Stock Code：6535

順天醫藥生技股份有限公司

Lumosa Therapeutics Co., Ltd.

2022 Annual Report

Annual report is available at：
Market Observation Post System：http://mops.twse.com.tw
Company Website：http://www.lumosa.com.tw
Printed on April 2, 2023

Notice to readers

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

I. Spokesperson and Deputy Spokesperson:

1. Spokesperson

Name：Charlene Yang

Title：Senior Manager, Administrative Division

Tel：02-2655-7918

E-mail：spokesperson@lumosa.com.tw

2. Deputy Spokesperson

Name：Jocelyn Lin

Title：Assistant Manager, Business

Tel：02-2655-7918

E-mail：spokesperson@lumosa.com.tw

II.Headquarters, Branch Offices, and Factories

1. Corporate Headquarter

Address：4F., No. 3-2, Yuanqu St., Nangang Dist., Taipei City 115603 , Taiwan (R.O.C.)

Tel：02-2655-7918

2. Branch Office: None.

3. Factories: None.

III.Stock Transfer Agent

Name: Capital Securities Corporation

Address: B2, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City, 106

Website: http://www.capital.com.tw

Tel: (02) 2702-3999

IV.CPA for latest certified annual financial statements

Name of CPA：Yu, Shu-Fen, Teng, Sheng-Wei

Name of Accounting Firm：Price Waterhouse Cooper, Taiwan

Address：No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110208 , Taiwan (R.O.C.)

Tel：02-2729-6666

Website：http://www.pwc.tw/

V.Overseas Securities Exchange: None.

VI.Company Website:：www.lumosa.com.tw

TABLE OF CONTENTS

Chapter 1. Letter to Shareholders

Lumosa positions itself as the "new drug development harbor in Taiwan." We expedite the realization of the company's values through the introduction of early-stage new drugs, optimization of development strategies, and flexible and diversified global licensing layouts. To date, LT1001, a long-acting analgesic injection, has successfully obtained marketing approvals from Taiwan, Singapore, Thailand, and Malaysia. The multiple-dose, phase 2 clinical trial for LT3001 for the treatment of acute ischemic stroke was completed. The company also has successfully in-licensed an innovative exosome platform which Lumosa will continue its development through our core capabilities and network resources. Lumosa takes a foothold in Taiwan and continues to introduce global innovative therapies to become a top international pharmaceutical R&D company.

Management Guideline

To make the best use of limited resources and time, Lumosa searches for drug candidates with strong scientific rationale and a high commercial potential for development. The company is actively in search of global partners to form strategic alliances in licensing, co-development, or joint venture, to minimize risks involved in new drug development and accelerate product marketing.

2022 Operational Highlights

Implementation Status

Our Taiwanese marketing partner for LT1001 (Naldebain®), AMed is responsible for the marketing and sales of the product in Taiwan. It focuses on the self-pay market of pos toperative pain relief and has successfully introduced LT1001 to medical centers and clinics throughout the country. In addition, the use of LT1001 was expanded from hemorrhoidectomy to obstetrics, gynecology, abdominal surgeries, orthopedics, and other disciplines. Lumosa also joined hands with AMed to promote LT1001 in Southeast Asian countries by receiving the third market approval from Thailand in December 2021, right after Singapore approved LT1001 in 2020. Besides Taiwan and Southeast Asian markets, Lumosa has also completed the licensing of LT1001 in China, Ukraine, South Korea, and Jordan, to accelerate the completion of its international commercialization strategy.

The analysis of the unblinded data from the single-dose phase 2 clinical trial for LT3001 conducted in the United States and Taiwan on acute ischemic stroke patients was completed in August 2021. The LT3001 achieved the primary safety index and showed the trend in the improvement of neurobehavioral efficacy in patients. Further, the results from the phase 1, pharmacokinetics of multiple doses and drug-drug interaction study demonstrated that LT3001 is safe and does not interfere with the pharmacokinetics of the concomitant drugs. Lumosa is currently planning two multi-dose phase 2 trials for LT3001 where multiple doses of LT3001 are administered concomitantly with mechanical thrombectomy or as a stand-alone treatment in repeated doses. The two studies were cleared to proceed by the US FDA in September 2021 and February 2022, respectively. LT3001 was also granted Fast Track Designation from the US FDA, which may shorten the timeline for the drug registration process. In 2019, Lumosa signed a licensing agreement for LT3001 with Shanghai Pharmaceuticals, one of the top pharmaceutical companies in China; the companies will collaborate and share trial data to develop the global market.

The pre-clinical studies required for IND submission of LT5001, a novel drug of the treatment of uremic pruritus, were completed in 2020. The results from the phase 1b (part A) clinical trial conducted in Taiwan in 2021 showed that LT5001 was safe and well-tolerated by hemodialysis patients. The protocols for the phase 2 trial (part B) will be adjusted according to the part A results to verify the efficacy.

Operational Plan Implementation Results and Budget Execution

The major income for Lumosa in 2021 is from the sales of Naldebain® and royalties. The gross profit is 9,889 thousand New Taiwan dollars. The operational loss in 2021 is 430,278 thousand New Taiwan dollars as Lumosa continues to invest in R&D. The total asset by December 31, 2021, is 2,348,695 thousand dollars with a debt balance of 230,108 thousand dollars; 2,053,419 thousand dollars are in the forms of cash, timed deposits, and marketable securities. The financial structure is sound and healthy.

Item	2021	2022
Return on assets (%)	4.64	(23.83)
Return on equity (%)	5.18	(26.39)
Net profit before tax to paid-in capital ratio (%)	5.88	(30.93)
Net profit rate (%)	552.62	(1,893.56)

Item	2021	2022
Earnings per share (NT$)	0.64	(3.05)

Current Research and Development Status

LT1001 Extended-release analgesic injection:

Engage in global commercialization strategy. Other than seeking partnership for the international market, Lumosa also provides full support to licensing partners from clinical development to the NDA process for the respective licensed regions of the world to accelerate product marketing. Further, plans to improve production costs are underway to increase the economic benefits.

LT3001 Treatment for acute ischemic stroke:

Lumosa and Shanghai Pharmaceutical each are responsible for the multiple dosing clinical trial conducted internationally (not including China) and in China, respectively; the companies will share trial data.

LT5001 Uremic pruritus

The project stems from the product lifecycle management of LT1001, the extended-release analgesic injection. The Phase 1B (Part A) clinical trial in Taiwan was completed. Lumosa will use the results to make adjustments in the protocols for the Phase 2 trial (Part B).

LT2003 Novel anti-cancer targeting protein

Safety verified in primate studies. Lumosa continues to conduct relevant research in the scale-up process.

In terms of intellectual protection, LT1001, the extended-release analgesic injection has submitted patent applications to more than 20 countries and has received approval from the US, Russia, Taiwan, India, Singapore, China. Reviewing is currently ongoing in European Union, Japan, and other major pharmaceutical markets. The new drug patent for LT3001, treatment for acute ischemic stroke, was granted in the US, China, Japan, and 14 other countries.

Lumosa will continue the product lifecycle management to extend patent expiration and enhance product licensing value. We will actively collaborate with academic and research institutes in search of potential early-stage candidates for development to reduce in-licensing costs and strengthen market competitiveness.

2022 Business Summary

Expected Sales Volume and Its Basis in 2022

The operational model taken by the Company involves the investment in the development of new drugs, value maximization of the products, and the search of domestic or international pharmaceutical companies or distributors for out-licensing, co-development, or formation of a joint venture at an appropriate time to attain revenues for the company. These incomes may be from licensing fees, such as upfront or milestone payments, and royalties or sales of the product.

Production and Sales Policy

1. Establish a top R&D team and stringent project management system. Advancing new drug development and the nurture talented employees through two-way integration of professional functions and project management.
2. Utilize knowledge in new drug development and efficient business tools and process
3. Select academic and industrial partners strategically to ensure the upper and lower value chain are well connected.
4. Collaborate with selected CROs/CMOs closely to accelerate the R&D program.
5. Fortify intellectual property and develop technological platforms
6. Inspect if the business goal can be achieved with the operational model through the accomplishment of milestones; adjustments are made if needed.
7. Prioritize the development of new drugs with the following characteristics:
   (1) Resolve unmet medical needs
   (2) Possible licensing opportunities in the near term
   (3) Higher pharmacoeconomics or return on investment
8. Generate positive cash flow through patent licensing and business development from the R&D results of early-stage assets
9. Sound international licensing capabilities and flexible licensing strategy to strive for the best licensing, distribution, or collaboration contracts.
10. Continuing improvement plan for the cost of goods (COGs) to strengthen product market compatibility.

Future Development Strategy

Lumosa's vision is to become the safe harbor for Taiwan's innovative new drug development through its rSD development strategy, and ultimately, be a top-notch international biotech firm. Lumosa is a new drug development company with a successful pipeline consisting of large and small molecules. Through the "Search and Development" operational model, adequate risk management, excellent candidate selection and development capabilities, Lumosa selects candidates with commercial potential and controlled risks to address the diseases with unmet medical needs, and develop the pipeline with the mindset of starting from the end, we strive to become the best partner for domestic and international academic institutions, research organizations, and industrial companies. Lumosa aims to be a global new drug development company taking its roots in Taiwan with sustainable product lines and pipelines.

Impacts from External Competitive, Legal and Overall Operational Environments

The challenges in new drug development have become ever harsh. However, with the arrival of an aging society and universal health insurance, the demand for new drugs is still strong. International merging and acquisition among the pharmaceutical companies are still growing strong and with a record-breaking amount. The regulation between different countries is becoming more uniform with the expansion of ICH members and is an advantage for Lumosa who is familiar with different regulations. Besides, the Taiwanese government is implementing policies that encourage companies in the development of the biotech field. Lumosa continues to make the best use of its experiences and advantages in the industry to develop new drugs with high market demand, maximize product value by exploring new indications and formulations, and implement product lifecycle management. Furthermore, through strategic alliances, Lumosa will collaborate with international partners in various regions to accelerate product development. At the same time, Lumosa will in-license products with great development potential through agile and quick use of licensing and collaboration strategy and minimum spending in resources. The company balances the risks in new drug development while maintaining a so und financial standing to provide solutions to diseases without ideal treatments, to improve patients' quality of life, to generate maximum revenue for the company, investors, and employees, and to benefit human well-being.

Chairman: Lin, Jung Chin

Chapter 2. Company Profile

I. Date of incorporation:
November 13, 2000

II. Company History：

Year	Important Events
2000	• Founding of SunTen Phytotech with the paid-in capital of NTD 2 million.
2002	• STA36 received the US patent (No. 6383525).
2003	• "SB221, a novel Chinese medicine for cardiovascular disorders" completed its pre-clinical pharmacology and toxicology studies. Phase 2 IND (Investigational New Drug) submitted to Taiwan FDA.
2004	• ST221 received its US patent (No. 6793944), and received IND approval for the initiation of Phase 2 trial on hypertension.
2005	• STA36 received its Taiwanese patent (No. I233804) and Singapore patent (No. 97471).
2006	• STA36 received its Swiss patent (No. 0695663); SB221 received the US patent (No. 7150887).
2007	• SB221 received its Taiwanese patent (No. 90131897). • "STA36, a new drug as an add-on therapy for asthma" and "SB221, a new drug as an add-on therapy for hypertension" completed their pre-clinical pharmacology and toxicology studies. Phase 2 IND submitted to Taiwan FDA.
2008	• STA36 received IND approval as a botanical new drug. Phase 2 trial as an add-on therapy for asthma initiated. • SB221 received Gold Award in the pharmaceutical category in the 7th "Pharmaceutical Technology & Research Development Award" sponsored by Taiwan's Department of Health (now Ministry of Health and Welfare).
2009	• STA36 received is Chinese patent (No. ZL01822.8) on R&D and manufacturing processes. • STD07 completed its pre-clinical pharmacological and toxicology studies. Received IND for Phase 1 trial in Taiwan. • STD07 completed Pre-IND meeting with the US FDA.
2010	• STD06 and STD07 received South African patents (No. 2008/08549 and No. 2008/08550, respectively). • STD07 received the bronze award in R&D Innovation from the 2010 Taipei Biotechnology Award sponsored by Taipei Municipal Government. • STD07 received the gold award in 2010 Pharmaceutical Technology & Research Development Award as the first indigenous NCE entering

Year	Important Events
	first-in-human trial.
2011	• Capital reduction of NTD 257,946 thousand to make up for losses and reduce share capital. The paid-in share capital after capital reduction is NTD 171,964 thousand. • Cash capital increase of NTD 320,000 thousand, 57 thousand shares transferred for employee execution of stock option, and reposition company operations to the development of large- and small-molecule new drugs. • LT1001, an extended-release analgesic injection (originally SDE: conducted by merged company Cheng Pang Biopharma), completed its Phase 1 trial domestically, and initiated the large-scale development of starting materials and drug products.
2012	• LT1001 Designated as benchmark project for new drug development. • LT1001 selected as pilot collaboration project for Cross-strait Drug Research and Development.
2013	• Dr. Wendy Huang served as the president and CEO. • LT1001 initiated the Phase 2/3 trial in Taiwan.
2014	• Merger between Cheng Pang Biopharma and BroadCan Biopharm, name changed to Lumosa Therapeutics. Consolidated issuance of 29,000 thousand shares, paid-in capital increased to NTD 782,554 thousand. • LT3001 selected as the pilot collaboration project for Cross-strait Drug Research and Development. • LT3001 selected as one of the top 10% abstract by the American Heart Association at the 2014 International Stroke Conference.
2015	• Execution of employee warrant certificate conversion of 5,975 shares, paid-in capital increased to NTD 842,304 thousand. • Lumosa listed and public traded on Taipei Exchange (6535.TWO). • The final report of the Phase 3 trial of LT1001 in Taiwan demonstrated that it can successfully achieve long-lasting pain relief after surgery. • Application for new drug registration for LT1001 submitted to Taiwan FDA. • Licensing agreement with InteRx (now AMed Co.) for LT1001 in Taiwan.
2016	• Licensing agreement with Syntano for LT1001 in China, Hong Kong, and Macau. • LT1001 received Novel Technology Award from 2016 Taipei Biotechnology Award. • The new “reSearch and Development” model (rS&D) and pipeline, and research and development team received the “Biotech Potential

Year	Important Events
	Benchmark" from 2016 "Outstanding Biotechnology Industry Award" sponsored by Taiwan Bio Industry Organization. • Cash capital increase 10,000 thousand shares, paid-in capital increased to NTD 942,304 thousand. • Oral presentation of LT3001 in the 13th International Symposium on Thrombolysis Thrombectomy and Acute Stroke Therapy.
2017	• LT1001, the extended-release analgesic injection, received approval from Taiwan FDA, and is named Naldebain® ER injection. • US FDA approved the Phase 1 trial for LT3001. • LT3001 received its Chinese compound patent (No. CN104231046). • 1,164 thousand shares transferred for employee execution of stock option, paid-in capital increased to NTD 953,954 thousand.
2018	• Agreement with Skyline Vet Pharma for the licensing of extended-release analgesic injection for animals in the US, Canada, Australia and New Zealand. • LT3001 received its US compound patent (No. US9898193). • Merger with TPG Biologics with Lumosa being the surviving company. • Dr. Wendy Huang resigned and Mr. Rongjin Lin served as the president and CEO. • Issuance of new 20,210 thousand shares after merger of TPG Biologics. 908 thousand shares transferred for employee execution of stock option, paid-in capital increased to NTD 1,165,135 thousand.
2019	• LT1001 received its US formulation patent (No. US 10183018). • "Biologics technology service" asset and business transfer from TPG Biologics. • LT3001 completed Phase 1 trial. Phase 2 approved by US FDA after 30 days reviewing period and Taiwan FDA. • Exclusive licensing agreement with IDEOGEN AG for LT1001 in Switzerland. • Licensing agreement with Shanghai Pharma for LT3001 in China. • Licensing agreement with Jemincare for LT1001 in China. • Proceed with the "pharmacokinetic study on relative bioavailability" for LT1001 after no objection from the US FDA during the reviewing period. • Taiwan FDA reviewed and approved the protocol of the Phase 1/2 trial for LT5001, a novel treatment for uremic pruritus. • 1,051 thousand shares transferred for employee execution of stock option, paid-in capital increased to NTD 1,175,648 thousand.
2020	• LT2003, an anti-tumor targeting fusion protein, received Orphan Drug Designation for pancreatic cancer from the US FDA.

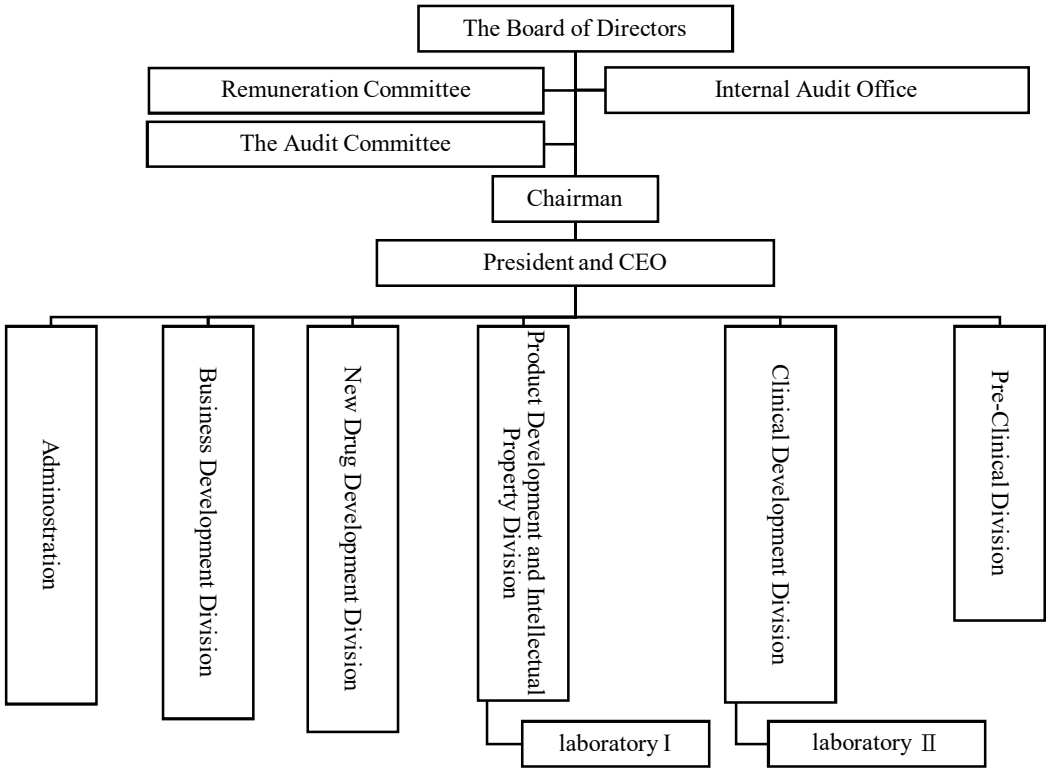
Year	Important Events
	• Binding MOU with CMC Farma for LT1001 in Turkiye. • LT3001 to initiate Phase 1 multi-dose drug-drug-interaction trial after no objection from the US FDA during the reviewing period. • LT1001 extended-release analgesic injection received market approval from Singaporean HSA. • 310 thousand shares transferred for employee execution of stock option, private placement cash capital increase of 29,500 thousand shares, paid-in capital increased to NTD 1,473,748 thousand.
2021	• Exclusive licensing agreement with Darnitsa for LT1001 in Ukraine. • Termination of the exclusive licensing agreement with IDEOGEN AG for LT1001. • Amend licensing agreement for the extended-release analgesic injection in veterinary medicine with Skyline Vet Pharma (SVP), granting SVP global rights. • Exclusive licensing agreement with DONGWHA for LT1001 in Korea. • LT3001 single-dose Phase 2 trial completed in the US and Taiwan. The primary safety outcome was achieved, demonstrating a trend in improving the neurological outcomes in patients with acute ischemic stroke. • Data analysis completed for the Phase 1 trial for LT5001 in the treatment of uremic pruritus, the LT5001 was safe and well tolerated. • The US FDA and Taiwan FDA approved the Phase 2 multiple dosing of LT3001 administered in combination with mechanical thrombectomy. • LT1001 obtained market approval from Thai FDA. • 540 thousand shares transferred for employee execution of stock option, 900 thousand newly issued employee restricted shares, private placement cash capital increase of 11,000 thousand shares, paid-in capital increased to NTD 1,632,628 thousand. • Revocation and recovery of 110 thousand newly issued restricted employee shares, paid-in capital decreased to 1,631,528 thousand.
2022	• Completion of LT3001 Phase 1 multiple dosing and drug-drug interaction trial, demonstrating that LT3001 is safe and does not affect pharmacokinetic parameters when used concomitantly with routine stroke medications. • LT3001, a novel treatment for acute ischemic stroke, received Fast Track Designation from the US FDA. • The Phase 2 multiple dosing of LT3001 approved by the US FDA and Taiwan FDA. • LT1001 received marketing approval from Malaysian MDA. • Exclusive licensing agreement with AJM Pharma Pvt. Ltd. for LT1001

Year	Important Events
	in Pakistan. ・65 thousand shares transferred for employee execution of stock option, revocation and recovery of 120 thousand newly issued restricted employee shares, paid-in capital decreased to 1,630,978 thousand.

Chapter 3. Corporate Governance Report

I. Organization structure

(I) Organization structure



(II)Major Corporate Functions

Department	Main Business
President's Office	Formulate the company's short, medium and long-term strategic goals and lead the company's operations and R&D project portfolio decisions. Through internal control, budget and performance system, participate in and supervise the planning, consultation and control of R&D projects to ensure the soundness of the company's operating conditions; legal affairs to ensure that the company complies with domestic and foreign laws and regulations.
Internal Audit Office	Assist the management to inspect and review the deficiencies of the internal control system, measure the effectiveness and efficiency of operations, regularly evaluate the operation and implementation of the company's management system, and provide timely improvement suggestions to ensure the continuous and effective implementation of the internal control system, and as a review to correct internal The basis of the control system to promote the sound operation of the company.
New Drug Development Division	Negotiate and implement early incubation of new projects ((PCS&CS), develop and maintain relationships with KOLs in the disease field, evaluate the feasibility of LT cases, implement project management and product life cycle management of early new projects. Formulate inspection and registration strategies and schedules, compile and review relevant technical documents; through

Department	Main Business
	consultation and coordination with domestic and foreign regulatory agencies, accelerate product development and ensure the efficiency of new drug applications and evidence collection. Integrate the company's project portfolio (project portfolio) and the progress of each R&D project, identify key approaches, and anticipate potential difficulties or crises; use project management techniques to assist each project team to achieve each milestone and ensure its execution efficiency; budget for each project Tracking and risk control; develop, implement and manage the company's overall quality management system.
Product Development and Intellectual Property Division	Introduce technology, design and execute chemical synthesis, analysis and research method development, preparation process development, and establish a drug delivery platform; and establish a stable and effective cooperative relationship with external research institutions to implement the CMC strategy and ensure that technical documents and The quality and efficiency of drug output; formulating intellectual property strategies, implementing global patent layout, cracking and defense, and improving the organization's intellectual property management system.
Pre-Clinical Division	Conduct translational research with domestic and foreign academic institutions in the disease field invested by the company, focus on evaluating new drug candidates, design and execute pharmacology, toxicology, drug metabolism and pharmacokinetic research, cell and animal pharmacology research, and biological activity analysis , to confirm the efficacy and toxicity of clinical candidate drugs.
Clinical Development Division	Establish relevant norms for clinical trials, cooperate with international medical and clinical expert consultants to design and plan clinical trials in line with medical science and product characteristics, and conduct clinical trials with partners to ensure drug safety control and compliance with safety monitoring regulations, clinical trial plans Quality control and execution of drawings, quality and efficiency of clinical document output.
laboratory	Cooperate with the company's candidate new drug evaluation and proof-of-concept (Proof-of-concept) research project development plan, conduct translation research, cells and animals, pharmacology research, and biological analysis. Cooperate with the company's dosage form development, drug delivery platform, and pharmacokinetic testing of candidate new drugs.
Business Development Division	Product market planning, leading the substantive inspection of each authorized introduction or cooperation project, and completing external authorization and customer management at the best time for new drug development; fulfilling corporate social responsibility and maintaining investor relations.
Adminostration	Improve the accounting and administrative system, collect and analyze business information, review business activities and resource allocation, ensure that organizational operations are consistent with strategic goals, and can continuously adapt to changes and make adjustments. Responsible for board and shareholders as well as human resources and information management.

