciates against CNY by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$197 thousand and NT$184 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates primarily relates to the Company's long-term borrowings at variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a rise/fall of 0.25% of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT$1,048 thousand and NT$845 thousand, respectively.

Equity price risk

The Company's equity instruments and open-end funds issued by domestic and foreign companies are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Company's equity instruments and open-end funds issued by domestic and foreign companies are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a rise/fall of 1% in the price of the equity instruments and open-end funds issued by domestic and foreign companies classified as equity instrument investments measured at fair value through profit or loss could have an increase/decrease in the amount of NT$5 thousand and NT$12 thousand on the profit or loss attributable to the Company for the years ended December 31, 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policies, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and liquid equity investments. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Less than 5 years	Total
As of December 31, 2023					
Borrowings	$370,204	$88,832	$88,832	$278,644	$826,512
Lease liabilities	2,236	2,566	-	-	4,802
As of December 31, 2022					
Borrowings	$28,992	$66,222	$75,832	$308,060	$770,080
Lease liabilities	2,737	311	-	-	3,048

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the years ended December 31, 2023 and 2022 is as follows:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities (current and non-current)	Total liabilities from financing activities
As of January 1, 2023	$268,000	$422,288	$3,026	$693,314
Cash flows	75,000	(3,000)	(4,021)	67,979
Non-cash movement	-	-	5,701	5,701
As of December 31, 2023	$343,000	$419,288	$4,706	$766,994
As of January 1, 2022	$240,000	$426,193	$5,480	$671,673
Cash flows	28,000	(3,905)	(4,071)	20,024
Non-cash movement	-	-	1,617	1,617
As of December 31, 2022	$268,000	$422,288	$3,026	$693,314

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

(c) Fair value of equity instruments without market quotations (including unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information.

(d) Fair value of bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets (including held-to-maturity investments, loans and receivables) and financial liabilities (including bank loans and lease liabilities) measured at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions of assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed stock investments and beneficiary certificates invested by the Company falls within this level.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the corporate bonds invested by the Company falls within this level.

Level 3: Unobservable inputs for the asset or liability. The Company’s investments in equity instruments without market quotations fall within this level.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company’s assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company’s assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate	$486	$-	$-	$486

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Beneficiary certificate	$1,232	$-	$-	$1,232

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$323	30.705	9,924
CNY	4,523	4.327	19,571

	As of December 31, 2022		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,483	30.71	$76,253
CNY	4,168	4.41	18,381

(10) Capital management

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, or issue new shares.

(11)Others

None.

13. Additional disclosure

(1) Information on significant transactions:

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held at the end of the period: Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: None.

H. Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more: None.

I. Financial instruments and derivative transactions: None.

J. Significant inter-company transactions between consolidated entities: Please refer to Attachment 2.

(2) Names, locations and related information of investees (excluding investees in Mainland China): Please refer to Attachment 3.

(3) Information on investments in Mainland China:

A. Investee company name, main business and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 4.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third region: Please refer to Attachment 5.

(4) Information on major shareholders: Please refer to Attachment 6.

14. Segment information

Please refer to the Company’s consolidated financial statements for the year ended December 31, 2023.

Attachment 1: Marketable securities held as of December 31 ,2023:

(Amount in Thousands of New Taiwan Dollars/Shares)

Holding Company Name	Type and Name of the Securities (Note 1)	Relationship with the securities issuer (Note 2)	Financial Statement Account	As of December 31, 2023					Note (Note 4)
				Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	Pledge/Collateral	
The Company	Lanka Graphite Limited	-	Financial assets at fair value through profit or loss	3,000,000	$-	2.77%	$-	None	
〃	CytoPharm Inc.	-	〃	537,000	-	0.95%	-	〃	
〃	Neuberger Berman Global Strategic Income Securities Investment Trust Fund Class TWD T Accumulating	-	〃	50,000	486	-	486	〃	
MVC Capital Corporation (Originally named Medigen Capital Corporation)	Taiwan Bio Therapeutics Co., Ltd.	Subsidiary of the Company - MVC Capital Corporation is its corporate director	Financial assets at fair value through other comprehensive income-noncurrent	6,077,230	193,135	9.79%	207,112	〃	Note 5
〃	Thermolysis Co., Ltd.	Subsidiary of the Company - Medigen Vaccine Biologics Corporation is its corporate director	〃	2,545,454	38,334	5.92%	35,484	〃	
TBG Diagnostics Limited	Lanka Graphite Limited	-	〃	3,750,000	-	3.46%	-	〃	
〃	Zucero Therapeutics Limited	-	〃	12,500,000	-	9.62%	-	〃	

Note 1: Martketable securities include stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS No. 9 "Financial Instruments".