II. Directors and Management Team

(I) Director

April 02,2023

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
	Republic of China	Center Laboratories, Inc.		2021.07.07	3 years	2014.07.25	50,159,336	33.21%	54,068,631	33.15%	—	—	—	—	—	Note 6	—	—	—	None
Chairman	Republic of China	Representative: Lin, Jung Chin	Male 61-70	2021.07.07	3 years	2011.09.16 (Note 1)	926,305	0.61%	979,942	0.60%	—	—	—	—	Honorary Doctorate, Taipei Medical University Bachelor, School of Pharmacy, Taipei Medical University	Center Laboratories, Inc. Director (Representative) BioGend Therapeutics Co., Ltd. Director (Representative) Medeon Biodesign, Inc. Director (Representative) Adimmue Corporation Director (Representative) GLAC Biotech Co., Ltd.Chairman (Representative) KRISAN BIOTECH CO., LTD./Chairman (Representative) BioEngine Technology Development Inc. Chairman (Representative) Cytoengine Co., Ltd./Chairman (Representative) Royal Foods Co., Ltd.Chairman Ausnutria Dairy (Taiwan) Nutrition & Health Sciences Corporation Chairman (Representative) Youluck International Inc. Director (Representative) 翔湧生技管理顧問(股)公司 Director Beijing Shundu Pharmaceutical Research Institute Co., Ltd. Director 上海寶濟藥業有限公司 Director 蘇州晟濟藥業有限公司 Director BIOFLAG INTERNATIONAL CORPORATION (Cayman) Director (Representative) Center Biotherapeutics Inc. Chairman Centerlab Investment Holding Limited(HK) Chairman Center Laboratories Limited(HK) Chairman Center Venture Holding I Limited(HK)Director Center Venture Holding II Limited(HK) Director	—	—	—	Note 7

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
	Republic of China	Center Laboratories, Inc.		2021.07.07	3 years	2014.07.25	50,159,336	33.21%	54,068,631	33.15%	—	—	—	—	—	Note 6	—	—	—	None
Director	Republic of China	Representative Cheng, Wann-Lai	Male 61-70	2021.07.07	3 years	2014.07.25 (Note 2)	—	—	—	—	476,057	0.29%	—	—	Bachelor, Business Administration, Fu-Jen Catholic University Chairman, Taiwan Calsonic Co., Ltd.	Browave Corp.Chairman Powertech Technology Inc.Independent Director GLAC BIOTECH Co., Ltd. Director (Representative) BioEngine Technology Development Inc. Director (Representative) Lumosa Therapeutics Co., Ltd.(Cayman) Chairman 上海晟順生物科技有限公司 ChairmanBIOFLAG INTERNATIONAL CORPORATION(Cayman)Director	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Republic of China	BioEngine Technology Development Inc.		2021.07.07	3 years	2018.06.14	1,898,169	1.26%	1,888,169	1.16%	—	—	—	—	—	—	—	—	—	None
Director	Republic of China	Representative Su-Chi Wang	Female 41~50	2021.07.07	3 years	2021.07.07	36,652	0.02%	38,774	0.02%	—	—	—	—	Department of Business Administration, Chinese Culture University	Center Laboratories, Inc. Chairman (Representative) BioEngine Capital Inc. Director (Representative) Ever Fortune. AI Co., Ltd. Director (Representative) Youluck International Inc. Director (Representative) Bioflag International Corporation (Cayman) Director Bioflag Co.,Ltd. (BVI) Director Genlac Biotech Inc Chairman (Representative) GLAC BIOTECH Co., Ltd. Director (Representative) OmniPro biotech CO., LTD.Director (Representative) Bioflag Holding Limited (HK) Director Glac&George Biotech Co., Limited(HK) Director 安徽錦喬生物科技有限公司 (宿州) Director 錦喬生物科技(淮安)有限公司 Director 北京加科思新藥研發有限公司 Director Ausnutria Dairy (Taiwan) Nutrition & Health Sciences Corporation Director (Representative) 澳優乳業(中國)有限公司 Director Hyproca Bio-science Co., Ltd. Director Hyproca Nutrition Co., Ltd. (PRC) Director Bioflag Nutrition Corporation Ltd (Cayman) Director Center Ventutr Holding Limited Director BioEngine Development I Limited (HK) Director Fangyuan Growth SPC-PCJ Heal thcare Fund SP Director PCJ Capital Management Limited Director	—	—	—	None
Director	Republic of China	順晟藥品有限公司		2021.07.07	3 years	2014.07.25	1,000	0.00%	1,000	0.00%	—	—	—	—	—	—	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
	Republic of China	Representative De Fu Hsieh	Male 71~80	2021.07.07	3 years	2000.11.06 (Note 3)	451,325	0.30%	477,459	0.29%	—	—	—	—	Bachelor of Pharmacy, Taipei Medical College Lumosa Therapeutics Co., Ltd. Chairman	班友投資(股)公司Chairman PANION & BF BIOTECH INC.Director (Representative) SUN TEN PHARMACEUTICAL CO., LTD. Director (Representative) SUN TEN NATURECEUTICA CO., LTD. Chairman / Director (Representative) EIKON HEALTHCARE DEVICE CORP. Director BALAY BIOTECHNOLOGY CORP.Director (Representative) Medical and Pharmaceutical Industry Technology and Development Center Managing Director Taiwan Product Quality Research Institute Director Taiwan Association for Traditional and Complementary Medicine Executive Director Bowlin Holding Co., Ltd. Seychelle Director Bowlin Holding Co., Ltd. Cayman Director	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Republic of China	Hsueh Lin Wang	Female 61~70	2021.07.07	3 years	2006.07.03 (Note 4)	440,000	0.29%	465,478	0.29%	—	—	—	—	National Chengchi University Master of Accounting Tamkang University Bachelor of Accounting Director, National Taxation Bureau, Taipei City, Ministry of Finance Sun Ten Pharmaceutical Co., Ltd Assistant Manager, Manager, Deputy General Manager, General Manager Supervisor of Guyuanling Biotechnology Co., Ltd.	Sun Ten Pharmaceutical Co., Ltd Vice Chairman (Representative) SUN TEN NATURECEUTICA CO., LTD. Director (Representative) 和利展業有限公司Chairman SUNBEAUS LIMITED COMPANY Chairman (Representative) 順天國際投資(股)公司 Director HERBIOTEK CO., LTD. Director (Representative)	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Directo	Republic of China	Chung Hao Tasi	Male 61~70	2021.07.07	3 years	2020.07.01 (Note 5)	—	—	—	—	—	—	—	—	Chang Gung University Doctor of Graduate Institute of Clinical Medical Sciences China Medical University Bachelor of Medicine Director of Institute of Medicine, China Medical University Researcher of Movement Disorder Disease and Neuroelectrophysiology, Royal Adelaide Hospital, Australia Associate Professor-level Attending Physician of Movement Disorder Center of Department of Neurology, Linkou Chang Gung Hospital	China Medical University Hospital Neurology Director-General COLLEGE OF MEDICINE, CHINA MEDICAL UNIVERSITY DEAN 台灣動作障礙學會理事長 國際巴金森暨動作障礙學會亞太區執行理事	—	—	—	None
Independent Director	Republic of China	Chih Yung Chin	Male 51~60	2021.07.07	3 years	2019.06.27	—	—	—	—	—	—	—	—	Case Western Reserve University Master of Accountancy Tamkang University Bachelor of International Trade Pan Asia International & Co., CPAs Senior Manager	Leading Change International CPA Firm Director SPACE SHUTTLE HI-TECH CO.,LTD. Independent director Patec Precision Industry Co., Ltd Independent director	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	Republic of China	Chih Hsiung Wu	Male 61~70	2021.07.07	3 years	2018.06.14	—	—	—	—	21,158	0.01%	—	—	Dokkyo Medical University Doctor of First Department of Surgery Taipei Medical University Bachelor of Medicine President of Xingtiangong Medical Foundation - Enzhugong Hospital Dean of the Affiliated Hospital of Taipei Medical University Director of Shuanghe Hospital, Ministry of Health and Welfare President of Taiwan Medical Association	MEDEON BIODESIGN, INC.Director representative En Chu Kong Hospital Superintendent Taipei Medical University Chair Professor Taipei Medical University Director	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	Republic of China	Hai I Ma	Female 71~80	2021.07.07	3 years	2021.07.07	—	—	—	—	—	—	—	—	Lehigh University (USA) Doctor of Chemistry ScinoPharm Taiwan,Ltd. co-founder/ General Manager, Chairman and Chief Operating Officer 生技產業深耕學院創辦人 美商神農國際公司總經理 Syntex(USA) vice president Monsanto(USA) Director of Fab, Director of Man-made Fiber Quality Control, Manager of Analytical Chemistry 中美冠科生物技術(股)公司 Independent Director 安成國際藥業(股)公司 Director 瑞寶基因(股)公司 Director	AnHorn Medicines Co., Ltd./ Director HANDA PHARMACEUTICALS, INC./ Director BioGend Therapeutics Co.,Ltd. Independent director FORMOSA PHARMACEUTICALS , INC. Director 美國維梧資本創業投資公司合夥人 OBIGEN PHARMA, INC.Director (Representative) 國家衛生研究院諮詢委員 台灣生物產業發展協會常務理事及產業委員會主任委員	—	—	—	None

Note1：2011.09.16 Elected directors of Yusheng Venture Capital Co., Ltd. (During his tenure：2011.09.16~2014.07.25)；2014.07.25 Appointment of directors by Center Laboratories, Inc，2016.03.24 resign (During his tenure：2014.07.25~2016.03.24)；2018.06.14 Appointment of directors by Center Laboratories, Inc。

Note 2：2014.07.25 Directors elected as natural persons (During his tenure：2014.07.25~2016.01.26)。

Note 3：2000.11.06 Directors elected as natural persons (During his tenure：2000.11.06~2006.07.02)；2006.07.03 A representative of Shun Tendo Pharmaceutical Co., Ltd. was elected as a director (During his tenure：2006.07.03~2014.07.25)；2014.07.25 A representative of 順晟藥品有限公司 was elected as a director (During his tenure：2014.07.25~2018.06.13)；順晟藥品有限公司 2018.06.14 Appointed as the representative of the legal person director.

Note 4：2006.07.03 Appointed as a supervisor by the representative of Taiwan Bian Research Institute (During his tenure：2006.07.03~2009.07.02)；2009.07.03 The representative of Suncheon International Investment Co., Ltd. was elected as a director (During his tenure：2009.07.03~2011.09.16)；2011.09.16 A natural person appointed as a supervisor (During his tenure：2011.09.16~2021.07.07)；2021.07.07 Directors elected as natural persons。

Note 5：BioEngine Technology Development Inc.2020.07.01 Reassignment of legal person director representative，Chung Hao Tasi took over the directorship of Cai Shuxuan，During his tenure 2020.07.01~2021.07.07；2021.07.07 Directors elected as natural persons。

Note 6：Center Laboratories, Inc As a legal person, he serves as the chairman of Yongxin Biomedicine (Shares) Co., Ltd. and BioEngine Technology Development Inc., and as a legal person Co., Ltd., Changjia Intelligent Co., Ltd., Haosheng Biomedical Co., Ltd., Jianyi Biotechnology Co., Ltd., Yirui Medical Technology Co., Ltd. and BIOFLAG INTERNATIONAL CORPORATION (Cayman).

Note 7：If the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, or are spouses or first-degree relatives, the reasons, rationale, necessity, and countermeasures (such as increasing the number of independent directors, and More than half of the directors do not concurrently serve as employees or managers, etc.) related information.

The chairman and general manager of the company are the same person, and the following is added in accordance with relevant regulations:

(1)Reason: Mr. Cai Changhai, the former chairman of the company, did not participate in the 2021 director re-election due to his busy business. After the 2021 director re-election, Mr. Lin Rongjin was elected as the current chairman. General Manager and Chief Executive Officer, so the current chairman and general manager are the same person.

(2)Rationality: The company's board of directors has a total of nine seats. In addition to three independent directors, the largest shareholder Shengde Pharmaceutical Co., Ltd. has two seats. The remaining four seats have two legal person directors and two natural person directors. The number of seats does not exceed 1/3, and the role of the chairman is the leader of the collegiate board of directors. Therefore, it is a reasonable arrangement for Mr. Lin Rongjin to serve as the chairman.

(3)Necessity: Mr. Lin Rongjin has decades of experience in the operation and management of biotechnology companies, and concurrently serving as the chairman and general manager can make the decision-making and management aspects more closely integrated, which is conducive to accelerating the progress of research and development projects and external authorization negotiations.

(4)Response measures: Except for Chairman Lin Rongjin who is also the general manager and CEO of the company, other directors of the company have not concurrently served as employees or managers, and all directors have no family relationship. Legal person directors appoint professionals to serve as director representatives people. The company's internal decision-making authority clearly regulates the rights and responsibilities of the chairman and the board of directors. The board of directors maintains considerable autonomy as a collegiate system and has the highest decision-making power in corporate governance. Therefore, it is not inappropriate for Mr. Lin Rongjin to serve as the chairman and general manager at the same time.

Table 1:Major Shareholders of the Institutional Shareholders

April 02,2023

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
Center Laboratories, Inc	Lirong Technology Co., Ltd. (8.77%) Royal Foods Co., Ltd (6.04%) Jason Technology Co., Ltd. (2.39%) Youde Investment Advisory Co., Ltd. (1.67%) Farglory Life Insurance Co., Ltd. (1.64%) BioEngine Technology Development Inc (1.15%) Yuan Fu Securities Co., Ltd. (1.08%) Eternal Chain Co., Ltd. (1.04%) Mumaoci Investment Co., Ltd. (1.04%) Chen Lianxing (1.03%) Chase Custodian Van Garde Group Emerging Markets Fund Investment Account (0.89%)
BioEngine Technology Development Inc	Center Laboratories, Inc (32.57%) Lirong Technology Co., Ltd. (18.45%) Jason Technology Co., Ltd. (17.30%) far east construction co., ltd. (6.88%) Park Chang Investment Co., Ltd. (5.13%) Royal Foods Co., Ltd (4.24%) Zhixin Investment Co., Ltd. (4.08%) Jingxing Investment Co., Ltd. (3.60%) Jifu Zhonghua Co., Ltd. (2.11%) Cheng, Wann- Lai (1.61%) Shangming Investment Co., Ltd. (1.61%)
順晟藥品有限公司	Zhong Juanbi (60%)、Liu Jianzhi (40%)

Table 2:Major Shareholders of the Institutional Shareholders in Table 1

April 02,2023

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
Lirong Technology Co., Ltd.	Jason Technology Co., Ltd (92.07%)、Lin, Jung-Chin (7.857%)、O, Li-Chu (0.059%)、Lin, Hung-Hsuan (0.005%)、Lin, Chia-Ling (0.005%)、Lin, Wei- Hsuan (0.004%)
Royal Foods Co., Ltd	Lirong Technology Co., Ltd. (92.31%)、Jason Technology Co., Ltd (7.67%) Lin, Jung-Chin (0.02%)
Jason Technology Co., Ltd.	Lin, Hung-Hsuan (35.83%), Lin, Chia-Ling (25.97%), Lin, Wei- Hsuan (25.69%), O, Li-Chu (12.25%), Lin, Jung-Chin (0.26%)
Youde Investment Advisory Co., Ltd.	Su-Chi Wang (75%)、Lin Youen (25%)
Farglory Life Insurance Co., Ltd.	Xinyu Investment Co., Ltd. (19.00%) far east construction co., ltd. (12.48%) Foresight Investment Co., Ltd. (8.91%) Zhao Tengxiong (8.49%) Harvard International Investment Co., Ltd. (6.71%) Rich International Investment Co., Ltd. (6.43%) Farglory International Investment Co., Ltd. (6.43%) Ye Junyao (5.96%)、Zhao Yunv (5.77%) Dongyuan Construction Engineering Co., Ltd. (5.63%)
Yuan Fu Securities Co., Ltd.	Shin Kong Financial Holdings Co., Ltd. (100%)
Eternal Chain Co., Ltd.	Zhang Yufen (30.34%)、Zheng Wenjun (16.74%)、Zheng Wenyu (16.74%)
Mumaoci Investment Co., Ltd.	Lin Junyao (99.997)、Zheng Mingyue (0.003%)
far east construction co., ltd.	Xinyu Investment Co., Ltd. (100%)
Park Chang Investment Co., Ltd.	Weng Shuyu (94.00%)、Zhou Shuzhen (2.00%)、Weng Yuen (2.00%)、Chen Junhong (2.00%)
Zhixin Investment Co., Ltd.	Zeng Wenxuan (84.40%)、Li Yixuan (9.00%)、Li Zhongliang (4.60%)、Lin Guihua (2.00%)
Jingxing Investment Co., Ltd.	Li Xilu (82.98%)、Li Peipu (3.22%)、Li Peizhang (3.22%)、 Li Peizhen (2.49%)、kao hwa industrial co., ltd. (7.36%)
Jifu Zhonghua Co., Ltd.	Topcorp Business Limited (99.58%)、Liu Jiren (0.42%)
Shangming Investment Co., Ltd.	Zeng Shang'e (50%)、Shen Chen Shiming (50%)

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

Qualification / Name	Professional qualification and experience	Independence situation	Number of independent directors concurrently serving as other public offering companies
Jung Chin Lin Representative of Center Laboratories, Inc.	He is an honorary doctor of medicine from Taipei Medical University, and has been in the biotechnology industry for more than 30 years. He has considerable experience in the biotechnology and medical industry, and has no violations of Article 30 of the Company Law.	—	—
Wann Lai Cheng Representative of Center Laboratories, Inc.	Served as the chairman of Yonglian (Shares) Co., Ltd. and Boruowei Technology (Shares) Co., Ltd., with more than 15 years of experience in business operations, and has not been involved in any of the provisions of Article 30 of the Company Law.	—	1
Su-Chi Wang Representative of BioEngine Technology Development Inc.	Served as the director of the accounting department of Shengde Pharmaceutical Co., Ltd., with more than 20 years of financial and accounting experience, and has not been involved in any of the provisions of Article 30 of the Company Law.	—	—
De Fu Hsieh 順晟藥品有限公司	I have a major in pharmacy, and serve as the representative of the legal person director of Shun Tendo Pharmaceutical Co., Ltd., with more than 30 years of industrial experience, and have no circumstances under Article 30 of the Company Law.	—	—
Hsueh Lin Wang	Has a professional background as an accountant. In addition to professional accounting experience, he is also the representative of the legal person director and vice chairman of Shun Tian Tian Pharmaceutical Co., Ltd., and has no circumstances under Article 30 of the Company Law.	—	—

Qualification / Name	Professional qualification and experience	Independence situation	Number of independent directors concurrently serving as other public offering companies
Chung Hao Tasi	He is currently a professor and director of the Neurology Department of the Affiliated Hospital of China Medical University. He used to be an attending physician at the Movement Disorder Center of Chang Gung Hospital in Linkou. He has more than 20 years of professional medical experience and has not been involved in any of the provisions of Article 30 of the Company Law.	—	—
Chih Yung Chin	Since he served as the director of Liquan International Accounting Firm in 1994, he has rich accounting work experience in addition to having an accountant's license, and has not been involved in any of the provisions of Article 30 of the Company Law.	The company's independent directors are all selected in accordance with the provisions of Article 3 of the "Regulations on the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed", and there is no circumstance that does not meet the requirements of independence, and the company has obtained a statement signed by each independent director.	2
Chih Hsiung Wu	He is the first doctor of surgery of Dokkyo Medical University in Japan, and served as the dean of Shuanghe Hospital, the Affiliated Hospital of Taipei Medical University and other medical institutions. He is currently the dean of Enzhugong Hospital, a legal person of Xingtiangong Medical Foundation. He has a rich and professional medical background. And there is no such thing as Article 30 of the Company Law.		—
Hai I Ma	He used to be the deputy general manager of Syntex Pharmaceuticals in the United States, the general manager of American Shennong, and the co-founder and general manager of Taiwan Shenlong.		—

Board Diversity and Independence:

1.Diversity of directors：

The company advocates and respects the policy of diversification of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, it is believed that the diversification policy will help improve the overall performance of the company. Diversified and complementary capabilities in the field, including basic components (such as: age, gender, nationality, etc.), and their own industrial experience and

related skills (such as: medical, pharmaceutical, financial, accounting, etc.), as well as business judgment, management, leadership decision-making and crisis management capabilities. In order to strengthen the functions of the board of directors and achieve the ideal goal of corporate governance, Article 20 of the company's "Corporate Governance Practice Code" stipulates that the board of directors should have the following capabilities as a whole;

1. Business judgment ability 2. Accounting and financial analysis ability 3. Operation management ability 4. Crisis handling ability 5. Industry knowledge 6. International market outlook 7. Leadership ability 8. Decision-making ability

The company's current Board of Directors diversification policy and its implementation are as follows:

Diversified core / Name	Basic Component								Industry Experience			Professional Ability		
	Country of Citizenship	gender	with employee status	Age			Independent directors' term of office		the medical	medicine	Management	law	account	Risk Management
				Under 60 years old	61 ~ 70	Over 71 years old	Under 3 years	6 ~ 9						
Jung Chin Lin Representative of Center Laboratories, Inc.	Republic of China	male	-	-	✓	-	-	-	✓	✓	✓	-	-	-
Wann Lai Cheng Representative of Center Laboratories, Inc.	Republic of China	male	-	-	✓	-	-	-	-	-	✓	-	-	-
Su-Chi Wang Representative of BioEngine Technology Development Inc.	Republic of China	female	-	✓	-	-	-	-	-	-	✓	-	✓	-
De Fu Hsieh 順晟藥品有限公司	Republic of China	male	-	-	-	✓	-	-	-	✓	✓	-	-	-
Hsueh Lin Wang	Republic of China	female	-	-	✓	-	-	-	-	✓	✓	-	✓	-
Chung Hao Tasi	Republic of China	male	-	-	✓	-	-	-	✓	-	✓	-	-	-
Chih Yung Chin	Republic of China	male	-	✓	-	-	-	-	-	-	✓	-	✓	-
Chih Hsiung Wu	Republic of China	male	-	-	✓	-	-	-	✓	-	✓	-	-	-
Hai I Ma	Republic of China	female	-	-	-	✓	✓	-	-	-	✓	-	-	-

2.Board independence：

The company's board of directors has a total of nine seats, three of which are independent directors, accounting for one-third of all directors, the largest shareholder Shengde Pharmaceutical Co., Ltd. has two seats, and the remaining four seats have two legal person directors and two natural person directors , the largest shareholder accounts for no more than 1/3 of the chairman; except for Chairman Lin Rongjin who is also the general manager and CEO of the company, other directors have no concurrent employment as employees or managers, and all directors have no family relationship. Appoint professionals to serve as director representatives. The company's internal approval authority clearly regulates the rights and responsibilities of the chairman and the board of directors, and the board of directors maintains considerable autonomy as a collegiate system.

The company's independent directors are all selected in accordance with the provisions of Article 3 of the "Regulations on the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed", and there is no circumstance that does not meet the requirements of independence, and the company has obtained a statement signed by each independent director.

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

April 02,2023

Title	Nationality	Name	Gender	Date elected /appointed	Shareholding under own name		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other Position	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman/ President&CEO	Republic of China	Jung Chin Lin	male	2021.07.07	979,942	0.60%	-	-	-	-	Center Laboratories, Inc. Chairman Honorary Doctor of Medicine, Taipei Medical University Bachelor of Pharmacy, Taipei Medical University	Please see page 13	-	-	-	Note 1
Product and Intellectual Property Development Office associate	Republic of China	ShuHua Li	female	2022.07.01	135,000	0.08%	-	-	-	-	Jinhua Biomedical Co., Ltd. Research and Development Assistant Associate Researcher of Dutch Merchant Taiwan Medical Co., Ltd. MS in Biology, New York University Bachelor of Botany, National Taiwan University	None	-	-	-	None
New Drug Development Office Senior Associate	Republic of China	NaiChing Liu	female	2018.10.31	-	-	-	-	-	-	Center Laboratories, Inc. Senior Manager of R&D Division 3 Manager of R&D Department of China National Chemical Pharmaceutical Co., Ltd. Manager of Regulatory Department, Taiwan Toyo Pharmaceutical Co., Ltd. Clinical Pharmacist at National Taiwan University Hospital Master of Pharmacy, National Taiwan UniversityBachelor of Pharmacy, National Taiwan University	None	-	-	-	None

Title	Nationality	Name	Gender	Date elected /appointed	Shareholding under own name		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other Position	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Clinical R&D Office associate	Republic of China	HuiYuan Kuo	female	2021.06.29	-	-	-	-	-	-	Lumosa Therapeutics Co., Ltd. R&D Manager Deputy Manager of Clinical Research Department/Drug Safety Supervision Manager of Taiwan Toyo Pharmaceutical Industry Co., Ltd. Secretary of the Dean's Office of Kangning Hospital Secretary of the Dean's Office of Xinlou HospitalMSc in Healthcare Management, University of Manchester, UK Bachelor of Public Health, Kaohsiung Medical College	None	-	-	-	None
Preclinical R&D Office associate	Republic of China	ShengWen Ye	female	2021.01.01	166,000	0.10%	-	-	-	-	Center Laboratories, Inc. Senior Manager of Preclinical R&D Department PhD in Biochemistry, Center for Regenerative Medicine, University of Bath, UK	None	-	-	-	None
General Management Office senior manager	Republic of China	ChiaChi Yang	female	2022.02.01	-	-	-	-	-	-	Center Laboratories, Inc. Accounting Manager Senior Manager of Financial and Administrative Management Department of Zhiqing Biotech Pharmaceutical Co., Ltd. Master of Institute of Finance and Economics, University of Warwick, UK Master of Biopharmaceutical Research Institute of Yangming University Bachelor of Life Sciences, Yangming University	None	-	-	-	None
Audit supervisor	Republic of China	MinChia Hung	female	2021.04.09	-	-	-	-	-	-	Audit Director of Dongdian Optoelectronics Technology Co., Ltd. Bachelor of Finance, Ming Chuan University	None	-	-	-	None

Note1：When the general manager or person of equivalent position (top manager) and the chairman of the board are the same person, spouse or first-degree relative, the reason, rationality, necessity and countermeasures should be disclosed (such as increasing the number of independent directors, and should have Pass Half of the directors do not concurrently serve as employees or managers) Relevant information: Please refer to page 20 for details.

III.Remuneration paid to directors, president and vice president

(I) Remuneration of Directors

Unit: NT$ Thousands

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension(B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements(E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Jung Chin Lin Representative of Center Laboratories, Inc.	—	—	—	—	—	—	45	45	0.01%	0.01%	1,200	1,200	—	—	—	—	—	—	0.25%	0.25%	—
Director	Wann Lai Cheng Representative of Center Laboratories, Inc.	—	—	—	—	—	—	45	45	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	Su-Chi Wang Representative of BioEngine Technology Development Inc.	—	—	—	—	—	—	45	45	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	順晟藥品有限公司 Representative: De Fu Hsieh	—	—	—	—	—	—	45	45	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	Hsueh Lin Wang	—	—	—	—	—	—	40	40	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	Chung Hao Tasi	—	—	—	—	—	—	35	35	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Independent Director	Chih Yung Chin	360	360	—	—	—	—	90	90	0.09%	0.09%	—	—	—	—	—	—	—	—	0.09%	0.09%	—
Independent Director	Chih Hsiung Wu	360	360	—	—	—	—	90	90	0.09%	0.09%	—	—	—	—	—	—	—	—	0.09%	0.09%	—
Independent Director	Hai I Ma	360	360	—	—	—	—	90	90	0.09%	0.09%	—	—	—	—	—	—	—	—	0.09%	0.09%	—

1.Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.
The board of directors of the company considers the normal level of the industry and considers the company's current operating conditions. On October 5,2016, the board of directors approved that the monthly remuneration of independent directors be NT$30,000.

2.In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises)：NA.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	the Company (Note 8)	All Consolidated Entities (Note 9) H	the Company (Note 8)	All Consolidated Entities (Note 9) I
less than NT$2,000,000	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.、Su-Chi Wang Representative of BioEngine Technology Development Inc.、順晟藥品有限公司 Representative: De Fu Hsieh、Hsueh Lin Wang、Chung Hao Tasi、Chih Yung Chin、Chih Hsiung Wu、Hai I Ma	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.、Su-Chi Wang Representative of BioEngine Technology Development Inc.、順晟藥品有限公司 Representative: De Fu Hsieh、Hsueh Lin Wang、Chung Hao Tasi、Chih Yung Chin、Chih Hsiung Wu、Hai I Ma	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.、Su-Chi Wang Representative of BioEngine Technology Development Inc.、順晟藥品有限公司 Representative: De Fu Hsieh、Hsueh Lin Wang、Chung Hao Tasi、Chih Yung Chin、Chih Hsiung Wu、Hai I Ma	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.、Su-Chi Wang Representative of BioEngine Technology Development Inc.、順晟藥品有限公司 Representative: De Fu Hsieh、Hsueh Lin Wang、Chung Hao Tasi、Chih Yung Chin、Chih Hsiung Wu、Hai I Ma
NT$ 2,000,000(incl.)～NT$ 5,000,000 (excl.)	—	—	—	—
NT$5,000,000(incl.)～NT$10,000,000 (excl.)	—	—	—	—
NT$10,000,000(incl.)～NT$15,000,000 (excl.)	—	—	—	—
NT$15,000,000(incl.)～NT$30,000,000 (excl.)	—	—	—	—
NT$30,000,000(incl.)～NT$50,000,000 (excl.)	—	—	—	—
NT$50,000,000(incl.)～NT$100,000,000 (excl.)	—	—	—	—
NT$100,000,000 or above	—	—	—	—
Total	1605	1605	2805	2805

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Table 3-1, or Tables 3-2-1 and 3-2-2.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of

transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

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

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

(II)Remuneration to Supervisor's: The company has established an audit committee on July 7, 2021, so it is not applicable.

(III)Remuneration to General Manager and Assistant General Manager

Unit: NT$ Thousands

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President & CEO	Jung Chin Lin	2,938	2,938	54	54	145	145	—	—	—	—	(0.63%)	(0.63%)	—
Product and Intellectual Property Development Office Deputy General Manager (Note 10)	Chih Kuang Chou													

Remuneration Range Table

Ranges of remuneration paid to each of the Company's general manager(s) and assistant general manager(s)	Names of General Manager(s) and Assistant General Manager(s)	
	The Company (Note 6)	All consolidated entities(Note 7) E
Less than NT$1,000,000	—	—
NT$1,000,000 (incl.)～NT$2,000,000 (excl.)	Jung Chin Lin	Jung Chin Lin
NT$2,000,000 (incl.)～NT$3,500,000 (excl.)	Chih Kuang Chou	Chih Kuang Chou
NT$3,500,000 (incl.)～NT$5,000,000 (excl.)	—	—
NT$5,000,000 (incl.)～NT$10,000,000 (excl.)	—	—
NT$10,000,000 (incl.)～NT$15,000,000 (excl.)	—	—
NT$15,000,000 (incl.)～NT$30,000,000 (excl.)	—	—
NT$30,000,000 (incl.)～NT$50,000,000 (excl.)	—	—
NT$50,000,000 (incl.)～NT$100,000,000 (excl.)	—	—
NT$100,000,000 or more	—	—
Total	2	2

Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in the most recent fiscal year.

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

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and assistant general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.

Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a.In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

Note 10: 2022.06.10 Retire。

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

(IV)Remuneration to the Five Highest Remunerated Management Personnel of the Company

Unit: NT$ Thousands

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 7)
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Product and Intellectual Property Development Office Deputy General Manager (Note 8)	Chih Kuang Chou	9,245	9,245	458	458	3,020	3,020	—	—	—	—	(2.57%)	(2.57)%	—
New Drug Development Office Senior Associate	NaiChing Liu													
Clinical R&D Office associate	HuiYuan Kuo													
Preclinical R&D Office associate	ShengWen Ye													
General Management Office senior manager	ChiaChi Yang													

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

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

Note 3: This refers to the amount of all rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, and other remuneration of the five highest remunerated management personnel in the most recent fiscal year. If housing, car or other form of

transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

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

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

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

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

Note 9: 2022.06.10 Retire。

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

The new drug development company has a long operating cycle. The company has shifted to the development of small molecule drugs since the 1990s in the Republic of China. After merging with Jinhua Biomedical in 2017, it has increased the biological drug product line. Although it has not made a profit so far, the LT1001 long-acting painkiller and LT3001 The project for the treatment of acute ischemic stroke has already been authorized. The company evaluates the salaries based on the manager's experience and contribution. The salary of the same grade is still slightly different. The remuneration of the four associate-level and manager-level managers falls in the range of 1 million to 3.5 million.

(V) The name of the manager who distributes employee remuneration and the distribution situation

The company is still in the loss-making stage and has no surplus, so there is no distribution of employee remuneration.

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

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

Unit: NT$ Thousands

Items / Job Title	2021				2022			
	Total remuneration (NT$ Thousands)		As a percentage of net income (%)		Total remuneration (NT$ Thousands)		As a percentage of net income (%)	
	the Company	From All Consolidated Entities	the Company	From All Consolidated Entities	the Company	From All Consolidated Entities	the Company	From All Consolidated Entities
Director	1,973	1,973	2.06%	2.06%	1,605	1,605	0.32%	0.32%
Supervisor	75	75	0.08%	0.08%	Note1			
General Manager and Deputy General manager (Note 2)	6,086	6,086	6.34%	6.34%	3,137	3,137	(0.63%)	(0.63%)

Note 1：The company has set up an audit committee on July 7, 2021, so there is no remuneration for supervisors in 2022。

Note 2：Chih Kuang Chou, deputy general manager of the company, retired on June 10, 2022.

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

(1) Director

The company's policy on paying directors' remuneration is stipulated in the company's articles of association and approved by the shareholders' meeting. According to the company's articles of association, when the company's directors execute the company's business, they will be negotiated based on the degree of participation in the company's operations and the value of their contributions, as well as the usual standards of the industry. If the company has a surplus, the remuneration of directors and supervisors shall be distributed in accordance with the company's articles of association. The monthly remuneration of the chairman is NT$100,000, and that of the independent directors is NT$30,000 per month.

(2) General Manager and Deputy General Manager

The remuneration paid by the company includes salary, allowances and bonuses. The salary level is determined according to the responsibilities and contributions to the company, and is negotiated with reference to the usual level of the industry. In addition, the company's bonus payment is based on the consideration of the company's operating performance, the contribution of the position and future risks and makes appropriate adjustments, and the risks should be limited. The monthly salary of the general manager is NT$100,000.

IV.Implem Implementation of corporate governance：

(I) Operation of the Board of Directors

The number of board meetings held in the most recent fiscal year was：10 (A)

The attendance by the directors was as follows：

Title	Name (Note 1)	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%)【B/A】(Note 2)	Remarks
Chairman	Jung Chin Lin Representative of Center Laboratories, Inc.	10	—	100%	
Director	Wann Lai Cheng Representative of Center Laboratories, Inc.	9	1	90%	
Director	Su-Chi Wang Representative of BioEngine Technology Development Inc.	10	—	100%	
Director	De Fu Hsieh Representative: 順晟藥品有限公司	10	—	100%	
Director	Chung Hao Tasi	8	2	80%	
Director	Hsueh Lin Wang	9	1	90%	
Independent Director	Chih Yung Chin	10	—	100%	
Independent Director	Chih Hsiung Wu	10	—	100%	
Independent Director	Hai I Ma	10	—	100%	

Note：The general meeting of shareholders fully re-elected directors on July 7.2021, and established an audit committee to replace the powers of the supervisor. The term of office is from 2021.7.7 to 2024.7.6.

Other information required to be disclosed:

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

   (1) Any matter under Article 14-3 of the Securities and Exchange Act：

   The company has set up an audit committee, so it is not applicable.

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

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.

Date	Director	Contents of Motion	Reasons for avoidance of interests	Participation in voting
20222 01.21	(1) Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. (2) Su-Chi Wang Representative of BioEngine Technology Development Inc.	The company and Yusheng Management Consulting Co., Ltd. signed the "Agreement on the Joint Employment of High-Level Talents for Career Development"	(1) Center Laboratories, Inc. is the major shareholder of Yusheng Management Consulting Co., Ltd. (2) Conflict of interest	Do not participate in discussion and voting
2022 03.04	Jung Chin Lin / Chairman	(1) The company signed the "Consulting Service Agreement" with Bosheng Biomedical Co., Ltd. (2) The case of signing the "Entrusted Service Contract" between the company and Bosheng Biomedical Co., Ltd.	same person as director	Do not participate in discussion and voting
2022 09.29	Jung Chin Lin / Chairman	(1) The company intends to transfer the "exosomes from stem cells (Exosomes from Stem Cells) disease treatment technology" to Haosheng Biomedical Co., Ltd. (2) The case of signing the "Entrusted Service Contract" between the company and Haosheng Biomedical Co., Ltd.	same person as director	Do not participate in discussion and voting
2022 09.29	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.	The company and Shengde Pharmaceutical Co., Ltd. jointly invested in Haosheng Biomedical Co., Ltd.	Center Laboratories, Inc. is the legal person director of the company	Do not participate in discussion and voting
2022 09.29	Jung Chin Lin / Chairman	The company intends to sign the "Entrusted Service Agreement" supplementary agreement with Shanghai Baoji Pharmaceutical Co., Ltd.	Chairman Jung Chin Lin is a director of Shanghai Baoji	Do not participate in discussion and voting
2022 09.29	(1) Jung Chin Lin / Chairman (2) Su-Chi Wang Representative of BioEngine Technology Development Inc.	A related party contract signed with Yongxin Bio-Pharmaceutical Co., Ltd.	Chairman Jung Chin Lin and director Su-Chi Wang are the chairman and director of Yongxin respectively	Do not participate in discussion and voting

2022 09.29	Jung Chin Lin / Chairman	A related party contract signed with Bosheng Biomedical Co., Ltd.	Chairman Jung Chin Lin is the director of Bosheng	Do not participate in discussio
2022 09.29	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.	The related party contract signed with Shengde Pharmaceutical Co., Ltd.	Center Laboratories, Inc. is the legal person director of the company	Do not participate in discussion
2022 11.09	Jung Chin Lin / Chairman	(1) The case of Haosheng Biomedical Co., Ltd. increasing the number of directors and appointing legal person director representatives (2) Office leasing case of Haosheng Biomedical Co., Ltd.	same person as director	Do not participate in discussion and voting
2022 11.09	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.	Signed an entrusted test contract with Yongxin Bio-Pharmaceutical Co., Ltd.	Center Laboratories, Inc. is the legal person director of Yongxin	Do not participate in discussion
2022 12.23	(1) Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. (2) Su-Chi Wang Representative of BioEngine Technology Development Inc.	(1) The second production case of LT3001 clinical trial drug Yongxin Factory (2) Signing an entrusted test contract with Yongxin Bio-Pharmaceutical Co., Ltd. (3) Entrust Yongxin Biomedical Co., Ltd. to implement the optimization and development project of exosome process	(1) Center Laboratories, Inc. is the legal person director of Yongxin (2) Director Su-Chi Wang is the chairman of Center Laboratories, Inc.	Do not participate in discussion and voting
2022 12.23	(1) Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. (2) Su-Chi Wang Representative of BioEngine Technology Development Inc.	The company's information system use and service contract	(1) Center Laboratories, Inc. is the legal person director of the company (2) Director Su-Chi Wang is the chairman of Center Laboratories, Inc.	Do not participate in discussion and voting

2022 12.23	(1) Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. (2) Su-Chi Wang Representative of BioEngine Technology Development Inc.	The case of termination of the "Entrusted Service Contract" between the Company and Bosheng Biomedical Co., Ltd.	(1) Center Laboratories, Inc. is the legal person director of the company (2) Director Su-Chi Wang is the chairman of Center Laboratories, Inc.	Do not participate in discussion and voting
2023 03.10	(1) Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. (2) Su-Chi Wang Representative of BioEngine Technology Development Inc.	(1) The company's "enterprise process management system use and service contract" case (2) The case of signing the "entrusted service contract" between the company and Shengde Pharmaceutical Co., Ltd.	(1) Center Laboratories, Inc. is the legal person director of the company (2) Director Su-Chi Wang is the chairman of Center Laboratories, Inc.	Do not participate in discussion and voting
2023 03.10	(1) Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. (2) Su-Chi Wang Representative of BioEngine Technology Development Inc.	(1) The company signed an entrusted test contract with Yongxin Bio-Pharmaceutical Co., Ltd. (2) Production case of LT3001 clinical trial drug Yongxin Factory	(1) Center Laboratories, Inc. is the legal person director of Yongxin (2) Director Su-Chi Wang is the chairman of Center Laboratories, Inc.	Do not participate in discussion and voting

3. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content.

Implementation of Evaluations of the Board of Directors.

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	From January 1, 2022 to December 31, 2022	The Board of Directors	Internal self-evaluation of the Board of Directors	A. Participation in the operation of the Company B. Improvement of the Board of Directors' decision-making quality C. Composition and structure of the

				Board of Directors D. Election and continuing education of the directors E. Internal control
Once a year	From January 1, 2022 to December 31, 2022	Individual directors	Self-evaluation of the Board members	A. Alignment of the goals and mission of the Company B. Awareness of the duties of a director C. Participation in the operation of the Company D. Management of internal relationship and communication E. The director's professionalism and continuing education F. Internal control
Once a year	From January 1, 2022 to December 31, 2022	Functional committees	Self-assessment by the Remuneration Committee and the Audit Committee	A. Participation in the operation of the Company B. Awareness of the duties of the functional committee C. Improvement of the functional committee' s decision-making quality D. Composition and member election of the functional committee E. Internal control

(1) Evaluation result：

The performance results of the board of directors in 2022 have been submitted to the report of the board of directors on March 10, 2023.

The 2022 annual evaluation results show that the board of directors operates effectively in accordance with relevant laws and regulations, which can effectively promote the company's demand for operation.

A. The overall evaluation result of the Board of Directors is that the total score is 94 points exceeding the standard. The evaluation results are as follows:

Board performance self-assessment Overall performance assessment: 56 points (full score 60 points)

Self-assessment of overall performance by directors: 38 points (out of 40 points)

B. As of December 31, 2022, the company's remuneration committee and audit

B. As of December 31, 2022, the company's remuneration committee and audit committee were effectively operating in accordance with relevant laws and regulations. The evaluation result: 98 points (out of 100 points).

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

(1) In order to implement corporate governance and improve the functions of the company's board of directors, and establish performance goals to enhance the operational efficiency of the board of directors, the company's board of directors passed the "director performance evaluation method" in 2020 and conducts internal evaluations every year.

(2) In order to improve corporate governance, the company currently has a remuneration committee and an audit committee, and will set up other types of functional committees in the future depending on operational needs.

(II) Operation of the Audit Committee

The number of audit committee meetings held in the most recent fiscal year was:

10(A)

The attendance by the independent directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%)【B/A】 (Note 2)	Remarks
Independent Director	Chih Yung Chin	10	—	100%	
Independent Director	Chih Hsiung Wu	10	—	100%	
Independent Director	Hai I Ma	10	—	100%	

Other information required to be disclosed:

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

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

All independent directors had no objection to the matters listed in Article 14-5 of the Securities and Exchange Law and approved it as it was.

Meeting date/session	Motion content	Resolution result	The company's handling of the audit committee's opinion
The 6th session of the 1st Board	(1) The company and Yusheng Management Consulting Co., Ltd. signed the "Agreement on	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present

	(2) The company's case of hiring a financial supervisor		
The 7th session of the 1st Board 2022.03.04	(1) The company signed the "Consulting Service Agreement" with Bosheng Biomedical Co., Ltd. (2) The case of signing the "Entrusted Service Contract" between the company and Bosheng Biomedical Co., Ltd. (3) The company revised part of the text of the "Procedures for Acquisition or Disposal of Assets" (4) The company's 2021 "evaluation of the effectiveness of the internal control system" and the "statement of the internal control system" case (5) The company's 2021 annual financial report and business report (6) The company's 2021 loss supplement plan (7) The company handles the case of issuing new shares by way of private placement in cash capital increase (8) The company's 2022 annual certification accountant remuneration case	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present
The 8th session of the 1st Board 2022.04.22	(1) The private placement case approved by the company's 2021 annual shareholders meeting will not continue to be handled	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present
The 9th session of the 1st Board 2022.05.09	(1) The company's consolidated financial report for the first quarter of 2022	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present
The 10th session of the 1st Board 2022.05.31	(1) Amendments to the Company's "Administrative Measures for Duty Authorization"	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present
The 11th session of the 1st Board 2022.08.09	(1) The company's consolidated financial report for the second quarter of 2022. (2) Transfer of the second GMP factory for LT3001 clinical trials.	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present
The 12th session of the 1st Board 2022.09.29	(1) The case of the company's transfer of "exosomes from stem cells (Exosomes from Stem Cells) disease treatment technology" to Haosheng Biomedical Co., Ltd. (2) The joint investment between the company and Shengde Pharmaceutical Co., Ltd. in Haosheng Biomedical Co., Ltd. (3) The case of signing the "Entrusted Service Contract"	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present

	between the company and Haosheng Biomedical Co., Ltd. (4) The company and Shanghai Baoji Pharmaceutical Co., Ltd. signed the "Entrusted Service Agreement" supplementary agreement (5) The related party contract signed with Yongxin Bio-Pharmaceutical Co., Ltd. (6) The related party contract signed with Shengde Pharmaceutical Co., Ltd.		
The 13th session of the 1st Board 2022.11.09	(1) The company's consolidated financial report for the third quarter of 2022 (2) The 2023 annual audit plan of the company (including subsidiaries) (3) The company re-established the "Management Measures for Internal Material Information and Prevention of Insider Transactions" and revised the internal control system of "Management of Internal Material Information and Prevention of Insider Transactions" and internal control implementation rules (4) The case of Haosheng Biomedical Co., Ltd. increasing the number of directors and appointing legal person director representatives (5) Office leasing case of Haosheng Biomedical Co., Ltd. (6) Signed an entrusted test contract with Yongxin Bio-Pharmaceutical Co., Ltd.	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present
The 14th session of the 1st Board 2022.12.23	(1) The company's 2023 operating plan and annual budget (2) Formulate the company's "Risk Management Policies and Procedures" (3) The second production case of LT3001 clinical trial drug Yongxin Factory (4) Signing an entrusted test contract with Yongxin Bio-Pharmaceutical Co., Ltd. (5) Entrust Yongxin Biomedical Co., Ltd. to implement the optimization and development project of exosome process (6) The company's information system use and service contract (7) The case of termination of the "entrusted service contract" between the company and Bosheng Biomedical Co., Ltd.	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present

The 15th session of the 1st Board 2023.03.10	(1) 2022 annual financial report and business report (2) 2022 Annual Loss Appropriation Proposal (3) 2022"Internal Control System Effectiveness Assessment" and "Internal Control System Statement" case (4) Amendments to some articles of the "Rules of Procedure of the Board of Directors" (5) Amendments to some articles of the "Rules of Procedure for Shareholders' Meetings" (6) Non-continuation of the private placement case passed by the shareholders' meeting in 2022 (7) Handling the case of cash capital increase and issuance of new shares by means of private placement (8) The company's issuance of new shares that restrict employee rights (9) Change of certified accountant of the company (10) 2023 Annual Visa Accountant Remuneration and Independence and Competency Assessment Case (11) The company's "enterprise process management system use and service contract" case (12) The case of signing the "entrusted service contract" between the company and Shengde Pharmaceutical Co., Ltd. (13) The company signed an entrusted test contract with Yongxin Biomedical Co., Ltd. (14) Production case of LT3001 clinical trial drug Yongxin Factory	All audit committees agree to pass	Proposal to the board of directors shall be approved by all directors present

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

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director’s name, the content of the motion, the cause for recusal, and whether and how the independent director voted：No such situation.

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company’s finances and business

and the method(s) and outcomes of the communication.)：

In addition to regular communication with the board of directors on the company's financial and business status, independent directors, internal audit supervisors and accountants also discuss the company's operations at any time. The communication is good.

(1) Summary of previous communications between independent directors and internal audit supervisors:

The company's independent directors communicated well with the internal audit supervisor, and expressed no opinion on the following communication matters.

The excerpts of the main communication matters in 2022 and as of the date of publication of the annual report are as follows:

Date	Communication Focus
2022.01.21	November 2021 audit business execution report
2022.03.04	December 2021 and January 2022 Audit Business Execution Reports. 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" case.
2022.04.22	February 2022 Audit business execution report
2022.05.09	March 2022 Audit Business Execution Report
2022.08.09	Audit business execution report from April to June 2022
2022.09.29	July 2022 audit business execution report
2022.11.09	Audit business execution report from August to September 2022
2022.12.23	October 2022 audit business execution report
2023.03.10	Audit business execution report from November to December 2022 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" case

(2) Summary of previous communications between independent directors and certified accountants

The company's independent directors communicated well with certified accountants, and expressed no opinion on the following communication matters.

The excerpts of the main communication matters in 2022 and as of the date of publication of the annual report are as follows:

Date	Communication Focus
2022.03.04	2021 Annual consolidated and individual financial report

		inspection results and internal control inspection report, and communicate with independent directors on risk assessment and key inspection items, implementation status and results.	
	2022.05.09	Report on the review results of the consolidated financial report for the first quarter of 2022, and discuss and communicate with regard to the issues consulted by independent directors and supervisors.	
	2022.08.09	2nd Quarter 2022 Consolidated Financial Report Review Results Report, and discuss and communicate with questions asked by independent directors.	
	2022.11.09	2022 3rd quarter consolidated financial report review results report, and discuss and communicate with regard to the questions asked by independent directors.	
	2023.03.10	2022 consolidated and individual financial report inspection results and internal control inspection status report, and communicated with independent directors on risk assessment and key inspection items, implementation status and results. Report and communicate with independent directors on the purpose and aspect assessment of audit quality indicators.	

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

Evaluation item	Implementation status			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	YES	NO	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The company has formulated the "Code of Practice for Corporate Governance" based on the "Code of Practice for Listed OTC Companies", and revised it on August 9, 2022 in accordance with the "Code of Practice for Governance of Listed OTC Companies" and disclosed it on the Public Information Observatory with the company website.	No major differences yet.
2. Shareholding Structure and Shareholders' Rights				No major differences yet.
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		The company has a spokesperson and an acting spokesperson to handle shareholders' suggestions or disputes and other related matters.	
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		The company regularly reviews the list of major shareholders and the ultimate controllers of major shareholders.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		The company's dealings with affiliated companies are handled in accordance with "Group Enterprises, Specified Companies and Related Person Transaction Operation Procedures", "Related Operational Specifications for Financial Business between Related Enterprises" and relevant laws and regulations.	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		The company has formulated relevant internal control systems and measures such as the "Management Measures for Internal Significant Information Processing and Prevention of Insider Transactions", and has indeed informed the company's insiders to strictly follow them.	
3. Composition and responsibilities of the board of directors				No major differences yet.
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		The company's "Corporate Governance Code of Practice", Chapter 3 "Strengthening the Functions of the Board of Directors" has a policy of diversification of board members. At present, the company's board of directors has 9 directors,	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	YES	NO	Summary description	
			including 3 independent directors. The company's directors have academic experience in financial accounting, biotechnology, medicine, and business. The company's board members include different professional backgrounds, and the policy of diversification of board members is truly implemented. Please refer to the overall competence of the members of the board of directors (Note 1). In addition to discussing various proposals on the board of directors of the company, the management team regularly reports on the progress of research and development of each new drug project at the board of directors, and discusses business strategies and future directions with the directors. The board diversity policy and its achievement are disclosed in the "Corporate Governance" section of the company's website and on page 25 of the annual report.	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		V	The company has set up a remuneration committee and an audit committee in accordance with the law, and there is currently no plan to set up other functional committees.	No major differences yet.
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		The company has formulated the "Performance Evaluation Method of the Board of Directors" on August 13, 2020, and completed the performance evaluation of the Board of Directors in 2022, and submitted it to the Board of Directors on March 10, 2023.	No major differences yet.
(4) Does the Company regularly evaluate its external auditors' independence?	V		The accounting unit of the company is responsible for the assessment of the independence of certified accountants and	No major differences yet.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	YES	NO	Summary description	
			refers to the audit quality indicators (AQIs) to evaluate the independence and suitability of the certified certified accountants. After the assessment, no incompetence or violation of independence was found, and it was approved by 2023.03 .10 The resolution of the board of directors is passed. Please refer to the results of the independent assessment (Note 2).	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		At present, the company's general management office is responsible for corporate governance-related affairs. It is expected to appoint a corporate governance supervisor before the end of June 2023, including providing instant messages to shareholders on public information observation stations or the company website, and assisting in keeping track of the large proportion of the company's shares held List of major shareholders, provide information required by directors to perform business, handle matters related to meetings of the board of directors and shareholders' meeting according to law, handle company registration and change registration, prepare minutes of board of directors and shareholders' meetings, regularly evaluate the independence and suitability of accountants, etc.	No major differences yet.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The company has a spokesperson and an acting spokesperson. The company's website has a special area for interested parties as a communication channel for interested parties. If necessary, interested parties can communicate with the company's spokesperson at any time by telephone, letter, fax, or email. Senior manager Yang Jiaqi contacted. Tel：02-26557918 E-mail：spokesperson@lumosa.com.tw	No major differences yet.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The company has entrusted Qunyi Jinding Securities (Shares) Co., Ltd.'s stock affairs agency to handle relevant shareholders'	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	YES	NO	Summary description	
			meeting affairs.	
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		The company has set up a Chinese and English website https://www.lumosa.com.tw/, financial business information and corporate governance information.	No major differences yet.
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The company has dedicated personnel to collect and disclose company information, and has a spokesperson and acting spokesperson to speak to the outside world. The briefing materials of the legal person briefing session are placed in the investor zone of the company website.	No major differences yet.
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		V	The company announces the first, second, third quarter and annual financial reports and monthly operating conditions within the prescribed time limit.	Other than annual financial reporting, there are no major differences yet.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1.Employees' rights and interests: The company treats employees with integrity, and has established various employee welfare measures, education and training methods, and performance development plans to protect employees' rights and interests and train employees, and the communication channels between employees and supervisors are smooth, and labor-management relations are good. . 2.Investor relations: The company has a spokesperson system and entrusts a professional stock affairs agency to deal with shareholder-related issues. In addition, in order to let the investing public understand the company's operating conditions, the company discloses relevant information in the	No major differences yet.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the reasons
	YES	NO	Summary description	
			public information observation station in accordance with regulations. 3.Supplier relationship: The company maintains an equal and good relationship with suppliers. 4.Rights of interested parties: Interested parties may communicate and make suggestions with the company to safeguard their legitimate rights and interests. And the communication situation is listed in the interested person area of the company website. 5.The situation of directors' advanced training: All directors of the company have relevant professional knowledge. In order to further strengthen the functions of the board of directors, directors participate in advanced training on relevant professional courses from time to time. Please refer to Note 3. 6.Implementation of risk management policies and risk measurement standards: The company formulates various internal regulations according to law and follows them to control risks. 7.Customer policy: The company maintains a stable and good relationship with customers to create company profits. 8.The company has purchased liability insurance for directors with an insurance amount of US$5 million.	