Note 2: Not required if the issuer of securities is not a related party.

Note 3: For items measured at fair value, please fill in the adjusted carrying amount after fair value assessment and deduction of accumulated impairment in "Carrying amount" column. For items not measured at fair value, please fill in the carrying amount after deducting accumulated impairment from the original cost or amortized cost in "Carrying amount" column.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: Name changed to MVC Capital Corporation was approved by the competent authority on May 3, 2023.

Attachment 2: Significant intercompany transactions between consolidated entities

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction			
				Accounts	Amount	Transaction terms	Percentage of total revenues or total assets (Note 3)
1	WINSTON MEDICAL SUPPLY CO., LTD.	UMO INTERNATIONAL CO., LTD.	3	Sales revenue	$28,868	General	2.49%
2	TBG Biotechnology Corp.	Medigen Biotechnology Corporation	2	Sales revenue	$2,680	General	0.23%

Note 1: The numbers filled in for the transactions company in respect of inter-company transactions are as follows.

(1) Parent company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order .

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Attachment 3: Names, locations and related information of investees (excluding investees in Mainland China):

(Amounts in Thousands of New Taiwan Dollars/Share)

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee Company	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership (%)	Carrying Amount			
Medigen Biotechnology Corporation	TBG Diagnostics Limited	Australia	Biotechnology services and retail and wholesale of medical devices	$599,056	$599,056	112,615,938	51.76%	$55,456	$(70,105)	$(37,375)	
Medigen Biotechnology Corporation	Medigen Vaccine Biologics Corporation	Taiwan	R&D and manufacturing and wholesale business of vaccines and biopharmaceutical, and retail and wholesale business of medical devices	911,186	983,015	62,358,844	18.98%	717,787	(1,159,835)	(223,475)	
Medigen Biotechnology Corporation	WINSTON MEDICAL SUPPLY CO., LTD.	Taiwan	Manufacturing and marketing of chemistry medicine, ophthalmic anti-infectives, aesthetic medicine, dietary supplement and other medicines and products	205,716	205,716	10,906,400	59.22%	347,116	158,754	93,088	
Medigen Biotechnology Corporation	TDL HOLDING	Cayman Islands	Investment business	249,716	219,437	975,600	100%	75,658	(8,856)	(8,856)	
Medigen Biotechnology Corporation	Yingxin Investment Co., Ltd.	Taiwan	Investment business	50	-	-	100%	50	-	-	
Medigen Biotechnology Corporation	U-GEN (originally named TBG Inc.)	Cayman Islands	Biotechnology services and retail and wholesale of medical devices	152,952	-	4,363,383	2.36%	295	(147,276)	(2,762)	
TBG Diagnostics Limited	U-GEN (originally named TBG Inc.)	Cayman Islands	Biotechnology services and retail and wholesale of medical devices	529,522	529,522	67,129,159	36.32%	4,735	(147,276)	(53,633)	
WINSTON MEDICAL SUPPLY CO., LTD.	UMO INTERNATIONAL CO., LTD.	Taiwan	Retail and wholesale of skincare products and makeup	10,000	10,000	1,000,000	100%	16,389	4,675	-	Note 3
WINSTON MEDICAL SUPPLY CO., LTD.	SHINY LILY CO., LTD.	Taiwan	Retail and wholesale of western medicine	3,271	3,271	-	100%	3,287	66	-	Note 3
TDL HOLDING	Texas BioGene, Inc.	United States	Biotechnology services and retail and wholesale of medical devices	19,682	19,682	739,328	100%	(27)	(58)	-	Note 3
TDL HOLDING	TBG Biotechnology Corp.	Taiwan	Biotechnology services and retail and wholesale of medical devices	199,755	199,755	20,000,000	100%	40,218	(9,172)	-	Note 3
Medigen Vaccine Biologics Corporation	MVC BioPharma Ltd.	Cayman Islands	Investment business	7,081	7,081	50,000	100%	3,309	(203)	-	Note 3
Medigen Vaccine Biologics Corporation	MVC Capital Corporation (Originally named Medigen Capital Corporation)	Taiwan	Investment business	300,000	200,000	30,000,000	100%	327,718	(164)	-	Notes 3 and 4
Medigen Vaccine Biologics Corporation	MVC Australia Pty Ltd.	Australia	To hold drug permit licenses and support local marketing	Note 5	-	Note 5	Note 5	Note 5	Note 5	Note 5	
Medigen Vaccine Biologics Corporation	MVC Bio Supply Sdn. Bhd.	Malaysia	To hold drug permit licenses and support local marketing	Note 5	-	Note 5	Note 5	Note 5	Note 5	Note 5	
MVC Capital Corporation	U-GEN (originally named TBG Inc.)	Cayman Islands	Biotechnology services and retail and wholesale of medical devices	57,922	57,922	1,727,893	0.93%	151	(147,276)	(3,898)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclosure the information of the overseas holding company abount the disclosure of related overseas investee in information.