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)

The company participated in the eighth (2021) corporate governance evaluation, and the company was included in the list of 51%~65% of OTC companies. The main suggestions for improvement are as follows:

1.3	Do more than half of the company's directors (including at least one independent director) and the convener of the audit committee (or at least one supervisor) attend the regular shareholders' meeting in person, and disclose the attendance list in the minutes?	maintain the status quo
1.4	Does the chairman of the company attend the shareholders' regular meeting in person?	2022 of improvement
1.6	Does the company hold a regular general meeting of shareholders before the end of May?	2022 of improvement
1.11	Does the company upload the English version of the annual report 7 days before the regular shareholders meeting?	2023 of improvement
1.15	Has the company formulated and disclosed on the company website internal rules and implementations that prohibit insiders such as directors or employees from using information that cannot be obtained in the market to make profits?	2023 of improvement
2.2	Does the company formulate a policy on the diversity of board members, and disclose the specific management objectives and implementation of the diversity policy on the company's website and annual report?	2023 of improvement
2.3	Are the chairman of the board of directors and the general manager or other persons of equivalent rank (top managers) not the same person or are they spouses or first-degree relatives?	maintain the status quo
2.7	Is the number of independent directors of the company more than half of the number of directors?	Currently not set
2.9	Has the company formulated a succession plan for members of the board of directors and important management, and disclosed its operation status on the company website or annual report?	maintain the status quo
2.14	Has the company established a non-statutory functional committee, the number of which is not less than three, more than half of the members are independent directors, and more than one member has the professional ability required by the committee, and its composition, responsibilities and operation have been disclosed?	Currently not set
2.21	Does the company have a corporate governance supervisor who is responsible for corporate governance-related matters, and has the scope of authority and training status been explained on the company website and annual report?	It is expected to be set before the end of June 2023
2.22	Does the company formulate risk management policies and procedures approved by the board of directors, disclose the scope	Made on 12/23/2022

	of risk management, organizational structure and its operation, and report to the board of directors at least once a year?	
2.27	Does the company formulate an intellectual property management plan linked to operational goals, disclose the implementation status on the company website or annual report, and report to the board of directors at least once a year? 【If the Taiwan Intellectual Property Management System (TIPS) or similar intellectual property management system verification is obtained, one point will be added to the total score. 】	maintain the status quo
2.28	Does the company have a method for the appointment, dismissal, evaluation, and salary of internal auditors to be reported to the board of directors or approved by the audit supervisor and signed by the chairman, and disclosed on the company website?	maintain the status quo
2.30	Does at least one of the company's internal auditors have a certificate such as an international internal auditor, an international computer auditor or an accountant examination pass certificate?	maintain the status quo
3.4	Does the company publish its annual financial report within two months of the fiscal year end?	maintain the status quo
3.5	Does the company upload the annual financial report disclosed in English 7 days before the regular general meeting of shareholders? 【If the English version of the annual financial report is uploaded 16 days before the general meeting of shareholders, the total score will be added to one point. 】	2023 legally exposed
3.6	Does the company disclose the interim financial report in English within two months after the filing deadline for the Chinese version of the interim financial report?	2023 legally exposed
3.8	Has the company voluntarily released the financial forecast report for the four seasons and the relevant operations have not been corrected by the competent authority, and the stock exchange or counter-buying center has not recorded any omissions?	Currently not disclosed
3.10	Is the company's financial report approved by the board of directors or submitted to the board of directors 7 days before the announcement deadline, and the financial report is announced within 1 day after the date of approval or submission?	maintain the status quo
3.13	Does the company's annual report voluntarily disclose the individual remuneration of directors and supervisors?	The company discloses according to law
3.14	Does the company's annual report disclose the link between directors' and managers' performance evaluation and remuneration?	maintain the status quo
3.16	Does the company website disclose the list of major shareholders, including shareholders whose shareholding ratio is more than 5 percent; if there are less than ten shareholders, the name, shareholding amount and proportion of the top ten shareholders	2023 of improvement

	should be disclosed?	
3.17	Does the company website disclose financial, business and corporate governance related information?	2023 of improvement
3.18	Does the company have an English-language company website that includes financial, business and corporate governance information?	2023 of improvement
3.20	Has the company been invited (by itself) to hold at least two legal person briefing meetings, and the interval between the first and last legal person briefing meetings of the year under evaluation is more than three months? 【If a legal person briefing meeting is held at least once a quarter or a legal person briefing meeting is held for each quarter's operating conditions, the total score will be added to one point. 】	maintain the status quo
3.21	Does the company's annual report voluntarily disclose the individual remuneration of the general manager and deputy general manager?	Currently not disclosed
4.1	Whether the company has set up a (part-time) unit to promote corporate social responsibility, conduct risk assessments on environmental, social or corporate governance issues related to the company's operations in accordance with the principle of materiality, formulate relevant risk management policies or strategies, and disclose them on the company's website or annual report?	2023 of improvement
4.2	Whether the company has set up a full-time (part-time) unit to promote corporate integrity management, responsible for the formulation and supervision of the integrity management policy and prevention plan, and explain the operation and implementation of the establishment unit on the company website and annual report, and report to the board of directors at least once a year ?	2023 of improvement
4.4	Is the company compiling and uploading the corporate social responsibility report on the public information observatory and the company website before the end of September in accordance with the internationally accepted report preparation guidelines?	maintain the status quo
4.5	Has the corporate social responsibility report prepared by the company been verified by a third party?	maintain the status quo
4.6	Does the company formulate human rights protection policies and specific management plans with reference to international human rights conventions, and disclose them on the company website or annual report?	maintain the status quo
4.9	Do the company's website and annual report disclose various employee welfare measures, retirement systems and their implementation?	2023 of improvement

4.10	Do the company's website and annual report disclose the protection measures and implementation status of employees' personal safety and working environment?	2023 of improvement
4.11	Has the company disclosed its annual greenhouse gas emissions, water consumption, and total waste weight in the past two years? 【If the annual greenhouse gas emissions, water consumption, or total waste weight in the past two years have been externally verified, one point will be added to the total score . 】	Currently not disclosed
4.12	Does the company formulate energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies? 【If you assess the potential risks and opportunities of climate change for the company at present and in the future, and take measures to deal with climate-related issues, add one point to the total score. 】	2023 of improvement
4.13	Is the company certified to ISO 14001, ISO50001 or similar environmental or energy management systems?	maintain the status quo
4.14	Does the company website or annual report disclose the identities of identified stakeholders, issues of concern, communication channels and response methods? 【If the situation of communication with various stakeholders is reported to the board of directors on a regular basis, one point will be added to the total score. 】	maintain the status quo
4.15	Does the company's website or annual report disclose the integrity management policy approved by the board of directors, specify specific practices and prevent dishonest behavior plans, and explain the implementation status?	maintain the status quo
4.17	Does the company website or corporate social responsibility report disclose the established supplier management policies, require suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and explain the implementation situation?	maintain the status quo

Note 1：Diversification Policy of the Company's Ninth Board of Directors and Overall Capabilities

Items / Name	Gender	Professional background (Education level)	Operational Judgment	Management	Accounting and Finance	Business and Economics	crisis management	Industry experience	International Market View	leadership	Decision-making capacity
Jung Chin Lin	male	enterprise manage	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wann Lai Cheng	male	enterprise manage	✓	✓	✓	✓	✓	✓	✓	✓	✓
De Fu Hsieh	male	Pharmacy	✓	✓		✓	✓	✓	✓	✓	✓
Su-Chi Wang	Female	Accounting	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chung Hao Tasi	male	Commerce	✓	✓			✓	✓	✓	✓	✓
Hsueh Lin Wang	Female	accountant	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chih Hsiung Wu	male	medicine	✓	✓		✓	✓	✓	✓	✓	✓
Chih Yung Chin	male	accountant	✓	✓	✓	✓	✓		✓	✓	✓
Hai I Ma	Female	enterprise manage	✓	✓		✓	✓	✓	✓	✓	✓

The company's directors were re-elected on July 7, 2021. There are nine directors, including three independent directors. The board of directors jointly elected Mr. Lin Rongjin as the chairman, and Mr. Lin Rongjin concurrently served as the company's general manager and CEO. The age of the board of directors of the company is mainly distributed between 61-70 years old (5 in total), among which there are 2 directors under the age of 60 and 2 directors over the age of 70; the gender distribution is 6 male directors and 3 female directors. The tenure of the two independent directors shall be less than 3 years.

Note 2：Accountant Independence Assessment

evaluation items	result	Whether it meets independence
1.Whether the accountant has a direct or significant indirect financial interest in the company	NO	YES
2.Does the accountant have any financing or guarantee activities with the company or the directors and supervisors of the company?	NO	YES
3.Does the accountant affect the audit work based on the possibility of customer loss?	NO	YES
4.Whether the accountant has a close business relationship and potential employment relationship with the company	NO	YES
5.Whether the accountant has a close business relationship with the company and potential employment relationship Whether the accountant has contingent public expenses related to the investigation case	NO	YES
6.Whether the accountants and their audit team members have served as directors, managers or positions that have a significant impact on the audit work in the company at present or in the last two years	NO	YES
7.Does the accountant provide the company with non-audit service items that may directly affect the audit work?	NO	YES
8.Whether the accountant brokers or promotes the stocks or other securities	NO	YES

evaluation items	result	Whether it meets independence
issued by the company		
9.Whether the accountant acts as the company's defender or coordinates conflicts with other third parties on behalf of the company	NO	YES
10.Whether the accountant has a family relationship with the company's directors, supervisors, managers, or personnel with positions that have a significant impact on the audit case	NO	YES
11.Whether there is a joint practice accountant who has retired within one year to serve as a director, supervisor, manager of the company or a position that has a significant impact on the audit case	NO	YES
12.Whether the accountant has accepted a gift or gift of great value from the company or the company's directors, supervisors, and managers	NO	YES
13.Whether the accountant accepts the improper choice of accounting policy by the management of the company or the improper disclosure of financial statements	NO	YES

Note 3：Director's 2022 year training situation

Title	Name	Date	Course Title	Training hours
Chairman	Jung Chin Lin	2022/03/23	Corporate Governance and Securities Regulation	3
		2022/11/22	Corporate Social Responsibility──Corporate Governance from Hu Rights Policy	3
Director	Wann Lai Cheng	2022/08/04	CSR/ESG Trends and Developments	3
		2022/08/04	Green Bonds and Sustainable Management	3
Director	De Fu Hsieh	2022/08/11	Competitiveness VS Viability, ESG Trends and Strategies	3
		2022/11/14	Risks and Opportunities of Climate Change and Net Zero Emissions Policies to Business Operations	3
Director	Su-Chi Wang	2022/02/25	Corporate Governance and Securities Regulation	3
		2022/09/21	Tax Regulations and Practices of Controlled Foreign Corporations (CFCs)	3
		2022/09/30	International Order Variables and Corporate Governance Responses	3
		2022/11/22	Corporate Social Responsibility──Corporate Governance from Human Rights Policy	3
Director	Hsueh Lin Wang	2022/11/03	Personal repatriation overseas fund planning	3
		2022/11/24	How to implement anti-money laundering work	3
		2022/11/24	Company Regulations and Company Registration	3
Director	Chung Hao Tasi	2022/09/16	Digital investigation analysis of major criminal and financial cases	3
		2022/10/25	Interpretation of Important Judgments on Corporate Governance: Focusing on Directors' Responsibilities	3
Independent director	Chih Yung Chin	2022/03/21	Symposium on Business Organization Law and Practice	3
		2022/03/28	Examples of non-profit organization accountant audit report and financial statement notes	3
		2022/06/01	Sustainable Finance Boosts Businesses Towards Net Zero Workshop	3
		2022/07/26	Enterprise restructuring practice and case sharing	3
Independent director	Chih Hsiung Wu	2022/09/21	Directors and supervisors (including independence) and corporate governance executive practice advanced seminar - corporate governance from the perspective of inspection and adjustment 3.	3
		2022/09/22	Introduction and case analysis of short-term trading by company insiders	3

Title	Name	Date	Course Title	Training hours
Independent director	Hai I Ma	2022/09/22	Corporate Sustainability and ESG Development Trends	3
		2022/10/07	ESG Information Disclosure Trends and Related Regulations	3

(IV) Composition, Responsibilities and Operation of the Remuneration Committee

1.Information on Remuneration Committee Members

(1) The basic information of the members of the Remuneration Committee is as follows

April 2,2023

Qualifications / Name / Capacity		Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent director/ Convener	Chih Hsiung Wu	He is the first doctor of surgery of Dokkyo Medical University in Japan, and served as the dean of Shuanghe Hospital, the Affiliated Hospital of Taipei Medical University and other medical institutions. He is currently the dean of Enzhugong Hospital, a legal person of Xingtiangong Medical Foundation. He has a rich and professional medical background. And there is no such thing as Article 30 of the Company Law.	The company's independent directors are all selected in accordance with the provisions of Article 3 of the "Regulations on the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed", and there is no circumstance that does not meet the requirements of independence, and the company has obtained a statement signed by each independent director.	0
Independent director	Chih Yung Chin	Since the 2015 year of the Republic of China, he has been the director of Liquan International Accounting Firm. In addition to having an accountant's license, he has also had relevant accounting work experience for seven years, and he has not been involved in any of the provisions of Article 30 of the Company Law.		2
Independent director	Hai I Ma	She used to be the deputy general manager of Syntex Pharmaceuticals in the United States, the general manager of American Shennong, and the co-founder and general manager of Taiwan Shenlong.		0

(2)Responsibility

Formulate and regularly review the policies, systems, standards and structures of the company's directors and managers' performance and remuneration, and regularly evaluate the company's directors and managers' remuneration.

2. Operation of the Remuneration Committee

(1) The Company's remuneration committee has a total of 3 members.

(2) The term of the current members is from July 7,2021 to July 6,2024. The number of remuneration committee meetings held in the most recent fiscal year was:2(A). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person(**B**)	No. of meetings attended by proxy	In-person attendance rate (%) (**B** / **A**)	Remarks
Convener	Chih Hsiung Wu	2	—	100%	
member	Chih Yung Chin	2	—	100%	
member	Hai I Ma	2	—	100%	

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons)：No such situation.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion：No such situation.

(3) The matters resolved by the Salary and Remuneration Committee in 2022 and as of the publication date of the annual report are as follows:

Remuneration Committee	Motion content	Resolution result	The company's handling of the opinions of the remuneration committee
The 2nd time of the 4th session 2022.01.21	1.The company's case of hiring a financial supervisor	All remuneration committees agree to pass	The resolution submitted to the audit committee and the board of directors shall be approved by all the attending members and directors
The 3rd time of the 4th session 2022.04.22	1.2022 Annual Salary Adjustment Proposal for the Managers of the Company 2.2022 performance bonus case of the company's managers	All remuneration committees agree to pass	Proposal to the board of directors shall be approved by all directors present

(VI) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		The business development department (part-time unit) is responsible for the sustainable development plan and reports to the board of directors from time to time. Please explain the operation situation in 2022 in detail VII.	No major differences yet.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note)	✓		1. Environmental issues: The company is a new drug research and development company. LT1001 Natongjie ® and LT3001 are selected for clinical supply and production by pharmaceutical factories that have passed the inspection of the local health authority (details in 4 (5)); the laboratory conducts For small-scale preclinical research, the waste liquid or toxic substances in the laboratory are also handled in accordance with relevant regulations (details in 4 (3)), and the environmental risk is assessed to be low. 2. Social issues: The company attaches great importance to the development of new drug development talents. In addition to formulating work rules, employee benefits, performance development plans, promotion and transfer methods are also specified in the employee handbook. 3. Corporate Governance: The company has formulated the "Corporate Governance Practice Code". The 2021 corporate governance evaluation is 51%~65% of OTC companies. The company will implement corporate governance according to the scale of operation and cooperate with the requirements of the competent authority.	No major differences yet.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		The laboratory has established an environmental management system, which is maintained by laboratory colleagues.	No major differences yet.
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		Through project management and meetings, discuss the most appropriate preclinical and clinical trial execution methods to improve resource utilization efficiency.	
(3) Has the Company evaluated the otential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		The energy consumption of the company's offices and laboratories are mainly air conditioners, lighting and experimental equipment, which have not yet caused a large amount of energy consumption and impact. In order to actively care about climate change issues and strive for sustainable development, the company actively implements the policy of energy saving and waste reduction in the operation process , in order to reduce the impact of the company's operations on climate change, it is estimated that the annual reduction in electricity saving and waste reduction will exceed 5%. Energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies are as follows: 1. Cooperate with the building management committee to implement health checks for air-conditioning equipment to improve equipment efficiency and reduce energy waste; 2. Participate in the charity donation activity of "Recycled Computer Hope Project"; 3. Regularly publicize the "power saving" policy: (1) Turn off the personal computer before leaving get off work (2) The computer in standby, set to sleep mode (3) After using electrical appliances (for example: electric cooker, oven, charger), unplug the plug (4) Turn off the lights for one hour during the lunch break.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		(5) Turn off the lights in the conference room after use (6) The temperature in the office is maintained at 26-28 degrees, and the room is kept ventilated (7) Regularly clean the refrigerator 4. Regularly publicize the "waste reduction" policy: (1) Double-sided printing is often used, and single-sided waste paper is recycled for reuse (2) Communicate back and forth by email, saving delivery time, paperwork and postage costs (3) Reduce the use of paper towels and make more use of rags or handkerchiefs (4) Bring your own spoons, bowls and chopsticks, and use less once-throwable products (5) Recycling of coffee grounds (6) Battery recycling, do not discard at will (7) Recycling of stationery (folders, scissors, etc..) (1) "Electricity saving" policy, which can generate benefits such as electricity saving: 7,128kwh/year; cost saving: about 3.5w yuan/year; reduction of greenhouse gas emissions: 4,517kg CO2/year. (2) The "waste reduction" policy can generate benefits such as waste reduction: 36 tons/year; reduction of greenhouse gas emissions: 33,000kg CO2/year.	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		In accordance with the "United Nations Declaration of Human Rights", "United Nations Guiding Principles of Business and Human Rights", "United Nations International Labor Organization", and the guiding principles of human rights policies followed, the company formulates work rules, regularly holds labor-management meetings, and formulates labor-management agreements to protect labor rights and interests, and formulate relevant integrity management codes to ensure that employees abide by integrity and	No major differences yet.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			ethics, protect the rights and interests of manufacturers, and require manufacturers to abide by relevant regulations and local government laws and regulations, and shall not harm labor rights, employ child labor or exploit local or foreign labor . In order to ensure compliance with the regulations, the company has also established relevant regulations and confidential reporting windows for the purpose of reporting illegal activities or expressing opinions.	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		In addition to actively implementing humanistic management and various welfare measures, the company has formulated performance development plans, promotion and transfer methods in the employee handbook, and properly reflected operating performance in employee compensation.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		In order to protect the safety and health of workers and prevent occupational accidents, the company has formulated a "Safety and Health Work Code" for employees to follow in accordance with Article 34 of the Occupational Safety and Health Law and Article 41 of the Enforcement Rules of the Occupational Safety and Health Law; and According to Article 23 of the Occupational Safety and Health Law, set up safety and health management personnel; Subsidize the general health checkup of all employees every year, and carry out employee health management; Cooperate with the building management committee to conduct fire safety inspections and participate in fire safety drills and publicity every year; The company's public spaces are equipped with dry powder fire extinguishers in accordance with regulations, and all fire protection system equipment is regularly inspected and maintained in accordance with regulations; Cooperate with the building management committee to implement	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			the health check of air-conditioning equipment, maintain the ambient air quality in the office, and ensure the health of colleagues; The company implements access control management, and all employees and visitors entering the company need to swipe their cards or verify; The company's laboratory waste liquid and biological waste have been properly wrapped and temporarily stored in accordance with the waste cleaning law and then outsourced for treatment; The operation of the company's toxic chemical substances has applied for permission in accordance with the Toxic Chemical Substance Management Act and has set up dedicated personnel for management	
(4) Has the Company established effective career development training programs for employees?	✓		The company has a performance development plan and education and training methods to train employees through setting and reviewing goals, encouraging further study and passing on experience.	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		The company has established relevant internal control, which has been approved by the resolution of the board of directors; in addition, it has gradually established standard operating guidelines for the R&D cycle, which will be issued in internal announcements after approval by the general manager. The company's product quality control starts from the selection of raw material drug suppliers to the appointment of pharmaceutical factories, and they all go to the pharmaceutical factory to conduct audits in person to confirm the quality; in addition, the commissioned pharmaceutical factories must comply with domestic or international PIC/S GMP and According to the regulations of ICH International Pharmaceutical Regulatory Association, the commissioned pharmaceutical factory must also pass the inspection and approval of the local health authority. The company provides medicines that	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		meet social expectations with strict high standards, and truly strives for sustainable development of medicines that patients want to use. The company selects reputable domestic and foreign pharmaceutical companies for marketing authorization. Marketing and labeling are in compliance with the regulatory requirements of drug certificate issuing agencies in various countries. For example, all ingredients of the product are marked on the product leaflet to assist patients and medical staff to judge Whether the ingredients are allergic to the patient, in order to maintain the drug safety of the patient. The company's main suppliers are domestic and foreign pharmaceutical research and development service companies and medical colleges and universities, which belong to the industry that pays attention to the environment and society. Before the cooperation, the company fully informs all suppliers that they must abide by the company's honesty policy, provide reasonable quotations, best quality and services, and both parties work together to enhance corporate social responsibility. When signing a contract with a major supplier, the content includes that the supplier should meet or exceed the minimum legal requirements when performing the contractual obligations.	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✓	The company has not yet compiled a sustainability report and other reports that disclose the company's non-financial information, but the company will continue to practice sustainable development and formulate relevant policies depending on the situation.	The company is currently still committed to developing new drugs and completing external authorizations to create shareholder value. At present, the preparation is not considered, and future plans will be made according to actual needs.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations:				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
The company has established a "Code of Practice for Sustainable Development", and its operation is roughly the same as the "Code of Practice for Sustainable Development of Listed OTC Companies".				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: (1) New drug development is a knowledge-intensive and high-risk industry. Inheriting practical experience in new drug development and shortening the distance between industry and academies are the key factors for the success of Taiwan's biotechnology industry. Colleagues of the company have been teaching in the Department of Biomedical Sciences for 7 years, sharing new drug development experience and career planning courses. There are 1 class of 2 hours in 2022, and a total of 6 classes of 12 hours in 2021. (2) The company participated in the public welfare donation activity of "Recycled Computer Hope Project" to implement the core value of environmental sustainability.				

Note：The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

(VII) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				No major differences yet.
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		The company has formulated the "Code of Ethical Conduct for Directors and Managers", "Code of Integrity Management" and "Guidelines for Operation Procedures and Behaviors of Integrity Management" and published them on the company website as the basis for the company's board of directors and management to implement the policy of integrity management. The ninth session of the board of directors and the management have signed a statement of integrity management in July 2021, promising to actively implement integrity management.	
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct;	✓		The company has established a "ethical code of conduct, and organizes education, training and publicity for employees to fully understand the company's determination to operate with integrity and the consequences of dishonest behavior.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?			When new employees report for duty, inform the company of relevant regulations. If there is any violation, they will be punished by the company. In serious cases, the employment contract will be terminated.	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program,implement it, and regularly review and revise the plan?	✓		The company has a "Code of Ethical Conduct" and related internal measures. It has clearly defined the punishment and appeal system for violations, and it has been publicized and implemented through internal and external education and training.	
2. Ethical Management Practice				No major differences yet.
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		The company's manufacturer's basic information sheet or the contract signed with the manufacturer clearly stipulates the terms of honest behavior that the manufacturer should abide by.	
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		The legal compliance and risk control team is responsible for promoting the company's integrity management goals, and reports its implementation to the board of directors at least once a year.	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		If there is a conflict of interest in the business performed, in order to prevent the conflict of interest, the supervisor will be informed first and actively avoided. When there is a conflict of interest in various proposals of the board of directors, the directors must avoid it.	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		The company formulates accounting systems and internal control systems in accordance with relevant laws and regulations. Auditors regularly check compliance and report to the board of directors.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		Organized education and training based on the company's corporate values of "Integrity and Integrity", and invited the Investigation Bureau to educate and publicize all colleagues on "insider trading", "hollowing out trustworthiness", "hype and competition for management rights", and "Business Secret Protection Law" Guide, strengthen the concept of corporate governance, and publicize legal compliance matters that must be paid attention to in daily behavior. In addition, the company strengthens the concept of prevention and control of "insider trading" for insiders and directors according to actual needs.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle- blowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		The company has established the "Prosecution Act for Violations of Integrity Management and Ethical Behaviors". For violations of integrity, internal malpractice and complaints, etc., you can report through the company's reporting mailbox coc@lumosa.com.tw, and the company's legal compliance and risk The prosecution team is responsible for accepting and keeping the identity of the whistleblower and the contents of the whistleblower strictly confidential.	No major differences yet.
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The company's website has set up a special area for integrity management to publicize and disclose information about the company's integrity management.	No major differences yet.
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: No major differences yet.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): (1) The company abides by the relevant laws and regulations of the competent authorities such as the Company Law and the Securities Exchange Law, as the basis for implementing honest management.				

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(2) The company's "Board of Directors' Rules of Procedure" stipulates that directors who have an interest in the meeting matters with themselves or the legal person they represent, which may harm the interests of the company, may state their opinions and answer questions, and shall not participate in discussions and votes, and discuss and shall be abstained from voting, and shall not exercise its voting rights on behalf of other directors. (3) The company has formulated the "Management Measures for Handling of Internal Material Information and Preventing Insider Trading", which stipulates that those who know the company's undisclosed internal material information shall not disclose it to others and pay attention to avoiding insider trading. (4) The company continues to strengthen five core values: Risk-taking, Integrity, Creativity, Customer-focused, and Accountability. "Integrity and integrity" is the most important core value of our company's corporate culture. Since 2019, the specific performance of the core values of colleagues has accounted for 20% of the annual performance score. The company will continue to promote and implement the company's high-standard professional ethics culture.				

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

The company has formulated the "Code of Practice for Corporate Governance", "Code of Integrity Management", "Guidelines for Operating Procedures and Behaviors of Integrity Management", "Code of Ethical Conduct for Directors and Managers", "Code of Practice for Sustainable Development", "Procedures for Shareholders' Meetings" Operational procedures such as "Rules", "Board of Directors' Procedures", "Group Enterprises, Specified Companies and Related Person Transaction Operational Procedures", "Related Financial Business Operational Regulations between Related Enterprises" and "Internal Control System" have been operated in accordance with the spirit of corporate governance And the implementation of relevant corporate governance norms, the future will strengthen the operation of corporate governance.

The company's "Corporate Governance Code of Practice", "Code of Integrity Management", "Code of Practice for Sustainable Development", "Rules of Procedures for Shareholders' Meetings", "Standards of Procedures for Board of Directors Meetings", and "Related Operational Regulations for Financial Business among Affiliated Enterprises" are available at Inquiry about the relevant regulations and rules of corporate governance of the Public Information Observatory.

(IX) Other information material to the understanding of corporate governance within the Company shall also be disclosed:None.

(X) For disclosing the implementation status of the internal control system, please specify the following information:

Lumosa Therapeutics Co., Ltd.

Statement of the Internal Control System

Date：March 10,2023

The Company's internal control system for 2022 as per the results of our self-assessment is hereby declared as follows:

I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.

II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.

III. The Company judges whether the design and implementation of the internal control system are effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.

IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding of the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.

VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on March 10, 2023. Among the all directors present in person,none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Lumosa Therapeutics Co., Ltd.

Chairman and General Manager： Jung Chin Lin

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

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

1.Important Resolutions of the 2022 Annual General Meeting of Shareholders (Meeting Date: May 24, 2022)

(1) 2021 annual business report and financial report.
Implementation status: the resolution was passed.

(2) The 2021 loss appropriation proposal.
Implementation status: the resolution was passed.

(3) Amendments to some articles of the "Articles of Association".
Implementation status: Announced on the company's website and handled in accordance with the revised procedures.

(4) Amendments to some of the texts of the "Procedures for Acquisition or Disposal of Assets".
Implementation status: Announced on the company's website and handled in accordance with the revised procedures.

(5) Handle the case of cash capital increase and issuance of new shares by means of private placement。
Implementation status: the resolution was passed.

(6) Removal of restrictions on directors' non-competition.
Implementation status: the resolution was passed.

2. The important resolutions of the board of directors in 2022 and as of the date of publication of the annual report are as follows：

Date	Important Resolution
2022.01.21	1.The company and Yusheng Management Consulting Co., Ltd. signed the "Agreement on Joint Employment of High-Level Talents for Career Development" 2. The company's case of hiring a financial supervisor 3. Appointment of the spokesperson of the company
2022.03.04	1.The company signed the "Consulting Service Agreement" with Bosheng Biomedical Co., Ltd. 2.The case of signing the "Entrusted Service Contract" between the company and Bosheng Biomedical Co., Ltd. 3.The company amended some articles of the "Articles of Association" 4.The company amended part of the text of the "Procedures for Acquisition or Disposal of Assets" 5.The company amended some articles of the "Corporate Governance Code of Practice" 6.The company amended some of the texts of the "Code of Practice for Sustainable Development" 7. The company's 2021 "evaluation of the effectiveness of the internal control system" and the "statement of the internal control system" case 8. The company's 2021 annual financial report and business report 9. The company's2021 loss supplement plan 10. The company handles the case of cash capital increase and issuance of new shares by means of private placement 11. Removal of restrictions on directors' non-competition 12. Matters related to convening the 2022 Annual General Meeting of Shareholders of the Company 13. The company's 2022 annual visa accountant remuneration case
2022.04.22	1.The company's 2021 annual shareholders' meeting passed the private placement case and will not continue to handle the case
2022.05.09	1. The company's consolidated financial report for the first quarter of 2022
2022.05.31	1.The company and Skyline Vet Pharma Inc. signed the "Exclusive Authorization of LT1001 Long-acting Pain Relief Injection Animal Drugs" supplementary agreement 2. Amendments to the Company's "Administrative Measures for Duty Authorization"
2022.08.09	1.The company and Pakistani AJM Pharma Pvt. Ltd. signed the "LT1001 Long-acting Pain Relief Injection Pakistan Exclusive Authorization Agreement" case 2.The company and Skyline Vet Pharma Inc. signed the "Exclusive Authorization of LT1001 Long-acting Pain Relief Injection Animal Drugs" supplementary agreement 3.Transfer of the second GMP factory for LT3001 clinical trials 4.The company's consolidated financial report for the second quarter of 2022 5.The company amended some articles of the "Corporate Governance Code of Practice"
2022.09.29	1.The case of the company's transfer of "exosomes from stem cells (Exosomes from Stem Cells) disease treatment technology" to Haosheng Biomedical Co., Ltd. 2.The joint investment between the company and Shengde Pharmaceutical Co., Ltd. in Haosheng Biomedical Co., Ltd. 3.The case of signing the "Entrusted Service Contract" between the company and Haosheng Biomedical Co., Ltd. 4.The company and Shanghai Baoji Pharmaceutical Co., Ltd. signed an agreement

Date	Important Resolution
	on the amendment of the "Entrusted Service Agreement" 5.The related party contract signed with Yongxin Bio-Pharmaceutical Co., Ltd. 6.The related party contract signed with Bosheng Biomedical Co., Ltd. 7.The related party contract signed with Shengde Pharmaceutical Co., Ltd.
2022.11.09	1.The company's consolidated financial report for the third quarter of 2022 2.The 2023 annual audit plan of the company (including subsidiaries) 3. The company re-established the "Management Measures for Internal Material Information and Prevention of Insider Transactions" and revised the internal control system of "Management of Internal Material Information and Prevention of Insider Transactions" and internal control implementation rules 4. Office leasing case of Haosheng Biomedical Co., Ltd. 5. Signed an entrusted test contract with Yongxin Biomedical Co., Ltd.
111.12.23	1.The company's 112 year operating plan and annual budget 2.The company and AJM Pharma Pvt. Ltd. of Pakistan signed the "LT1001 Long-acting Pain Relief Injection Pakistan Exclusive License Agreement" case 3.Formulate the company's "Risk Management Policies and Procedures" proposal 4.The second production case of LT3001 clinical trial drug Yongxin Factory 5.Signing an entrusted test contract with Yongxin Bio-Pharmaceutical Co., Ltd. 6.Entrusted Yongxin Biomedical Co., Ltd. to implement the optimization and development project of exosome process 7.The company's information system use and service contract 8.The case of termination of the "Entrusted Service Contract" between the Company and Bosheng Biomedical Co., Ltd.
2023.03.10	1.2022 Annual financial report and business report 2.2022 Annual Loss Appropriation Proposal 3.2022 Annual "Evaluation of the Effectiveness of the Internal Control System" and "Statement of the Internal Control System" 4.Revision of some articles of the "Rules of Procedure of the Board of Directors" 5.Amendments to some articles of the "Rules of Procedure for Shareholders' Meetings" 6.The private placement case passed by the shareholders' meeting in 2022 did not continue to be handled 7. Handling the case of cash capital increase and issuance of new shares by means of private placement 8.The company’s issuance of new shares restricting employees’ rights 9.Proposal for additional election of independent directors 10. Nomination of 2023 co-opted list of candidates for independent directors 11. Matters related to convening the 2023 Annual General Meeting of Shareholders of the Company 12.The case of changing the company's certified accountant 13.2023 Annual visa accountant remuneration and its independence and suitability assessment 14.The company's "Enterprise Process Management System Use and Service Contract" case 15.The case of signing the "entrusted service contract" between the company and Shengde Pharmaceutical Co., Ltd. 16. The company and Yongxin Biomedical Co., Ltd. signed an entrusted test contract 17. Production case of LT3001 clinical trial drug Yongxin Factory

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

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

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Accountant and Treasurer	Li-Fang Pan	2015.05.04	2022.01.31	personal career planning resignation
Deputy General Manager of Product and Intellectual Property Development Department	Chih-Kuang Chou	2014.09.01	2022.06.10	retire

V. Information on CPA (External Auditor) Professional Fees

(I) Accountants' fees

Unit: NT$ Thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Pricewaterhouse Coopers,	Shu-Fen, Yu Sheng-Wei, Teng	2022.01.01~2022.12.31	2,100	16	2,116	Note

Note：Binding and mailing costs for non-audit public funds

(II) The non-audit public fee paid by the company to the certified accountant, the firm to which the certified accountant belongs, and its affiliates is more than a quarter of the audit fee: Not applicable.

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

(IV) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: Not applicable.

VI. Information on replacement of Certified Public Accountant (CPA):

Not applicable.

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

VIII.Changes in shareholding and pledge of stock equity by directors and major shareholders:

(I) Shareholding changes of directors, managerial officers and major shareholders:

Title	Name	2022		From the current fiscal year up April 2,2023	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
Chairman, General Manager, Chief Executive Officer and Major Shareholder	Center Laboratories, Inc.	—	—	—	—
	Jung-Chin Lin	—	—	—	—
Director and Major Shareholder	Center Laboratories, Inc.	—	—	—	—
	Wann-Lai Cheng	—	—	—	—
Director	BioEngine Technology Development Inc.	—	—	—	—
	Su-Chi Wang	—	—	—	—
Director	順晟藥品有限公司	—	—	—	—
	De-Fu Hsieh	—	—	—	—
Director	Chung Hao Tasi	—	—	—	—
Director	Syue-Ling Wang	—	—	—	—
Independent director	Chih Hsiung Wu	—	—	—	—
Independent director	Chih Yung Chin	—	—	—	—
Independent director	Hai I Ma	—	—	—	—
Product and Intellectual Property Development Office Deputy General Manager (Note 1)	Chih-Kuang Chou	150,000	—	—	—
Clinical R&D Office Senior Associate	Hui-Yuan Kuo	(2,000)		—	—
New Drug Development Office Senior Associate	Nai-Jing Liou	—	—	—	—
New Drug Development Office Associate (Note 2)	Shu-Hua Li	—	—	—	—
Preclinical R&D Office associate	Sheng-Wen Yeh	20,000	—	(18,000)	—
Head of Finance and Accounting (Note 3)	Li-Fang Pan	—	—	—	—
	Chia-Chi Yang	—	—	—	—
Audit supervisor	Min-Chia Hund	—	—	—	—

Note 1：June 10,2022Retire。

Note 2：July 1,2022on duty。

Note 3：January 31,2022 Li-Fang Pan Resign，February 1,2022 Chia-Chi YangAppointed as Finance and Accounting Supervisor。

(II) Directors, managers, and shareholders who hold more than 10% of the shares are related to the transfer of equity：No such case.

(III)Directors, managers, and shareholders who hold more than 10% of the shares are pledged

relatives who are related parties：No such case.

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

April 2,2023

Name	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the names of others		Name and relation in case of the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship.		Remarks
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
Center Laboratories, Inc.	54,068,631	33.15%	-	-	-	-	-	-	-
Su-Chi Wang	38,774	0.02%	-	-	-	-	-	-	-
Xinyu Investment Co., Ltd.	6,890,000	4.22%	-	-	-	-	-	-	-
Zhao Wenjia	-	-	-	-	-	-	-	-	-
shun tendo pharmaceutical co., ltd.	6,761,123	4.15%	-	-	-	-	-	-	-
Lu Daolong	134,260	0.08%	-	-	-	-	-	-	-
Farglory Life Insurance Co., Ltd.	3,647,656	2.24%	-	-	-	-	-	-	-
Meng Jiaren	-	-	-	-	-	-	-	-	-
China Trust Commercial Bank is trusted by the Small and Medium Enterprises Department of the Ministry of Economic Affairs	2,936,000	1.80%	-	-	-	-	-	-	-
Yuanta One Venture Capital Co., Ltd.	2,060,000	1.26%	-	-	-	-	-	-	-
Chen Qizhang	-	-	-	-	-	-	-	-	-
BioEngine Technology Development Inc.	1,888,169	1.16%	-	-	-	-	-	-	-
Jung-Chin Lin	979,942	0.60%	-	-	-	-	O, Li-Chu	spouse	-
Lirong Technology Co., Ltd.	1,326,125	0.81%	-	-	-	-	-	-	-
O, Li-Chu	-	-	-	-	-	-	Lin, Jung Chin	spouse	
Dongshenghua Pharmaceutical Co., Ltd.	1,315,000	0.81%	-	-	-	-	-	-	-
Lin Quan	-	-	-	-	-	-	-	-	-
Lai Shumei	1,183,703	0.73%	-	-	-	-	-	-	-

X. The number of shares held by the company, the company's directors, managers and its directly or indirectly controlled business toward the same investment businesses, as well as the combined calculated shareholding percentage:

April 2,2023；Number of shares: thousand shares

Companies invested	By the Company		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by this Company		Overall investment	
	Shares	%	Shares	(%)	Shares	(%)
Lumosa Therapeutics Co., Ltd. (Cayman)	1,145	100%	—	—	1,145	100%
上海晟順生物科技有限公司	(註)	100%	—	—	(註)	100%
Cytoengine Co., Ltd.	7,500,000	60%	5,000,000	40%	12,500,000	100%

Note：It is a limited company, so there is no number of shares

Chapter 4.Capital Overview

I. Capital and shares:

(I) Class of the shares held up to the date of publication of the annual report

March 31, 2022 (Unit: In thousands of New Taiwan Dollars/share)

Year/Month	Issue price	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
March 2022	12.5	300,000	3,000,000	163,197.8	1,631,978	Employee share option certificate conversion NT$450,000	None	Note 1
March 2022	0	300,000	3,000,000	163,132.8	1,631,328	Restricting employees' rights, cancellation of new shares, recovery of NT$650,000	None	Note 1
June 2022	0	300,000	3,000,000	163,077.8	1,630,778	Restricting employees' rights, cancellation of new shares, recovery of NT$550	None	Note 2
December 2022	12.5	300,000	3,000,000	163,097.8	1,630,978	Employee share option certificate conversion NT$200	None	Note 3
March 2023	12.5	300,000	3,000,000	163,120.8	1,631,208	Employee share option certificate conversion NT$230	None	Note 4
March 2023	0	300,000	3,000,000	163,112.8	1,631,128	Restricting employees' rights, cancellation of new shares, recovery of NT$80	None	Note 4

1. Only information for the last year and up until the publication date of this annual report is shown.
2. Note the validity (approval) date and literature for fund increase.
3. Shares issued in value lower than the par value shall be labeled through visible means.
4. Monetary liabilities and technology offsetting shares shall be described with the type and amount of offset indicated.
5. Private placement requires visible marking.

Note 1：Approval letter number of the Ministry of Economic Affairs: Jingshangzi No. 11101076520

Note 2：Approval letter number of the Ministry of Economic Affairs: Jingshangzi No. 11101161410

Note 3：Approval letter number of the Ministry of Economic Affairs: Jingshangzi No. 11230048840

Note 4：After the board of directors approves the first-quarter employee stock option proposal and the cancellation and withdrawal of new shares that restrict employee rights, a benchmark date is set for change registration.

April 2, 2023 (Unit: shares)

Class of shares	Authorized Share Capital			Remarks
	Outstanding shares	Unissued shares	Total	
common shares	163,120,825	136,879,175	300,000,000	Unlisted or OTC stocks Information on the comprehensive reporting system: None

(II) Shareholder structure

April 2, 2023

Shareholder structure / Quantity	Government institutions	Financial institutions	Other institutions	Foreign institutions & foreigners	Natural persons	Total
Headcount	—	1	53	11	7,216	7,281
Number of shares held	—	3,647,656	82,589,307	388,183	76,495,679	163,120,825
% of shareholding	—	2.24%	50.63%	0.23%	46.90%	100.00%

Note：Foreign institutions or foreigners do not have mainland-owned shares

(III)Shareholding distribution status

April 2, 2023

Shareholding grading	No. of shareholders	No. of shares held	% of shareholding
1～999	726	128,243	0.08%
1,000～5,000	4,756	9,471,366	5.81%
5,001～10,000	725	5,793,566	3.55%
10,001～15,000	266	3,390,094	2.08%
15,001～20,000	174	3,204,996	1.97%
20,001～30,000	192	4,867,494	2.98%
30,001～40,000	95	3,387,726	2.08%
40,001～50,000	59	2,729,997	1.67%
50,001～100,000	129	9,180,218	5.63%
100,001～200,000	82	11,386,801	6.98%
200,001～400,000	37	9,955,458	6.10%
400,001～600,000	20	9,616,986	5.90%
600,001～800,000	6	4,107,961	2.52%
800,001～1,000,000	3	2,682,292	1.64%
1,000,001 以上	11	83,217,627	51.01%
Total	7,281	163,120,825	100.00%

Note:The Company has not issued any preferred stock.

(IV)List of major shareholders: (Name, number of shares held by and shareholding ratio of the shareholders whose shareholding ratio is more than 5% or among top ten shareholders)

April 2, 2023

Names of major shareholders	No. of shares held	% of shareholding
Center Laboratories, Inc.	54,068,631	33.15%
Xinyu Investment Co., Ltd.	6,890,000	4.22%
shun tendo pharmaceutical co., ltd.	6,761,123	4.15%
Farglory Life Insurance Co., Ltd.	3,647,656	2.24%
China Trustee Bank is trusted by the Small and Medium Enterprises Department of the Ministry of Economic Affairs	2,936,000	1.80%
Yuanta One Venture Capital Co., Ltd.	2,060,000	1.26%
BioEngine Technology Development Inc.	1,888,169	1.16%
Lirong Technology Co., Ltd.	1,326,125	0.81%
Dongshenghua Pharmaceutical Co., Ltd.	1,315,000	0.81%
Lai Shumei	1,183,703	0.73%

(V) Information on market price, net value, earnings and dividends per share in the recent two years

Unit: NT$; share

Item \ Year			2021	2022
Market value per share (Note 1)	Highest		47.15	45.15
	Lowest		29.95	33.45
	Average		38.24	38.52
Net value per share (Note 2)	Before distribution		13.05	10.03
	After distribution		13.05	10.03
Earnings per share (Note 3)	Weighted average shares		150,647 仟股	162,401 仟股
	Earnings per share (Note 9)		0.64	(3.05)
Dividends per share	Cash dividends		—	—
	Stock grants	Stock dividends from retained earnings	—	—
		Stock dividend for capital reserve	—	—
	Cumulative unpaid dividends (Note 4)		—	—
Price-earnings	(P/E) Ratio (Note 5)		54.7	Note 10
	Price-dividend ratio (Note 6)		Note 10	Note 10
	Dividend yield (Note 7)		Note 10	Note 10

Note 1.Denotes the highest common shares and lowest market value for each year, calculated for the average annual market value for the trading value of each year and the trading volume.

Note 2. Please fill in the information based on the number of outstanding shares at the end of the year

and how they are going to be distributed according to the resolution of the annual shareholders' meeting of the next year of the year when the Board of Directors meeting is held.

Note 3. In the event of free allotment and requires tracing for adjustment, each EPS shall be listed before and after adjustment.

Note 4. In case the condition of outstanding equity security is distributed according to the undistributed dividends of that year accumulated to the year with surplus, the cumulative unpaid dividends of that year shall be disclosed respectively.

Note 5. Price-Earnings Ratio＝Current average closing price per share ／EPS

Note 6. Price-Earnings Ratio＝Current average closing price per share ／Cash dividend

Note 7. Cash Dividend Yield＝Cash dividend／Current average closing price per share

Note 8. Each net value and EPS shall be filled to the print date of annual report with the data attested (reviewed) by the CPA in last quarter. The other columns should also be filled up to the current year data as of the print date of the annual report,

Note 9.As of December 31, 2021 and December 31, 2022, the company had accumulated losses, and there was no situation where the net value per share and earnings per share had to be adjusted retrospectively, such as allotment of shares without compensation.

Note 10.2021 and 2022 are accumulated losses and no cash dividends have been issued, so they are not applicable.

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

1. The dividend policy defined by the Articles of Incorporation

If the company's annual final accounts have after-tax net profit, it should first make up for the accumulated losses (including adjusting the amount of undistributed surplus), and then add 10% to the statutory surplus reserve, but the statutory surplus reserve has reached the company's paid-in capital The time limit is not limited to this; in addition, after the special surplus reserve is allocated or reversed according to the needs and laws and regulations, if there is still surplus and undistributed surplus at the beginning of the same period, the board of directors shall prepare a surplus distribution plan and submit it to the shareholders' meeting for resolution.

In order to improve the financial structure and take into account the rights and interests of investors, the company adopts a dividend balance policy. The principle of surplus distribution is not less than 50% of the distributable surplus for the current year. Distribute cash dividends above ten. If the dividends distributed in the current year are less than three yuan, the stock dividends will be distributed in full.

2.Dividend distribution proposed for the annual general meeting:

The company's 2022 final accounts were losses after tax, and there are still accumulated losses, so there is no dividend distribution case this year.

3.Please specify any material changes in the expected dividend policy: None.

(VII) Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at This Shareholders' Meeting: The Company did not compile a financial forecast for this year, it is thus not applicable.

(VIII)Remuneration for employees and directors

1.The ratio or range of remuneration for employees, directors and supervisors as stated in

the company's articles of association

If the company makes a profit in the year (the so-called profit refers to the profit before tax deducting the distribution of employee remuneration and directors and supervisors' remuneration), 2%~6% should be allocated for employee remuneration and no more than 2% for directors and supervisors' remuneration . However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and appropriate the rest according to the proportion in the preceding paragraph.

The remuneration of employees referred to in the preceding paragraph can be paid in stock or cash, and the remuneration of directors and supervisors can only be paid in cash, which shall be decided by the board of directors and reported to the shareholders' meeting.

2.The basis for the estimation of the remuneration of employees, directors and supervisors in the current period, the basis for calculating the number of shares of employee remuneration distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount

The company still has accumulated losses in its 2022 accounts, so the amount of employee and director remuneration has not been estimated.

3. Distribution of remuneration adopted by the Board of Directors

The company still has accumulated losses in its 2022 account, so it is not applicable.

4.The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor remuneration, additionally the discrepancy, cause, and how it is treated.

The company still has accumulated losses in its 2022 account, so it is not applicable.

(IX) Status of a company repurchasing its own shares for the most recent year and the period up to the annual report publication date:None.

II. Handling of corporate bonds, special shares, overseas depositary receipts, employee stock option certificates, and new shares with restricted employee rights

(I) Corporate bonds：None.

(II) Preferred shares: None.

(III) Global depository receipts: None.

(IV) Employee stock options:

1.The status of the company's unexpired employee stock option certificates and its impact on shareholders' rights and interests

Unit: NT$; share

Type of employee share subscription warrants	The 1st employee share subscription warrants issued in 2015
Effective registration date and total number of units	NA
Issue (handling) date	2015.03.30
Number of units issued	4,915 units (1 unitsrecognizable1,000 shares)
Number of subscription shares to be issued as a percentage of issued shares total ratio	5.84%
Duration	8 years
subscription period	2017.03.30~2023.03.29
Exercise method	Issuance of new shares
Vesting period and percentage (%)	Expiry 2 years: 50% subscription Expiration of 3 years: every month of expiry, the cumulative maximum exercisable ratio increases to 1/24 Expiry of 4 years: 100% subscription
Number of shares subscribed through exercise of the warrants	3,714,000 shares
Amount of the shares subscribed through exercise of the warrants (NT$)	NT$ 46,425,000
Number of unexercised shares	0 share
Subscription price per share of the unexercised shares	NT$12.5 share
Ratio of the number of unexercised shares to the total number of issued shares (%)	0.00%
The effect on shareholders' equity	no major impact

Note 1：When the company issued the employee stock option certificate, it was a non-public offering company, and it was issued after the resolution of the board of directors was passed in accordance with Article 167-2 of the Company Law.

Note 2：Employees resigned, giving up subscription of 1,201 units in total.

2.Names of the manager who obtained the employee stock option certificate and the top ten employees who obtained the stock option certificate and the number of shares that can be subscribed, and the status of acquisition and subscription

April 2,2023

	Job title (Note 1)	Name	Number of shares subscrib-able from exercise of warrants granted	Ratio of the number of shares subscrib-able from the exercise of warrants granted to the total number of issued shares (Note 4)	**Exercised (Note 2)**				**Unexercised (Note 2**			
					Number of shares	Exercise price (Note 5)	Total exercise price	Ratio of the number of exercised shares to the total number of issued shares (Note 4)	Number of shares	Exercise price (Note 5)	Total exercise price	Ratio of the number of exercised shares to the total number of issued shares (Note 4)
manager	General Manager and CEO (resigned)	Huang Wenying	7,090	4.35%	6,894	NT$12.5	86,175,000	4.23%	0 (Note 7)	NT$12.5	0	0%
	Deputy General Manager (resigned)	He Mengxin										
	Deputy General Manager (resigned)	Zhou Zhiguang										
	Senior Associate	Guo Huiyuan										
	Senior Associate (resigned)	Zhuang Xinyi										
	Financial Supervisor (resigned)	Pan Lifang										
	Audit supervisor (resigned)	Xie Shujuan										

Staff (Note 3)	senior manager	Ye Shengwen	3,100	1.90%	2,550	NT$12.5	31,875,000	1.56%	0 (Note 7)	NT$12.5	0	0%
	Manager (retired)	Guo Tunxun										
	Manager (retired)	Ye Ziling										
	Manager (retired)	Gu Meiyun										
	The High Commissioner (resigned)	Huang Wenjuan										
	assistant manager	Guo Shuwei										
	assistant manager	Xiao Wenkai										
	Assistant Manager (retired)	Xu Shuyu										
	assistant manager	Lai Bocheng										
	Researcher (retired)	Cai Xinzhi										

Note 1: The names and job titles of the managerial officers and employees should be presented individually (and an annotation should be made in the event an officer or employee has departed the company or died), but the quantities acquired and subscribed may be presented in aggregate sums.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: The top ten employees who have acquired share subscription warrants means employees other than managerial officers.

Note 4: The total number of issued shares means the number of shares in the amendment registration information on record with the Ministry of Economic Affairs.