Note 2: If situation does not belong to Note 1, filled in the conlumns according to the following regulations:

(1) The columns of "Investee Company", "Location", "Main businesses and Products", "Original Investment Amount" and "Shares held as at December 31, 2023" should fill orderly in the Company's (public company's) information on the investees and every directly or indirectiy controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'foot note' column.

(2) The"Net Income (Loss) of Investee Company" column should fill in amount of net profit (loss) of the investee for this period.

(3) The"Investment Income (Loss) Recognized" column should fill the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under equity method for this period.
When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: According to the related regulations, it was not required to disclose gains (losses) on investments recognized by the Company.

Note 4: Name was renamed MVC Capital Corporation which was approved by the competent authority on May 3, 2023.

Note 5: The incorporation of this company was approved by the local competent authority. However, as of December 31, 2023, no investment funds have been remitted.

MEDIGEN BIOTECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Amounts in Thousands of New Taiwan Dollars, Unless Stated otherwise)

Attachment 4: Information on investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Medigen Biotechnology (Xiamen) Corporation	Research and development of clinical new medicine, supports of production technology and consult of related technology and after-sale service	$3,026	1	$3,026	$-	$-	$3,026	$(12)	100%	$(12)	$2,484	$-	Note 2(2)(B)
Medigen Biotechnology (Beijing) Corporation	Investment business	182,686	1	182,686	-	-	182,686	(31,170)	100%	(31,170)	48,785	-	Note 2(2)(B)
CELLXPERT BIOTECHNOLOGY CORP.	Cytotherapy business	444,868	3	-	-	-	-	(76,951)	37.19%	(31,179)	46,373	-	Note 2(2)(B)

Company Name	Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
Medigen Biotechnology Corporation	$185,712 (USD 6,361 thousand)	$533,423 (USD 17,628 thousand)	$2,998,277

Note 1: Investment methods are classified into the three categories; fill in the number of category each case belongs to:

(1) Direct investment in a company in Mainland China.

(2) Through investing in an existing company in the third area, when then invested in the investee in Mainland China.

(3) Through investing in an existing company in the third area, when then invested in the investee in Mainland China.

Note 2: In the "Share of Profits/Losses" column:

(1) It should be indicate if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.

(2) The basis of recognition of investment income is classified into the following three types, which should be marked out:

A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm registered in the R.O.C.

B. The financial statements were attested by R.O.C parent company's CPA.

C. Others

Note 3: According to the MOEA Regulation No. 09704604680 ,"Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", announced on August 29, 2008, limit on accumulated amount of investment in Mainland China is the higher of 60% of net assets and consolidated net assets. The ultimate limit of investment is 60% of the consolidated net assets (4,997,129x 60% =2,998,277).

Note 4: The accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 was disclosed based on the amounts of subsidiaries included in the consolidated financial statements and investees accounted for using the equity method.

MEDIGEN BIOTECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Amounts in Thousands of New Taiwan Dollars, Unless Stated otherwise)

Attachment 5: Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third region

(Amounts in Thousands of New Taiwan Dollars)

Investee Company	Sales (Purchases)		Property Transaction		Trade Receivables (Payables)		Provision of Endorsements/Guarantees or Collaterals		Financing				Others
	Amount	%	Amount	%	Balance	%	Ending balance	%	Maximum balance	Ending balance	Interest Rate	Current Interest	
CELLXPERT BIOTECHNOLOGY CORP.	$-	-	$-	-	$-	-	$-	-	$-	$-	-	$-	Note

The unearned royalty income for the current period was NT$26,304 (recognized as current contract liabilities), representing 3.21% in the total liabilities.

Attachment 6: Information of major shareholder

Unit: shares

Name of major shareholders information	Shares			
	Number of ordinary shares	Number of preference shares	Total of shares held	Percentage of ownership (%)
EVERSPRING INDUSTRY CO., LTD.	14,093,380	-	14,093,380	10.10%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholderswho held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed byeach trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The number of the shares declared by the insider include the shares of the trust assets which the insider has dicretion over use. For details of the insider's equity announcement please refer to the TWSE website.

Medigen Biotechnology Corp.

Chairman: Shi-Chung Chang