Note 5: For exercised employee share subscription warrants, disclose the exercise price at the time of exercise.

Note 6: For unexercised employee share subscription warrants, disclose the adjusted exercise price as calculated based on the issuance rules.

Note7：The manager resigned and gave up subscription of 196 units accumulatively; the employee resigned and gave up subscription of 550 units accumulatively.

(V) New restricted employee shares

1.Handling of IPOs that have not fully met the vested conditions and the impact on shareholders' rights and interests

April 2,2023

Type of new restricted employee shares	The 1st e new restricted employee shares issued in 2015
Effective registration date and total number of shares	2021.04.14
Issue date(Note 2)	2021.07.09
Number of new restricted employee shares issued	900,000
Number of new restricted employee shares still available for issuance	100,000
Issue price	0 元
Ratio of the number of new restricted employee shares issued to the total number of issued shares	0.59%
Vesting conditions of the new restricted employee shares	After the employee has been allocated new shares with restricted employee rights, when he is still working and the company achieves the "operational target performance", he can obtain shares in multiples. "Operation target performance" refers to the company's fulfillment of the following conditions: (1)When the LT3001 stroke project signs a U.S. authorization contract and recognizes the signing fee income of at least NT$100 million, it can acquire 30% new shares with restricted employee rights. (2)From the year when new shares were issued with restricted employee rights to the 2015 of the Republic of China, when the net profit for the current period of the first single fiscal year "account item 8200 net profit for the current period" in the income statement is greater than 0 (profit and loss balance), 35% restricted employees can be vested Rights new shares. (3)From the year of issuance of new shares with restricted employee rights to the 114th year of the Republic of China, when the basic earnings per share for the first single accounting year reaches 1.5 yuan, 35% of the new shares with restricted employee rights can be vested. Whether or not the performance of the above-mentioned business objectives have been achieved and when they are obtained shall be based on the date of the financial report audited or reviewed by the accountant annually.
Restrictions on rights in the new restricted employee shares	(1)The new shares with limited employee rights shall not be sold, pledged, transferred, gifted to others, guaranteed or otherwise disposed of. (2)Voting rights at the shareholders' meeting: the same as other ordinary shares of the company. (3)Shareholder allotment (subscription) rights and dividend distribution rights: the same as other ordinary shares of the company. Employees can receive cash dividends and stock dividends distributed by the company, and the distributed cash dividends and stock dividends are deemed to have met the vested conditions, and do not need to be delivered to trust custody.

	(4)After the new shares with restricted employee rights are issued, they should be delivered to the trust immediately and before the vested conditions are fulfilled, employees shall not request the trustee to return the new shares with restricted employee rights for any reason or in any way.
Custody of the new restricted employee shares	All are kept in trust
Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares	The company takes back its shares for free and cancels them, but employees do not need to return or pay back the allotment or dividends derived from it.
Number of new restricted employee shares that have been retired or bought back	238,000
Number of new restricted shares that have vested	0
Number of unvested new restricted shares	662,000
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0.41%
The effect on shareholders' equity	no major impact

2.Names and Acquisition Status of Managerial Officers Who Have Acquired New Restricted Employee Shares and the Top Ten Employees (Ranked by the Number of Restricted Shares Acquired) Who Have Acquired New Restricted Employee Shares

April 2,2023

	Job title (Note 1)	Name	Number of new restricted employee shares granted	Ratio of the number of new restricted employee shares granted to the total number of issued shares (Note 4)	**Vested Restricted Shares (Note 2)**				**Unvested Restricted Shares (Note 2)**			
					Number of vested shares	Issue price	Total purchase price	Ratio of the number of vested restricted shares to the total number of issued shares (Note 4)	Number of unvested shares	Issue price	Total purchase price	Ratio of the number of unvested restricted shares to the total number of issued shares (Note 4)
Managerial officers	Deputy General Manager	Zhou Zhiguang (Note 8)	650,000	0.40%	0	0	0	0%	650,000	0	0	0.40%
	Senior Associate	Zhuang Xinyi (Note 6)										

	Senior Associate	Liu Naijing										
	Senior Associate	Guo Huiyuan										
	associate	Li Shuhua (Note 5)										
	associate	Ye Shengwen										
	Financial Supervisor	Pan Lifang (Note 7)										
Employees (Note 3)	manager	Ban Tao										
	manager	Ye Ziqi	130,000	0.08%	0	0	0	0%	130,000	0	0	0.08%
	Assistant Manager	Lin Yixuan										

Note 1: The names and job titles of the managerial officers and employees should be presented individually (and an annotation should be made in the event an officer or employee has departed the company or died), but the quantities acquired and subscribed may be presented in aggregate sums.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: The top ten employees who have acquired new restricted employee shares means employees other than managerial officers.

Note 4: The total number of issued shares means the number of shares in the amendment registration information on record with the Ministry of Economic Affairs.

Note 5：2021.08.01 transfer group company。

Note 6：2021.09.30 resign。

Note 7：2022.01.31 resign。

Note 8：2022.06.10 retire。

III.Handling of mergers and acquisitions or transfer of shares from other companies to issue new shares

(I) Those who have completed mergers and acquisitions in the most recent year and as of the date of publication of the annual report, or issued new shares by transfer of shares from other companies, shall disclose the following matters

1.A company whose stock has been listed on the stock exchange (hereinafter referred to as a listed company) or whose stock has been approved to be listed on the stock exchange in accordance with Article 3 or Article 3 of the Review Guidelines for Securities Trading in Securities Firms Business Offices of the Over the Counter Securities Exchange Center of the Republic of China Companies that are traded in commercial places (hereinafter referred to as OTC companies) should disclose the evaluation opinions issued by the lead securities underwriter who acquired or transferred shares from other companies to issue new shares in the latest quarter

The company has no mergers and acquisitions or transfer of shares from other companies to issue new shares in the most recent year and as of the date of publication of the annual report, so it is not applicable.

2.In addition to the companies currently required, the implementation status of the latest quarter shall be disclosed. If the implementation progress or benefits fail to meet the expected goals, the impact on shareholders' rights and interests and improvement plans shall be explained in detail：Not applicable.

(II) In the most recent year and as of the date of publication of the annual report, if the board of directors has passed a resolution to acquire or transfer shares of another company to issue new shares, the implementation status and basic information of the acquired or transferred company shall be disclosed. In the process of mergers and acquisitions or the transfer of shares from other companies to issue new shares, the implementation status and impact on shareholders' rights and interests should be disclosed：No such thing.

IV.Implementation of Fund Utilization Plan

The content and implementation status of the previous issuance or private placement of securities that have not been completed or have been completed within the last three years and the benefits of the plan have not yet manifested:

If the actual completion date of the company's previous fundraising and issuance and private placement of securities plans has not exceeded three years, it is the cash capital increase in 2021, the first private placement of ordinary shares in 2020, and the second private placement of ordinary shares in 2020. The relevant content and implementation of the issuance plan are explained as follows;

The cash capital increase in 2021

(I) The total amount of funds required for this project：560,000,000.

(II) Sources of funds for this round：

1.This cash capital increase issued 11,000,000 ordinary shares, with a face value of NT$10 per share, and a premium of NT$30 per share, and the total amount raised was 330,000,000,000.

2.Self-owned funds support NT$230,000,000,000.

(III) Planned projects, estimated fund movement progress and expected benefits

On August 18, 2021, the company made a resolution of the board of directors and approved the letter No. 1100356957 of the Financial Supervision and Administration Commission to handle the capital increase in cash. , to reduce the interest cost burden incurred by financing from financial institutions in the event of insufficient funds in the future, thereby strengthening the financial structure and reducing operational risks.

1. Planned Projects and Estimated Fund Utilization Progress

Unit: NT$ thousand

project		Estimated Completion Date	total funding required		Estimated Fund Utilization Progress				
					2021Q4	2022Q1	2022Q2	2022Q3	2022Q4
Sufficient working capital	LT3001 -205	2024 Q1	This fundraising	330,000	—	17,333	32,667	163,333	32,667
			private capital	230,000	70,000	160,000	—	—	—

project		Estimated Fund Utilization Progress				
		2023Q1	2023Q2	2023Q3	2023Q4	2024Q1
Sufficient working capital	LT3001 -205	—	23,333	4,667	46,667	9,333
		—	—	—	—	—

Note：LT3001-205 is LT3001 multi-dose phase II clinical trial (2b, multi-dose, 200 people)

2. expected benefit

The fund required for this project is 560,000,000 yuan, mainly to support the funds for the multi-dose phase II clinical trial (2b, multi-dose, 200 people) of LT3001 (a new ingredient and new drug for the treatment of acute ischemic stroke) in the United States and Taiwan need. The company announced in August 2010 the single-dose phase II clinical trial data of LT3001 (2a, single dose, 24 people), which confirmed the safety of single-dose LT3001 (the main evaluation index, the incidence of symptomatic cerebral hemorrhage within 36 hours), no symptomatic cerebral hemorrhage was found, and the neurobehavioral improvement (secondary evaluation indicators, including Disability Rating Scale (mRS) and National Institutes of Health Stroke Scale (NIHSS)) reached a certain rate. Based on the results of the aforementioned clinical trials, the company plans to further implement a multi-dose phase II clinical trial (2b, multi-dose, 200 people) in the future, which is expected to be carried out in the United States and Taiwan, to evaluate the inapplicable mechanical thrombectomy and rt-Pa treatment The safety and potential efficacy of stroke patients are expected to be completed in the fourth quarter of 2022 and submitted to the US FDA for review. The clinical trial will be launched in the first quarter of 2022. It is reasonable to expect that the trial will be authorized or marketed for LT3001 in the future. As a result, the company's future operation and development should have positive benefits.

(IV) Execution situation

Unit: NT$ thousand

project	Execution situation		2021	2022	Grand total Execution situation	ahead or behind schedule Reason and Improvement Plan
Sufficient working	Amount spent	Reserve	70,000	406,000	476,000	Since the second phase clinical trial

capital		actual	48,657	79,780	128,437	of LT3001 multi-dose was approved by the US FDA in February 2022, the follow-up research and development period was slightly delayed, resulting in a lag in implementation progress. However, the acceptance of subjects has now begun, and the clinical trial is continuing. Unused funds of 431,563,000 yuan are deposited in bank accounts
	Implementation progress	Reserve	12.50%	72.50%	85.00%	
		actual	8.69%	14.25%	22.94%	

(V) Benefit analysis

Unit: NT$ thousand

Items \ year		2021Q1 (Before capital increase)	2021Q4 (After capital increase)
Basic financial information	current assets	1,581,924	1,620,475
	total assets	1,842,161	2,348,695
	Current liabilities	192,865	224,026
	total liabilities	201,662	230,108
financial structure	debt ratio (%)	10.95	9.79
	Ratio of long-term funds to real estate, plant and equipment	83,466.40	129,237.77
solvency	current ratio (%)	820.22	723.34
	quick ratio (%)	775.01	660.16

The 1st private placement of common stock in 2020 and the 2nd private placement of common stock in 2020

(I) The total amount of funds required for this project：955,492,000

(II) Source of funding for this round

1. On November 12, 2021, the board of directors resolved to issue 29,500,000 ordinary shares for private placement, with a par value of NT$10 per share, an issue price of 29 yuan per share, and a paid-in payment of 855,500,000. The full payment was received on November 23, 2021.
2. On March 11, 2021, the board of directors resolved to issue 3,448,000 private placement common shares, with a face value of 10 yuan per share, an issue price of 29 yuan per share, and a paid-in share of 99,992 thousand yuan. The full payment was received on March 19, 2021.

(III) Planned projects, estimated fund utilization progress and estimated possible benefits

On June 9, 2020 the company's general meeting of shareholders passed a resolution to

issue no more than 70,000,000 ordinary shares through private placement for cash capital increase. The funds for the first and second private placements in 2020 and 2020 were used to enrich working capital and improve the financial structure. .

1. Planned Projects and Estimated Fund Utilization Progress

Private placement period	plan project	scheduled completion date	Private placement lump sum	Estimated Fund Utilization Progress (NT$ thousand)							
				2021				2022			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1st	Sufficient working capital	2022 Q4	855,500	80,000	100,000	100,000	120,000	120,000	120,000	115,500	100,000
2nd	Sufficient working capital	2021 Q1	99,992	99,992	-	-	-	-	-	-	-

2. expected benefit

The company's 2020private placement is used to enrich working capital. Through long-term stable capital injection, implement the progress of new drug research and development, plan the scope and speed of human clinical trials, so as to enhance the scale of operation and company value, strengthen the company's financial structure, and benefit The negotiation of future product authorization will be of positive benefit to the company's future operations. .

(IV) Execution situation

1. 1st time in 2020

Unit: NT$ thousand

project	Execution situation		2021	2022	Grand total Execution situation	ahead or behind schedule Reason and Improvement Plan
Sufficient working capital	Amount spent	Reserve	400,000	455,500	855,500	The Phase II clinical trial of LT3001 combined with thrombectomy was slightly delayed due to the lengthy pre-work, but the acceptance of subjects has already begun, and the clinical trial is continuing. Unused funds of NT$343,270,000 are deposited in bank accounts
		actual	323,118	189,112	512,230	
	Implementation progress	Reserve	46.76%	53.24%	100.00%	
		actual	37.77%	22.10%	59.87%	

2. 2nd time in 2020

Unit: NT$ thousand

project	2021 Execution situation	ahead or behind schedule Reason and Improvement Plan

Sufficient working capital	Amount spent	Reserve	99,992	This funding plan has been implemented
		actual	99,992	
	Implementation progress	Reserve	100%	
		actual	100%	

(V) Benefit Analysis

Item \ year		(Before capital increase)2020Q3	(After capital increase)2021
financial structure	debt ratio (%)	19.53	9.79
	Ratio of long-term funds to real estate, plant and equipment	343.82	129,237.77
solvency	current ratio (%)	329.90	723.34
	quick ratio (%)	328.64	660.16

Chapter 5.Operational Overview

I. Business

(I)Scope of Business Involved

1.Main Business Activities

C199990	Unclassified Other Food Manufacturing
C802060	Veterinary Pharmaceuticals Manufacturing
C802990	Other Chemical Manufacturing
F102170	Wholesale of Miscellaneous Food Products
F107070	Wholesale of Veterinary Pharmaceuticals
F107200	Wholesale of Chemical Raw Materials
F108021	Wholesale of Pharmaceuticals
F108031	Wholesale of Medical Devices
F203010	Retail of Miscellaneous Food Products and Beverages
F207070	Retail of Veterinary Pharmaceuticals
F208021	Retail of Pharmaceuticals
F208031	Retail of Medical Devices
F208050	Retail of Class 2 Over-the-Counter Drugs
F401010	International Trades
F601010	Intellectual Properties
I103060	Management and Consulting
I301020	Data Processing and Services
IC01010	Biotechnology Services
IG01010	Research and Development Services
IG02010	Research and Development Services
IZ99990	Other Business Services
ZZ99999	May Engage in Businesses Not Prohibited or Restricted by Laws and Regulations besides Licensed Operations

2.Proportions of Major Products in 2022

Items	Amount (in thousand TWD)	Proportion
Income from out-licensing activities	12,655	47.50%
Income from sales	12,039	45.19%
Income from services	1,948	7.31%

3.Commodity (Service) Offered by the Company

LT1001 Extended-release analgesic injection

Lumosa has completed the out-licensing or distributor agreements for Taiwan, China, Southeast Asia, Ukraine, South Korea, and Jordan by the end of December 2021. Market

approval for LT1001 was received from Taiwan FDA in 2016, that from Singapore HSA in December 2020, that from Thai FDA in December 2021, and that from Malaysian DCA in June 2022. Besides cooperating with licensing and distribution partners in obtaining market approval, the company is also actively seeking out-licensing partners in other regions of the world.

LT3001 Novel treatment for acute ischemic stroke

The single-dose Phase 1 clinical trial in the US, and the single-dose Phase 2 clinical trial in the US and Taiwan were completed. The single-dose Phase 2 trial was unblinded in August 2021. The primary safety endpoint was met, and the results showed pronounced neurological improvement and functional outcomes. Further, the Phase 1 for multiple dose and drug-drug interaction study of LT3001 showed no clinical significant changes in the pharmacokinetic parameters in regards to the medication co-administered along with LT3001 to patients with acute ischemic stroke. Safety data related to dosing frequency was also obtained in the study.

Lumosa has planned for three Phase 2 clinical trials to be conducted in the US, Taiwan, Europe, and China, including multiple-dosing studies of LT3001 to be used alone or in combination with mechanical thrombectomy. Enrollment for two of the multi-national clinical trial conducted by Lumosa was initiated and the subjects were successfully recruited. In addition, the clinical trial led by Shanghai Pharmaceutical, Lumosa's partner in China, was also reviewed and approved by respective Chinese health authorities. The trial will be launched soon. By conducting various trials, Lumosa is exploring various possibilities of LT3001 in terms of therapeutic effects, which will provide stronger support for the subsequent development of international business opportunities and Phase 3 clinical trials.

CS011 Analgesic Injection for Animal Use

Lumosa initiated the re-purpose study on Naldebain® for veterinary use in 2017, and signed a licensing agreement with Skyline Vet Pharma (SVP), a veterinary pharmaceutical development company in the US, for the rights in the US, Canada, Australia, and New Zealand. The agreement was amended in June 2021 where the global right was licensed to SVP. SVP has successfully sublicensed the US regional rights to Phibro group, a pioneer in the animal health industry, to facilitate the launching and the commercialization of CS011 through its expertise in the field of veterinary medicine.

LT2003 Anti-tumor Targeting Fusion Protein

The new drug development platform for the anti-tumor targeting fusion protein was

originally developed by TPG Biologics. The antibody fragment of the fusion protein recognizes tumor markers while the other end has enzymatic activity that can produce high concentrations of cytotoxins at cancer sites to kill cancer cells. LT2003 is the first new drug product developed using this platform. Several pharmacodynamic studies for various tumors were conducted. The result demonstrated significant potential of LT2003 in inhibiting cancer cells. Safety was verified through preliminary primate study.

LT5001 Novel Treatment for Uremic Pruritus

The main ingredient of LT5001 is a kappa-opioid receptor agonist and partial mu-opioid receptor antagonist. The drug is applied topically as an ointment to inhibit the transmission of peripheral nerve signals that cause itching and thus, relieves itchiness. The aim is to provide patients with a safe, effective, and convenient treatment option to improve their quality of life. LT5001 has completed the preclinical studies required for an Investigational New Drug (IND) application and was approved by the Taiwan FDA for a Phase Ib/II clinical trial on dialysis patients. The protocol of the Phase II trial will be amended according to the study results.

To expand the pipeline, Lumosa also in-licensed the exosome technology platform in 2022, taking initiative to invest in the development of cutting-edge technologies, and continuously exploring various potential new drug platforms for a sustainable business model.

4.New Products (Services) to be Developed：Please refer to paragraph (3).

(II)Overview of the Industry

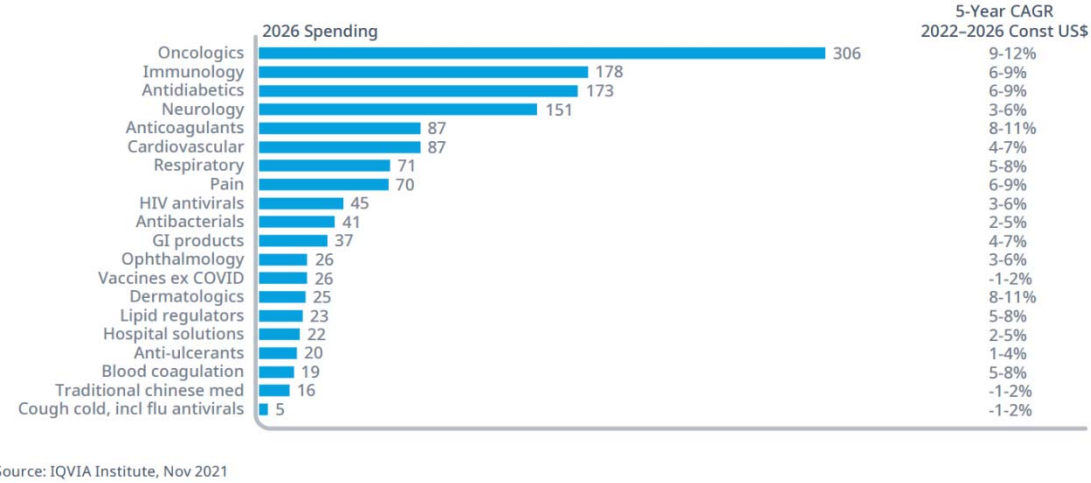
1.Status and Development of the Industry

(1) Global Pharmaceutical Market

The biotech/pharmaceutical industry is a rapidly growing high-tech field that many advanced countries are competing in. With the fast pace of biotechnology advancements, rising living standards, and an aging population, there is an increasing demand for better healthcare and quality of life. This drives the industry’s vast potential for growth, benefiting not only human health and well-being but also creating economic value as a leading sector in global technology. However, the industry has a complex structure with a long value chain and deep division of labor. Product development not only takes a longer time and carries high risks, but it offers high potential in returns if successful. Strategically leveraging unique resources and specializing within the industry’s value chain is crucial for success in the biotech field today. According to the "Global Medicine Spending and Usage Trends: Outlook to 2025" report released by the IQVIA Institute

International Database in April 2021, the global pharmaceutical market will reach USD 1.27 trillion in 2020, with a compound annual growth rate of 4.6% from 2016 to 2020. Also, it is estimated that by 2025, the global pharmaceutical market will grow to USD 1.6 trillion at an annual growth rate of 3-6%. According to the report, the United States, the five EU countries (UK, Germany, France, Italy, Spain), Japan and China will still account for nearly 73.6% of the global pharmaceutical market. IQVIA Institute's "Global Use of Medicine 2022 and Outlook to 2026" release in January 2022, analyzed the global pharmaceutical market segment further. Among the top 20 drugs for treating diseases in the world in 2021, cancer treatment still tops the list, with annual sales reaching USD 167 billion. In addition, it is estimated that by 2026, it will grow to USD 306 billion at a compound annual growth rate of 9-12%. The top ten drug markets include drugs for neurology, cardiovascular diseases and pain.

Forecast of Top 20 Therapeutic Areas in the Global Pharmaceutical Market in 2026



Source：IQVIA Institute 2022/1「The Global Use of Medicine in 2022 and Outlook to 2026 」report

Neurological diseases have long been a major source of social burden, second only to cancer. According to the 2017 Lancet Neurology research data (as shown below), more than 9 million people worldwide died from neurological diseases, making it the second leading cause of death. More significantly, most patients with these diseases suffer from mobility impairments. A study by Neurology Today estimated that the social cost of neurological diseases in the US alone is a staggering USD 8 trillion, with stroke accounts for USD 1.1 trillion. Data Bridge Market Research projected that in 2021, the cost of drugs used to treat neurological diseases will reach USD 79.4 billion, and generate over USD 125.6 billion in revenue at a compound growth rate of 5.9% from 2022 to 2029. Additionally, Allied Market Research reported that the global market for analgesics will reach USD 26.7 billion in 2020, and is expected to grow to USD 50.7 billion in 2030 at a compound annual growth rate of 6.6% from 2021.

Neurology-related Mortality in the World

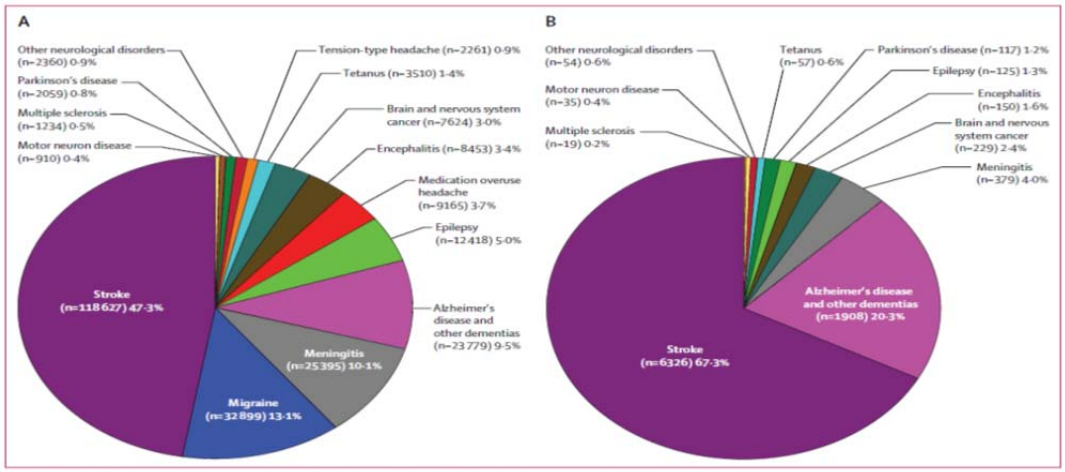


Figure 2: **Contribution of various neurological disorders to the overall burden from neurological disorders in 2015**
Estimates are for (A) disability-adjusted life-years and (B) deaths.

Source: Lancet Neurology 2017; 16: 877-97

According to data from a survey conducted by Kaiser Associates on 572 global new drug development projects for various indications, cancer dominated the top 100 popular indications for new drug development in 2018, accounting for six out of the top ten indications. Pain ranked 6th while stroke ranked 79th.

The Top 10 Indications for New Drug Development in 2018

2018 Ranking	Indication	Therapeutic Area	2017 Ranking	Change
1	Diabetes	Endocrinology	3	↑ 2
2	Breast cancer	Oncology	1	↓ -1
3	Alzheimer's disease (AD)	Neurology	18	↑ 15
4	Prostate cancer	Oncology	5	↑ 1
5	Non-Hodgkin's lymphoma (NHL)	Oncology	4	↓ -1
6	Pain	Neurology	9	↑ 3
7	Non-small cell lung cancer (NSCLC)	Oncology	2	↓ -5
8	Acute myelogenous leukemia (AML)	Oncology	13	↑ 5
9	Liver cancer	Oncology	15	↑ 6
10	HIV / AIDS	Infectious Disease	37	↑ 27

Source: Hot Indications List 2018, Kaiser Associates. 2019

The data above showed that pain, stroke, and cancer biopharmaceuticals are all sectors with high development needs.

(2) Analgesic Market

The most commonly used analgesics in clinical practice can be divided into opioids and non-steroidal anti-inflammatory agents (NSAIDs). Opioids act on the central nervous system and can provide moderate to severe pain relief but are more likely to cause central side effects such as sedation, euphoria, or addiction. NSAIDs inhibit the formation of prostaglandin and act on the periphery rather than the center, so they generally do not have central side effects. However, their analgesic effect is only effective for mild to moderate pain and not for severe pain. In terms of clinical treatment pathways, pain control can be divided into acute and chronic. Acute pain patients, mainly for cancer sudden pain and postoperative pain control, are primarily treated with opiates. Chronic pain patients, mainly for joint inflammation and neuropathic pain, are primarily treated with NSAIDs. According to a 2021 report by Research and Markets, the global analgesics market size is estimated at USD 17.9 billion in 2021 and is expected to reach USD 27.7 billion by 2026 at a CAGR of 9.2%.

LT1001 is an opioid medication that works differently than traditional morphine. It has very low side effects such as respiratory depression and addiction. It provides safe and long-acting pain relief for up to a week, which improves patients' quality of life and reduces the workload of medical staff. LT1001 is indicated for the treatment of moderate to severe acute postoperative pain. Studies have demonstrated that LT1001 is as effective as morphine but without the serious side effects of traditional opioids. The drug meets global safety standards for analgesics and has many potential uses. LT1001 could become a major player in the global analgesic market worth USD 56.8 billion in annual sales in the future.

(3) Acute Ischemic Stroke Market

According to a 2021 study by Coherent Market Insights, the global market for acute ischemic stroke (AIS) treatment was valued at USD 8.5 billion in 2021 and is expected to grow to USD 11.2 billion by 2028, with a compound annual growth rate (CAGR) of 4.0% during the forecast period (2021-2028). In another report, Coherent Market Insights estimated that the global rt-PA market was worth USD 2.5 billion and projected a CAGR of 5.2% during the forecast period (2020-2027). Stroke is the second leading cause of death after coronary heart disease and cancer and is also the second leading cause of moderate to severe physical disability in adults and elderly people worldwide. Stroke is caused by sudden localized brain dysfunction due to cerebrovascular disease and can be divided into two main categories: ischemic and hemorrhagic, with ischemic strokes accounting for 80% of cases.

Currently, the only clinically proven and effective medication for treating acute ischemic stroke approved by both the US FDA and the EMA is the thrombolytic agent rt-PA. While rt-PA is effective in dissolving blood clots, it carries a high risk of bleeding, has a narrow treatment window (0-4.5 hours, 3 hours in Taiwan), and has many contraindications such as pre-existing medication use, recurrent stroke and age restrictions. These factors limit its use in acute treatment and result in a treatment rate of only 3-5% among acute ischemic stroke patients. According to data from the Taiwan Stroke Registry, even if acute ischemic stroke patients arrived at the hospital within 2 hours of onset, only 8.8% received treatment.

After the US FDA approved rt-PA for the treatment of acute ischemic stroke in 1996, many major pharmaceutical companies actively developed new drugs for acute ischemic stroke. However, no new drugs have been introduced to the market in over 20 years. With advances in imaging technology and medical devices, clinical trial results for arterial catheter thrombectomy have been promising since 2015. However, this treatment is only available to patients with large vessel occlusion and requires specialized imaging equipment, medical devices and trained physicians. As a result, the number of patients who can benefit from this treatment is still limited. Compared to the bleeding risk associated with rt-PA, LT3001 has the potential to meet medical needs and is expected to not only replace the rt-PA market but also increase the acute treatment rate among ischemic stroke patients.

(4) Animal Pharmaceutical Market

According to data from HealthforAnimals in 2022, the animal health market was

valued at USD 38.3 billion in 2021 with a growth rate of 12%. According to statistics from CEESA, the top three global markets are North America, Europe and Asia-Pacific with market shares of 41.8%, 28.3% and 18.5% respectively. In terms of animal type, in 2017 the market share for production animals and companion animals was 55.1% and 44.8% respectively. However, the share for companion animals has been increasing annually and in 2021 their market share was 47.3% for production animals and 52.7% for companion animals (pets). Another 2021 report by HealthforAnimals indicated that the share for companion animals in the US reached 70%. Animal pain control market is estimated to be worth USD 1.8 billion according to statistics from Markets and Markets in 2022, and the number is projected to reach USD 2.5 billion by 2027. With its advantage of being developed from human medicine and its unique product characteristics, CS011 has the potential to quickly enter this large and growing animal pain medication market within a short period of time providing high-quality pain control options for pets that are treated like family members reducing the burden on pet owners.

(5) Cancer Biologics Therapy Market

The share of biologics in the global pharmaceutical market continues to grow. The global biologics market is expected to increase from USD 382.04 billion in 2022 to USD 416.65 billion in 2023 with a compound annual growth rate (CAGR) of 9.1%. According to estimates from The Business Research Company, the value will reach USD 599.62 billion by 2027 with a CAGR of 9.5%. The oncology sector will continue to account for the largest revenue share in the global biologics market. According to GLOBOCAN 2020, there were an estimated 19.3 million new cancer cases and nearly 10 million cancer deaths worldwide in 2020.

Cancer treatment can be divided into surgical removal, radiation therapy, chemotherapy and biological therapy. Biological therapy includes hormone therapy, cell immunotherapy, targeted drugs, gene therapy and vaccines. Surgical removal is the first line of treatment for cancer. If tumor cells can be completely removed, then cancer can be cured theoretically. However, when cancer is diagnosed, the tumor often cannot be completely removed or has spread to other parts of the body. In this case radiation therapy can be used to prevent the growth and division of cancer cells. However, the effect of radiation therapy is limited to the area being irradiated. Therefore, if cancer cells have already spread, chemotherapy will be used in combination to inhibit DNA replication or interfere with chromosome separation to disrupt rapid growth of cancer

cells. Both radiation and chemotherapy can also damage normal cells, especially rapidly growing normal cells such as skin, intestinal mucosa, oral or esophageal mucosa, and blood cells.

The main principle of biological therapy is to bind highly specific monoclonal antibodies directly to tumor cell-specific receptors, affecting tumor cell growth or triggering the patient's own immune system response to fight the tumor. This treatment strategy has target specificity and can block or trigger growth factors or receptors specific to cancer cells or rapidly increase immune cells that recognize specific cancer cells. This can inhibit tumor cell growth, metastasis and invasion while avoiding the side effects of traditional radiation therapy and chemotherapy which can kill normal cells.

In recent years biological therapy has further developed a new generation of antibody therapeutics market including antibody-drug conjugates (ADC), bispecific antibodies, fusion antibodies (Fc), antibody fragments, and antibody-like proteins (ALPs). According to the data from Persistence Market Research, the new global antibody therapeutics market reached USD 5.6 billion in 2021 and will grow at an annual compound growth rate of 11.8% to reach USD 15.3 billion by 2030. The North American market reached USD 2.5 billion in 2021. The fastest growing segment in the new generation antibody therapeutics market is ADCs. According to Strategic Market Research's Global ADC Market and Product Report, the global ADC market was valued at USD 4 billion US in 2021 and is expected to reach USD 13.1 billion by 2030 at a compound annual growth rate of 14.12% during the forecast period from 2021-2030. Europe follows at second place with a share of approximately 37%. According to data from NCBI nearly 60% (7 out of 12) of ADCs were approved by the US FDA in just the past three years indicating that mature ADC technology has brought more effective clinical results. Recently approved ADCs include Polivy (2019), Padcev (2019), EnHertu (2019), Trodelvy (2020), Blenrep (2020), Zynlonta (2021), and Tivdak (2021).

(6) Uremic Pruritus Market

Kidney disease globally prevalent. One in seven Americans suffers from chronic kidney disease (CKD) with approximately 3.7 million CKD patients nationwide in the United States alone, which has the largest pharmaceutical market in the world according to statistics from the American Kidney Association. In 2016 there were 500,000 people undergoing dialysis in the US. Uremic pruritus is a common complication among CKD and end-stage renal disease (ESRD) patients. According to Dialysis Outcomes and

Practice Patterns Study, about 40% of hemodialysis patients suffered from moderate to severe uremic pruritus symptoms. Currently, only Japan has an approved the use of the oral medication, Remitch, when current therapies (GABA structural analogs antihistamines steroids moisturizers or phototherapy) are ineffective. To date there are no approved medications for uremic pruritus in the European Union, United States, China, or Taiwan, as stated in Shadow Lake Group's market report. LT5001 is estimated to have a global market size of approximately USD 660 million as a first-line medication for uremic pruritus.

(7) Exosome Market

Exosomes are a type of extracellular vesicle derived from cells in our body that are typically 30-150 nm in diameter. They are the smallest type of extracellular vesicle. Surrounded by a lipid bilayer, exosomes are released into the extracellular environment that carry complex cargo originating from their parent cell, including proteins, lipids, mRNA, miRNA and DNA. Exosomes have gained widespread attention for their roles in cell biology and their potential therapeutic and diagnostic applications. Initially thought to be only cellular waste products, it is now known that their functions extend beyond waste removal. Exosomes represent a new mode of cell communication and contribute to a range of biological processes in health and disease.

According to Allied Market Research, the global exosome diagnostic and therapeutic market size was USD 220 million in 2020 and is projected to reach USD 2.9 billion by 2030, growing at a CAGR of 29.4% from 2021 to 2030

2.The Relationship between the Upper-, Middle-, and Lower-Stream of the Industry

The process of developing new drugs is lengthy and involves many stages throughout the entire drug discovery to development timeline. These stages include identifying gene function and therapeutic targets, designing protein drugs, synthesizing small molecules through chemical synthesis, testing and screening candidate drugs, establishing and producing cell lines for protein drug production, developing new drug formulations and processes to ensure efficacy, conducting preclinical animal pharmacology and toxicity tests, and conducting clinical trials to evaluate pharmacokinetics, metabolism, safety and efficacy. Each stage in the biopharmaceutical drug development process is essential. The development of new drugs is like a relay race where each stage generates capital value. Upstream and downstream cooperation creates a complete value chain for the biopharmaceutical industry. Cooperation within the industry value chain and strategic alliances between companies can

further enhance overall industry competitiveness.

Lumosa's new drug development platform operates on a "reSEARCH & DEVELOPMENT" model, which involves identifying suitable candidate drugs and focusing on new drug development. This approach can reduce the significant time and resources required to go from discovery to candidate drug selection. The company targets the international market and seeks strategic alliances and technology licensing while outsourcing new drug development. The industry relationship diagram is shown below.

3.Pipeline Development Trends

(1) LT1001

LT1001 is a specially designed long-acting analgesic injection for the relief of moderate to severe postoperative pain. Compared to traditional short-acting anesthetics and opioid analgesics, LT1001 has fewer side effects and non-addictive properties. It provides a longer duration of pain relief, significantly reducing the inconvenience of multiple doses in a short period of time and meeting the need for long-acting pain relief, while significantly reduce the workload of medical staff and the risk of medication errors at the same time. In addition to actively expanding LT1001's applications to new indications or new routes of administration from a scientific perspective, Lumosa is also actively expanding and developing new licensing regions in terms of market expansion to extend the overall product life cycle from multiple angles.

(2) LT3001

LT3001 is a novel treatment for acute ischemic stroke. The current standard treatment for acute ischemic stroke is rt-PA (a thrombolytic agent). One of the safety concerns in the use of rt-PA is cerebral hemorrhage, which resulted in only 5-10% of patients receiving the medication. In addition, rt-PA can only be used in stroke patients within 3 hours of onset. For patients who have had a stroke for more than 3 hours, rt-PA

cannot be used due to the significant increased risk of cerebral hemorrhage.

Results from pre-clinical studies have demonstrated LT3001's dual effects in promoting vascular reperfusion and reducing reperfusion injury, while not causing hemorrhage like other thrombolytic agents. LT3001 has the potential to resolve the hemorrhagic risks associated with the use or rt-PA and be able to replace the current treatment for patients who have had a stroke for more than 3 hours. Lumosa has completed preclinical studies, single-dose Phase I clinical trials, single-dose Phase II clinical trials, and multi-dose drug interaction Phase I clinical trials for LT3001; a multi-dose Phase II clinical trial is in progresses. The company plans to strengthen product protection through patent strategy and further extend the product life cycle.

(3) CS011

Having the same active ingredient, CS011 is under development as part of the lifecycle management for LT1001 as an analgesic for animals. By leveraging our experience in human drug research, the time and cost of developing animal drugs is reduced. CS011 is repositioned for animal pain relief, taking advantage of LT1001's extended effect, safety profile and non-controlled status. If approved for animal use, CS011 will provide veterinarians and pet owners with better analgesic options.

(4) LT2003

This is a dual-action fusion protein platform developed by Lumosa. One end of the protein identifies tumor markers, while the enzyme attached at the other end produces high levels of cytotoxins. This set up allows the drug to kill cancer cells and treat cancer effectively. Compared to traditional chemotherapy agents, this dual-action fusion protein design improves efficacy and reduces side effects, offering better safety profile for the patients. LT2003 is the first pipeline stemming from this platform. This fusion has shown significant cancer cell inhibition effects in various animal models, including pancreatic cancer, head and neck cancer, and epithelial cell cancer. The safety of LT2003 was demonstrated in primate single-dose toxicology test. The drug was shown to accumulate high concentrations of 5-FU around tumor sites through batteries of pharmacokinetic studies. LT2003 provides a treatment strategy that kills tumors by forming high local concentrations of cytotoxic drugs, similar to antibody-drug conjugates (ADCs), but with a simpler development and manufacturing process that offers easier quality control in production.

(5) LT5001

LT5001 is a topical cream that contains two main active ingredients: one that activates the **κ**-opioid receptor and another that partially blocks the **μ**-opioid receptor. The drug works by blocking nerve signals that cause itching and has been shown to improve symptoms of pruritus. LT5001 has been shown to provide at least four hours of itch relief in animal studies, making it a safe, effective, and convenient treatment option that improves the patients' quality of life.

4.Competitive Landscape

(1) LT1001

Current Therapy

There are two major analgesic categories: opioids and non-opioids. Non-opioid analgesics include non-steroidal anti-inflammatory drugs (NSAIDs), acetaminophen, and aspirin. Opioids are a type of alkaloid derived from opium poppy. By binding to opioid receptors in the central nervous system and gastrointestinal tract, opioids can inhibit the release of excitatory neurotransmitters that transmit pain signals. They have a powerful analgesic effect and can be used to relieve moderate to severe pain, manage serious diseases, trauma, surgery, and pain in terminally ill patients. Common side effects include hallucinations, nightmares, drowsiness, constipation, tolerance, psychological dependence, and respiratory depression without ceiling effect. This meaning that the side effects increase with dosage, and there is a risk of respiratory depression leading to death in cases of overdose. NSAIDs work by blocking the production of prostaglandins, which are involved in pain and inflammation. They're used for mild to moderate pain and don't cause tolerance or dependence. However, they do have a ceiling effect, meaning that increasing the dosage beyond a certain point will not increase the pain-relieving effect and will only increase the side effects of the drug, such as bleeding, gastrointestinal upset, gastrointestinal bleeding, and kidney damage. In addition, there is a risk of allergic reactions for a small percentage of individuals. Commonly used analgesic agents are listed below:

Category	Advantages	Side effects/ risks/ weakness	Commonly used drugs
Opioids	▪ Better analgesic effect ▪ No ceiling effect	▪ Regular side effects: nausea, vomiting, drowsiness, itchiness, dry mouth, miosis, constipation ▪ Adverse effects: Respiratory depression ▪ Drug tolerance	▪ Tramadol ▪ Morphine ▪ Oxycodone ▪ Fentanyl ▪ Codeine

Category	Advantages	Side effects/ risks/ weakness	Commonly used drugs
		▪ Physical dependence ▪ Drug abuse	
NSAIDs	▪ No respiratory depression ▪ No drug tolerance and physical dependence	▪ Bleeding, indigestion, bleeding of the digestive tract and impairment to renal functions ▪ Risk of allergic reaction for certain individuals ▪ Ceiling effect	▪ Acetaminophen ▪ Naproxen ▪ Diclofenac ▪ Piroxicam ▪ Ibuprofen ▪ Ketoprofen

Source: Lumosa

Competitive Advantages for LT1001

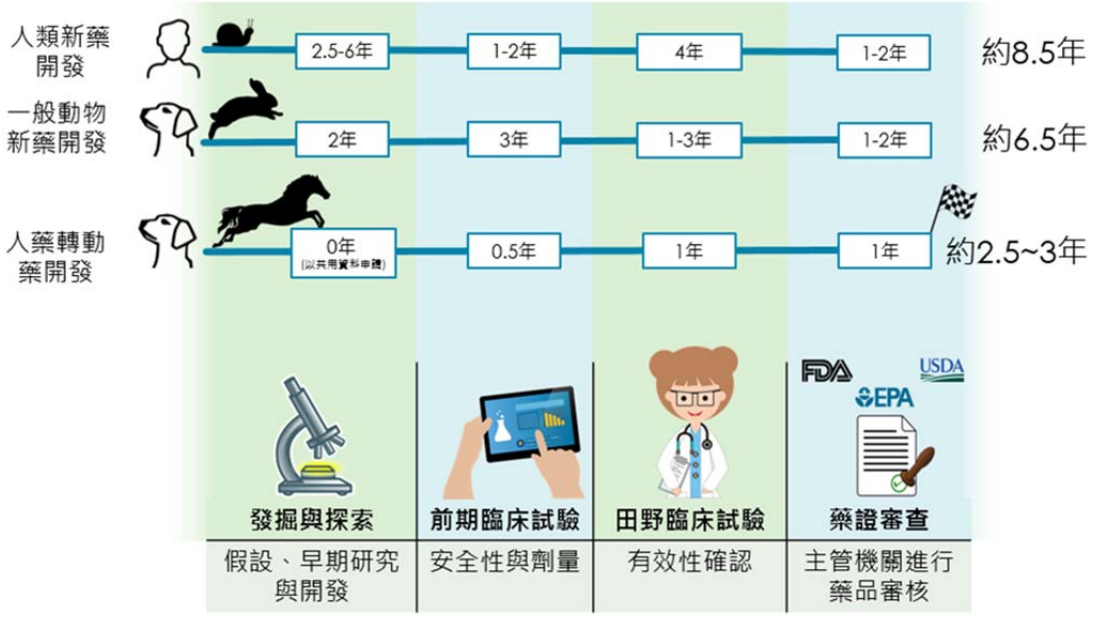
LT1001 is an analgesic that addresses severe pain that NSAIDs can't relieve. It doesn't cause stomach bleeding and is safer than opioids with less potential for abuse. LT1001 can provide extended analgesic effect for pain management and improve the quality of life for patients with chronic pain.

Opioids are very effective for severe pain but can have serious side effects like respiratory depression and addiction. In 2009, the US FDA required manufacturers to implement strategies to address these risks. This led to the development of long-acting and abuse-deterrent opioids that are designed to prevent euphoria when used abusively.

LT1001 meets the US FDA's risk/benefit control standards for analgesics. It's been designed to provide effective pain relief with low side effects and low potential for abuse. LT1001 is not a controlled substance and can provide week-long pain relief in a single dose. This makes LT1001 a competitive product in the long-acting analgesic market.

Acute pain treatment has been a major medical need in the world, and large pharmaceutical companies have been actively developing better analgesics. The demand for acute pain treatment can be broadly categorized into two groups: acute pain relief such as cancer pain, trauma pain, and the other is postoperative pain management. Study has shown that approximately 40% to 50% of surgical patients do not receive satisfactory postoperative pain control. LT1001 is the world's first week-long-acting analgesic injection. Without the lethal side effects associated with traditional opioid drugs such as respiratory depression, it has better safety profile. It can safely relieve postoperative pain and its long-acting nature reduces the burden on medical staff and the risk of errors. LT1001 faces competition but has significant differentiation and high barriers to entry in the market.

Translating human drugs for animal use can reduce technical and developmental risks. It also has the advantages of lower development costs and shorter development cycles by sharing data from human drug development. Developing animal drugs usually takes about 6.5 years, but transferring human drugs to animal drugs can be shortened to 2.3-3 years with a higher success rate.



Comparison of human drugs developed for animal use, new drugs for animal use, and new drugs for human use

(2) LT3001

Current Therapy

In 1996, the US FDA approved a thrombolytic agent called tissue plasminogen activator (rt-PA) for treating stroke. It's currently the only drug approved by both the FDA and EMA for acute ischemic stroke treatment. rt-PA must be given via intravenous injection within 3 hours of stroke onset (4.5 hours in Europe) to dissolve blood clots and improve blood flow. However, there's a 5-10% risk of brain hemorrhage after rt-PA injection and its use is limited by contraindications and the 3-hour time window. As a result, only 3-5% of acute ischemic stroke patients receive it. This leaves a significant unmet medical need in acute ischemic stroke treatment that's worth investing in.

Competitive Advantages of LT3001

Since the launch of rt-PA in 1996, there have been very few new drug developments for ischemic stroke treatment worldwide. In fact, no new drug has successfully completed Phase III clinical trials in over 20 years. One drug currently in development is THR18, a synthetic therapeutic peptide and fragment of plasminogen activator inhibitor-1 (PAI-1). It aims to extend the treatment window of rt-PA thrombolysis and reduce its

lethal side effects such as intracranial hemorrhage (ICH), but can only be used in combination with rt-PA. Desmoteplase was the second closest drug to success until its Phase III clinical trials failed in May 2015. This thrombolytic protein was found in bat saliva with primary mechanism similar to that of rt-PA, which may show that simple thrombolytic drugs cannot surpass the current efficacy of rt-PA. NA-1 is a neuroprotective drug without thrombolytic function and one of the few drugs under development that is still active in clinical trials. The drug treats stroke by blocking signals from postsynaptic density-95 protein that cause brain cell death and inhibiting excitatory neurotoxic effects of NMDA receptors. NA-1 was shown to reduce the average number of postoperative strokes in patients undergoing intracranial aneurysm endovascular repair in a Phase 2 trial. However, the active ingredient was disclosed in the early 2000s and the intellectual property was not patent protected. TNKase is a third-generation thrombolytic agent is derived form rt-PA with a longer half-life of up to 25 minutes. It can be administered intravenously in a single dose and has better thrombolytic effects than rt-PA. The drug is currently used for acute myocardial infarction, clinical trials are evaluating whether TNKase is safer and more effective than Alteplase (rt-PA). However, as a protein drug produced by recombinant gene technology, TNKase has higher production difficulty and cost than small molecule compounds. In recent years, arterial catheter thrombectomy development has shown promise but is limited to patients with large vessel occlusions and requires specialized training and equipment for physicians. In terms of patent protection, the active ingredient in LT3001 has a comprehensive patent layout covering all pharmaceutical advanced countries and emerging markets with a long protection period, giving it a significant advantage over potential competitors.

(3) LT2003

Competitive Advantages of LT2003

Lumosa's new drug development platform for dual-functional fusion proteins allows the one end of the fusion protein to recognize tumor markers while possessing enzyme activity on the other. This generates a high concentration of cytotoxins at cancer sites to kill cells and treat the disease. The design improves the efficacy of traditional chemotherapy drugs, reduces side effects, and improves safety. LT2003 is the first new drug product on this platform and has shown significant inhibitory effects on cancer cells in various animal models such as pancreatic, head and neck, and epithelial cell cancers.

Its safety has also been verified in a preliminarily single-dose toxicity study on primates. In summary, LT2003 provides a tumor-killing strategy similar to antibody-drug conjugates (ADCs) by forming a high-concentration cytotoxic drug locally in the tumor with good product safety. It has a great chance to solve drug resistance caused by mutations in currently clinically proven targeted therapies. Additionally, LT2003 differs from the complexity of ADCs in development and production, providing easier quality control without increasing production costs, bringing great advantages to its development.

(4) LT5001

Current Therapy

In 2017, the Japanese PMDA approved Remitch, a new oral medication for uremic pruritis. While the drug's effectiveness is limited, it is only used when current therapies such as antihistamines, steroid medications, moisturizers, or phototherapy are ineffective. To date, no medication has been approved for the effective treatment of uremic pruritus in the European Union, the United States, China, or Taiwan.

Competitive Advantages of LT5001

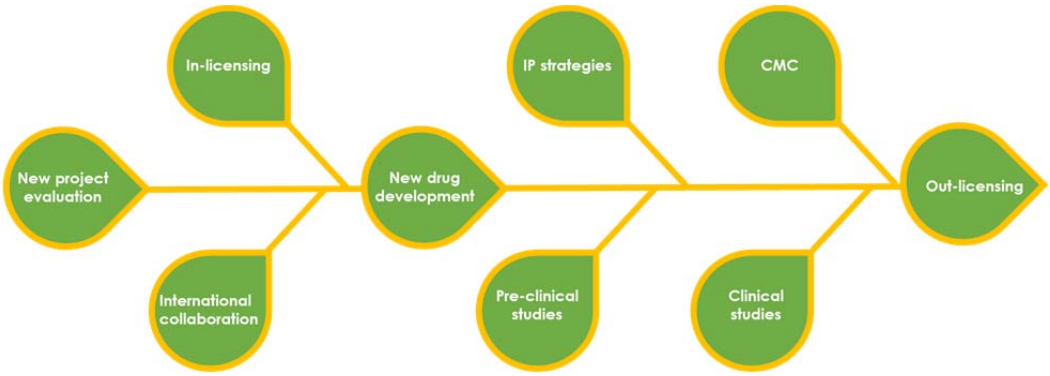
The main active ingredient of LT5001 is a **κ**-opioid receptor agonist and partial **μ**-opioid receptor antagonist . It has been proven to be effective in treating uremic pruritus in clinical phase III trials in oral form but did not meet the clinical needs of patients as it was limited by central nervous system-related side effects. The advantage of LT5001 is its ability to target the affected area and develop a topical cream formulation. By blocking the peripheral nerve signal transmission of itching through skin application, it can improve itching symptoms while avoiding adverse reactions caused by systemic absorption. LT5001 has been proven in animal experiments to have at least 4 hours of anti-itching effect, and is expected to provide patients with a safer, more effective, and convenient treatment option, improving their quality of life.

(III)Technical and R&D Overview

1.The Technical Level and Research and Development of the Business Involved

(1) Level of Technical Expertise

The technology owned by Lumosa is shown below:



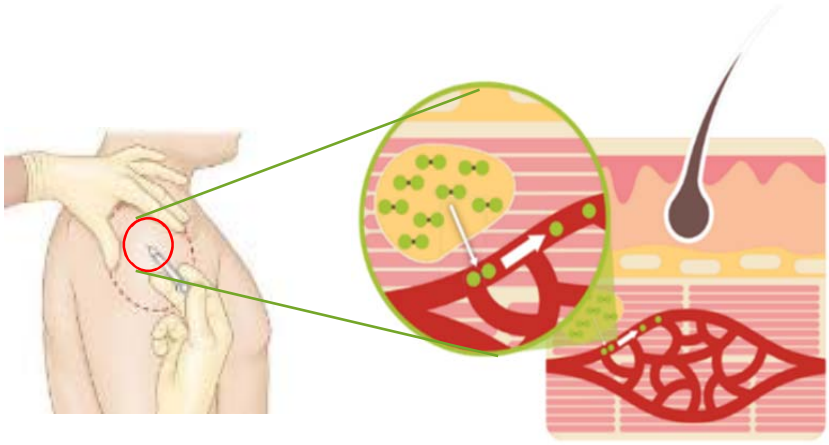
Lumosa has a professional R&D team dedicated to new drug development. Besides overseas senior scientists with successful international experience in new drug development, many young experts with rich academic and professional backgrounds are recruited. Lumosa gained experts in biologics development after the merger with TPG Biologics in 2018. Our new drug development capabilities include new drug evaluation, non-clinical laboratory research (translational research), manufacturing development and control (CMC), protein drug design and screening, pre-clinical development, clinical development, regulatory affairs, project management, patent intellectual property, and business development. Through the key analysis and scientific evaluation of our internal professional team, we bring highly potential products into the development stage, and at the same time, we deepen our knowledge in the field of neurological and other diseases so that the results of basic research in the laboratory can be effectively translated into clinically applicable drugs. We also collaborate with the world's top experts in neurological, inflammatory, and cancer diseases, and use comprehensive patent layout and the 505(b)(2) concept to expand the life cycle of our drugs. Through a series of new drug developments managed by professional project managers, we integrate domestic and international R&D resources to maximize the efficiency of new drug development and maximize the commercial value of our products.

(2) Product Technology and Research and Development

● LT1001

LT1001 is a new long-acting analgesic injection with low side effects and low addictive potential, which is used to relieve moderate to severe pain. Nalbuphine was developed into a long-acting formulation using a prodrug design. Development began with the authorization of the first phase of clinical trials in 2010 and was completed with the unblinding of the third phase of clinical trials in August 2015. In September of the

same year, an application for registration of the new drug was submitted in Taiwan, and the approval was received in March 2017. In 2018, SVP was authorized to develop the drug for use in long-acting pain relief in animals, further expanding the product life cycle. By the end of December 2022, LT1001 had obtained market approval in Taiwan, Singapore, Thailand, and Malaysia.

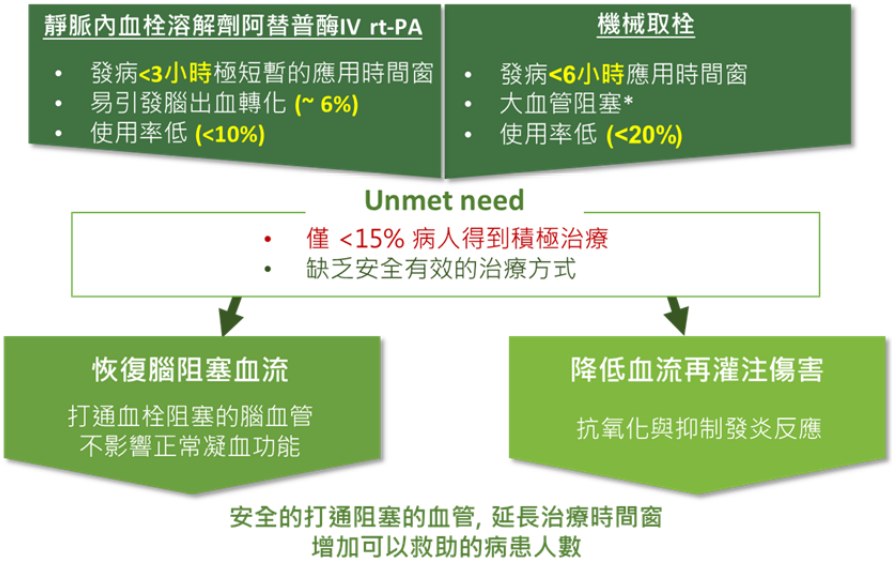


● LT3001

LT3001 is a novel treatment for acute ischemic stroke that combines short peptides and small molecules. Unlike the only current therapeutic drug on the market, rt-PA, which is a large molecular protein drug (with complex manufacturing process) that has a bleeding risk, resulting in low clinical usage (3% to 5%), the active ingredient of LT3001 is a small molecule drug. In addition to its manufacturing advantages, LT3001 has multiple functions such as promoting vascular reperfusion and reducing reperfusion injury, which can effectively treat the thrombotic symptoms of acute ischemic stroke patients and relieve inflammation in the affected area, thus reducing brain damage (neuroprotection). In terms of safety, the current animal test results also show no bleeding risk that is associated to rt-PA. LT3001 is expected to provide patients with a better stroke treatment plan than current medical options and reduce the social and personal burden of medical care.

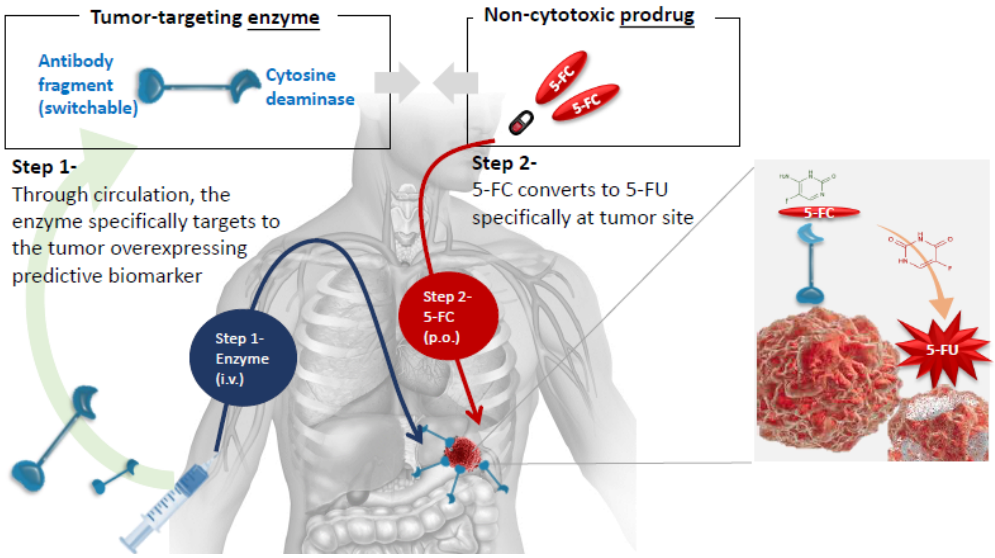
Lumosa has completed a single-dose Phase 1 clinical trial in the United States, as well as single-dose Phase 2 clinical trials in the United States and Taiwan. The unblinding results of the single-dose Phase 2 clinical trial in August 2021 showed that LT3001 reached the primary safety endpoint to demonstrate therapeutic trend in improving patients' neurological behavior. In addition, the pharmacokinetics LT3001 in

the Phase 1 clinical trial conducted in the United States in January 2022 on drug interactions of multiple doses of LT3001 in concomitant use of other drugs used in the acute ischemic stroke showed that LT3001 does not affect the co-administered drugs. The safety data on the increased frequency of administration was obtained in the trial. Currently, a total of three Phase 2 clinical trials for LT3001 were planned, including multi-dose administration designs for stand-alone or in combination with mechanical thrombectomy. The trials are being conducted in Taiwan, the United States, Europe, and China.



● LT2003

LT2003 is the first new drug product developed from the dual-functional fusion



protein platform, and has demonstrated significant cancer cell inhibition effects in various animal models such as pancreatic cancer, head and neck cancer, and epithelial cell cancer. The preliminary safety has also been verified in experiments on primates. LT2003 provides a tumor-killing strategy similar to that of an antibody-drug conjugate (ADC) that forms a high concentration of cell-killing drugs locally at the tumor site. In terms of development and production, LT2003 is less complex and provides easier quality control in production when compared to that of antibody-drug conjugates. The feasibility of this platform has been demonstrated through the development of LT2003. Lumosa will be use this technology to design and develop various anti-cancer drugs that can recognize different tumor markers based on different cancers, providing cancer patients with safe and effective new choices for cancer treatment in the future.

● LT5001

LT5001 is a new drug product that has been proven to have anti-itch effects in animal models for at least 4 hours and has extremely low systemic exposure, making it an ideal drug for local applications. Its safety has been verified in preliminary multi-dose toxicity studies in mini pigs. LT5001 has completed the preclinical studies required for submitting an Investigational New Drug (IND) application and has been approved by the Taiwan FDA to conduct a Phase Ib/II clinical trial in dialysis patients. The Phase Ib trial has been completed and the protocols of the Phase II trial will be adjusted based on the results.

2.R&D Expenditure

Unit: in thousands of New Taiwan Dollars

	2021	2022
R&D Expenditure	406,045	280,459

3.Technologies or Products Successfully Developed

Product/ Pipeline	Development Status	R&D Status
LT1001	Approved in Taiwan, Singapore, Thailand and Malaysia.	Phase 3 trial completed in August 2015 and the endpoints were successfully met. Market approval issued by the Taiwan Food and Drug Administration (TFDA) in March 2017, by the Singapore Health Sciences Authority (HSA) in December 2020, by Thai FDA in December 2021, and by Malaysia DCA in June 2022.
LT3001	Completion of the single-dose Phase 2 trial. Initiation of Phase 2 trial for multi-dose and multi-dose in combination with mechanical thrombectomy.	Results of the Phase 2 trial was unblinded in August 2021, which met the primary safety endpoints of the trial showing a trend in the improvement in neurological behaviors. The result supported the Phase 2 multi-dose trial in the verification of LT3001's efficacy. Enrollment for the two multi-dose Phase II trials conducted by Lumosa, including the initiation of multi-dose administration in combination with mechanical thrombectomy study and standalone multi-dose study.
LT2003	Pre-clinical	Completion of several pharmacodynamic studies for various indications, as well as preliminary toxicological studies. Completion of tissue distribution, confirming the mechanism of the dual-function fusion protein development platform.
LT5001	Completion of pre-clinical studies, and the analysis of the Phase 1b trial.	Phase Ib/II trial approved by the Taiwan FDA. The analysis of the Phase Ib trial completed.
CS011	Animal study	Proof of concept study completed for animal pain relief. Out-licensed to SVP for development into veterinary medicine.

(IV)Long-term and Short-term Business Development Plans

1.Short-term and Mid-term Development Strategies

(1) Establish a top-notch R&D technical team and implement rigorous project management to promote new drug development and professional talent growth through the integration of professional functions and project management.
(2) Utilize professional knowledge in new drug development and efficient business tools and processes.
(3) Strengthen intellectual property and development technology platforms.
(4) Review the business model's ability to achieve commercial goals through milestone achievements and adjust and improve as needed.
(5) Prioritize the development of new drugs:
A. Those that meet unmet medical needs.
B. Those that have out-licensing or collaboration opportunities in the near future.
C. Those that have high pharmaceutical economic value or return on investment.
(6) Create positive cash flow through patent licensing and business development based on previous R&D achievements.
(7) Develop a robust international licensing capability to obtain the maximum licensing

revenue.

(8) Continuously implement a cost of goods sold (COGS) improvement plan to enhance market competitiveness.

2.Long-term Development Strategy

(1) Maintain stable cash flow.

(2) Select strategic partners (investment, merger, licensing, or co-development) at various stages of the drug life cycle (from preclinical to phase II clinical trials) with flexibility.

(3) Adjust disease areas, technology platforms, and organizational structures according to the needs of enterprise growth and transformation.

(4) Become a leader in innovative drug development in Taiwan and the most trusted biopharmaceutical company.

II. Market and Sales Overview

(I)Market Analysis

1.Sales (Provision) Regions of Major Products (Services)

After developing new drugs and realizing their commercial value, Lumosa will negotiate with domestic and foreign pharmaceutical companies or channels for out-licensing and collaborations at the appropriate time. This will generate operating income, including licensing fees and royalty income. Licensing conditions will vary depending on the cooperation mode and market size of the licensing region. LT1001 and other pipelines currently being developed by Lumosa are targeted for global market authorization development. Through licensing partners, we can directly access pharmaceutical markets in various countries around the world to meet patients' urgent treatment needs.

2.Market Share

Lumsoa's LT1001, a long-acting analgesic injection is currently being marketed and sold in Taiwan and Singapore by AMed. The company targets the self-pay postoperative pain market and is gradually entering medical centers and clinics, expanding from the hemorrhoid surgery that was indicated in the original Phase 3 trial to obstetrics (cesarean section), gynecology, abdominal surgery, orthopedics, etc., reaching to other applicable applications. Through cooperation with major medical centers, AMed promotes multi-mode pain management and increases its market share.

3.Supply & Demand and Growth Potential of the Future Market

According to an international study, 20% of the world's population suffers from pain and 10% are diagnosed with pain each year. Pain relief is therefore an important task for healthcare professionals. In Taiwan, about one-third (approximately 6.5 million) of the population suffers from chronic pain, with 500,000 people becoming disabled or semi-disabled due to pain. The cost of treatment for pain reaches up to NTD 260 billion per year,

resulting in a loss of seven million workdays and a financial loss of up to NTD 174 billion. Despite the availability of many types of analgesics with large prescription volumes, there is still a clinical need for pain relief, especially in improving the quality of life for patients affected by recurring pain. This is why the market for long-acting pain relievers is expected to have high growth demand in the future as short-acting medications require frequent dosing and healthcare providers bear the burden of caring for pain patients.

Stroke ranks second among the top ten causes of death in Taiwan, accounting for about 18% of all deaths. Stroke remains the leading cause of death among people over the age of 65. Data from the Taiwan National Health Insurance Research Database identified a total of 230,638 people with stroke-related diagnoses between 2011 and 2014, excluding those with a history of stroke in the previous year. Of these, 143,488 had ischemic stroke. In addition to being an important cause of death, stroke is also a major cause of long-term disability among the Taiwanese population, with over half of stroke patients having varying degrees of residual symptoms. Due to its high prevalence, high mortality, and the severity of the sequelae, stroke not only places a burden on patients' families but also results in a huge social and national cost. However, there is only one approved medication for acute treatment of 87% of ischemic stroke cases and its usage rate is only 3-5% due to side effects and other issues. This highlights an urgent need for effective treatment.

About one-third of kidney failure patients worldwide suffer from moderate to severe symptoms of uremic pruritus, greatly affecting their quality of life. Currently, agents that treats uremic pruritus are administered as injections or oral tablets, requiring systemic administration and increasing the burden on the kidneys as the body tries to eliminate the drugs. To date, there is no approved medication specifically for the treatment of uremic pruritus. Lumosa's LT5001 is a topical ointment that can be applied to the skin at the comfort of the patients' home. Its main ingredient has been clinically proven to be effective and it is expected to provide patients with a safer, more effective, and convenient treatment option.

4.Competitive Niche

(1) A Professional Team with Strong Research and Development Capabilities

Lumosa team has a wealth of experience in new drug development. We have recruited senior scientists with international success and young experts with rich learning and experience. Lumosa merged with TPG Biologics in 2018 and gained talents in the field of biologics. Our organizational structure includes various professional functions for new drug development. Through key analysis and scientific evaluation by our

internal team, we bring high-potential products into the research and development stage while deepening knowledge in disease areas such as neuroscience. This allows us to effectively translate basic research into clinically applicable drugs.

Lumosa collaborates with top experts in neurology, inflammation, and cancer in the world. We expand our drug life cycle through comprehensive patent layout and the application of the 505(b)(2). Our team of professional project managers integrates domestic and international R&D resources to maximize the efficiency of new drug development projects and maximize the commercial value of products.

(2) Deep Involvement in Innovative Drug for Disease Areas with Urgent Medical Needs

The US FDA has four pathways to facilitate drug reviewing process: Fast Track, Breakthrough Therapy, Accelerated Approval, and Priority Review. Each pathway focuses on “serious diseases” with “unmet medical needs” that current treatments do not address. “Unmet medical needs” refers to treatments or diagnoses that current treatments cannot adequately address. A new treatment method must meet several criteria, including providing better efficacy than current treatment for serious diseases and being effective for patients who cannot tolerate or are not responsive to current treatment.

According to the World Health Organization, stroke is the second leading cause of death globally after coronary artery disease and cancer. It is also the second leading cause of moderate to severe disability in adults and the elderly. The only marketed product for treating acute ischemic stroke is rt-PA, which dissolves blood clots but carries a high risk of bleeding. Its treatment window is short and has many contraindications, limiting the use in acute patients. As a result, treatment for ischemic stroke patients using rt-PA is approximately 3% to 5%, and there has been no new drug on the market for the past 18 years.

Opioids are derived from poppy. They inhibit the release of excitatory neurotransmitters by binding to opioid receptors in the central nervous system and gastrointestinal tract. Opioids have a powerful analgesic effect and are used for pain control in serious illnesses, trauma, surgery, and end-stage cancer patients. However, they can cause side effects such as hallucinations, nightmares, drowsiness, constipation, addiction, tolerance, psychological dependence, and respiratory depression. There is also a risk of fatal overdose in its use.

Cancer treatment has evolved for over half a century from toxic chemotherapy agents to highly targeted drugs such as specific small-molecule drugs, monoclonal

antibodies, dual-targeted antibodies, antibody-drug conjugates, cell therapy, and gene therapy. Targeted immunotherapy drugs have made great strides in cancer treatment. However, not every patient responds well to these drugs, especially for highly malignant tumors such as relapsed and metastatic cancers. The long-term survival rate still needs to be urgently improved.

Lumosa's scientists collaborate with external experts to select neurology, inflammation, and oncology treatment areas based on scientific verifications. These disease areas lack effective and safe treatments, have high risks associated with untreated diseases, as well as high disability rates, which meet the US FDA requirements that ensure their market potential and development value after launch.

(3) Products with Niche Market that Meet Treatment Needs

Lumosa has promising pipelines with large market potential under development that have few competitions in the world in terms of pain relief and stroke treatment markets. We have multiple international patents. LT1001 is a new extended-release analgesic injection that can reduce healthcare costs, minimize medication errors, and improve pain relief for patients. LT3001 is a new chemical entity of acute ischemic stroke treatment that promotes vascular recanalization and reduces reperfusion injury. It is designed to meet the needs of stroke patients and provide better medical quality.

5.Positive and Negative Factors in Future Developments and Countermeasures

Favorable Factors	Un-favorable Factors	Mitigations
1. A professional team of technology experts leads the development of new drugs and cooperates with project managers to plan and integrate resource models for domestic and international drug research and development cooperation. This can effectively plan project strategies, respond to development risks, and accelerate development results. 2. Lumosa does not overly participate in early-stage drug discovery but instead uses a professional team to scientifically screen drugs and evaluate the market. 3. Vertical integration within the group and horizontal support in related fields can increase the chances of successful	1. Changes in government regulations regarding new drug review can lead to delays in drug development or failure to meet new requirements. This can significantly impact the market. To seek international licensing partners for new drug development, Lumosa's team needs to enhance the company's international visibility more comprehensively.	1. Lumosa's regulatory affairs team maintains up-to-date information and evaluates response measures with the project team to adjust project strategies accordingly. 1. We communicate with international experts and consultants to establish an international network and share successful experiences. We also actively participate in international biopharmaceutical conferences to enhance Lumosa's visibility.

Favorable Factors	Un-favorable Factors	Mitigations
development. The company has a strong team of international experts who can efficiently implement scientific research for development projects.		

(II) Important uses and production processes of main products

1.Uses of Major Products

(1) LT1001 is a new extended-release analgesic injection.
(2) LT3001 is a new chemical entity for the treatment of acute ischemic stroke.
(3) CS011 is a new extended-release analgesic injection for animal use.
(4) LT2003 is a new protein drug for cancer treatment.
(5) LT5001 is a new topical drug for the treatment of uremic pruritus.

2.Manufacturing Process of Major Products

LT1001, LT3001, LT2003, and LT5001 are all new drugs. The processes for the starting materials and formulation are developed either in-house or outsourced. The starting materials and formulations for Naldebain® Extended-Release Injection are produced by manufacturers that meets international PIC/s GMP standards. LT3001 is still under development and will be produced by a manufacturer that also meets international standards. LT2003 is a new protein drug and has been outsourced to a manufacturer that meets PIC/s GMP standards for mass production. LT5001 has also been outsourced to a manufacturer that meets PIC/s GMP standards for the production of clinical trial drugs.

3.Supply status of main raw materials

The company's current research and development projects are all new drugs, and the main raw material manufacturing process needs to be developed by itself or outsourced. The main project LT1001 already has a fixed supplier of raw materials and preparations, maintains a good supply relationship, and continues to supply the needs of global market development and the launch of Natongjie® long-acting injection products in Taiwan; and LT3001 is currently in the production of raw materials and clinical trials For drug supply, progress has been made in the process optimization and mass production of raw materials and preparations; LT2003 is a macromolecular drug, which uses host cells to express fusion proteins, and becomes raw materials through appropriate fermentation and purification processes. At present, small batch technology transfer has been completed Production.

In the initial stage of the development of new drugs, there will be higher production costs due to the investment in research and development. However, process optimization and scale-up before marketing can effectively reduce production costs and expand economic benefits. When the company launches new drugs, the cost structure (Cost of Goods) of most

products can reach the level of international new drugs.

4.Names of customers who accounted for more than 10% of the total purchase (sales) in any of the last two years, their purchase (sales) amount and proportion, and reasons for their increase or decrease. However, if the name of the customer or the transaction partner is an individual and not a related party due to the agreement not to be disclosed in the contract, it can be coded.

(1) Names of customers with more than 10% of total sales and their sales amount and proportion

Unit: in thousands of New Taiwan Dollars

2021					2022				
Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	LO-1	15,919	91.69%	None	1	LO-1	21,293	79.92%	None
					2	LO-5	3,188	11.97%	None
Others		1,443	8.31%	None	Others		2,161	8.11%	None
Net sales		17,362	100.00%		Net sales		26,642	100.00%	

Reasons for increase or decrease: changes in sales amount and ratio were mainly due to changes in customer demand for products.

(2) The name of the supplier whose total purchase amount is more than 10%, and the purchase amount and proportion

The operating cost in 2022 was mainly the cost of goods sold for Natongjie® long-acting injection drugs. Because the product is single and the cost information is confidential, the list of suppliers for purchase is not disclosed.

5.Production Volume and Value in the Most Recent 2 Fiscal Years

The company is mainly engaged in the development of new drugs, and its operating income is mainly from licensing fees and royalties. The sales income in 2022 and 2021 was due to the sales of Natongjie® long-acting injection drugs to Amata, an authorized partner in Taiwan. According to the authorization contract between the company and Amata, Amata is solely responsible for the sales and inventory risks of Natongjie® long-acting injection medicine in Taiwan. The sales revenue in 2022 and 2021 was entrusted by Amata to supply Natongjie® long-acting Injectable medicine, so it is not applicable.

6.Sale Volume and Value in the Most Recent 2 Fiscal Years

The company is mainly engaged in the development of new drugs, and its operating income is mainly from licensing fees and royalties. The sales income in 2022 and 2021 was due to the sales of Natongjie® long-acting injection drugs to Amata, an authorized partner in Taiwan. According to the authorization contract between the company and Amata, Amata is solely responsible for the sales and inventory risks of Natongjie® long-acting injection medicine in Taiwan. The sales revenue in 2022 and 2021 was entrusted by Amata to supply

Natongjie® long-acting Injectable medicine, so it is not applicable.

(III)Employee Statistics for the Most Recent 2 Fiscal Years up to the Annual Report Publication Date

Fiscal year		2021	2022	April 2,2023
Number of employees	Managers and above	8	8	8
	R & D personnel	22	23	23
	other employees	7	9	7
	Total	37	40	38
Average age		39.29	40.01	39.73
Average years of service		4.29	4.22	4.20
Education distribution percentage (%)	Ph.D	24.32%	22.50%	21.05%
	Master's degree	62.16%	60.00%	63.16%
	Senior high school	13.51%	17.50%	15.79%
	Senior high school	—	—	—
	Below senior high school	—	—	—

(IV)Environmental Expenditure Information

In the most recent year and up to the date of publication of the annual report, the company's losses due to environmental pollution (including compensation and environmental protection audit results in violation of environmental protection laws and regulations, the date of punishment, the name of the punishment, violations of laws and regulations, content of violations of laws and regulations, and punishment content should be listed), It also discloses the estimated amount and response measures that may occur at present and in the future.

In the most recent year and up to the date of publication of the annual report, the company has had no environmental pollution incidents, and will continue to uphold the consistent philosophy in the future to continue to maintain the best environmental protection results.

(V)Labour Relations

1.The company's various employee welfare measures, advanced education, training, and retirement systems and their implementation, as well as the agreement between labor and management and various employee rights and interests protection measures:

(1) Employee welfare measures

The company takes care of employees, provides employees with a good working environment, and provides employees with various benefits, including birthday gifts, wedding gifts, three festival gifts, language education and training subsidies, domestic and foreign travel subsidies, dinner parties and year-end end-of-year lucky draws, and various benefits The subsidy is as follows;

A. Insurance/retirement: labor health insurance and pension are handled in accordance with relevant laws and regulations; group insurance (term life insurance, accident

insurance, critical illness insurance, hospitalization medical insurance, accidental medical insurance, cancer medical insurance, etc.) is fully paid by the company .

B. Health check: Held once a year, with a quota of 4,000 yuan a year, which can be accumulated for two years and used together.

C. Birthday gift money: A gift money of 1,000 yuan will be given in the month of birthday.

D. Labor gift money: 2,000 yuan will be given as gift money on Labor Day.

E. Wedding bonus: RMB 6,000 for one year of employment; RMB 3,600 for less than one year.

F. Birth bonus: 10,000 yuan for each newborn, 2,500 yuan for less than one year of employment.

G. Employee stock options: In order to attract professionals and retain outstanding employees with potential for future development, so as to jointly create the interests of the company and shareholders, employee stock option certificates are issued in accordance with the "Employee Stock Option Certificate Issuance and Subscription Measures" passed by the Board of Directors .

H. Domestic and foreign tourism, tail teeth/spring wine: the management method and budget will be determined according to the monthly performance of the camp.

I. Language education and training: an annual subsidy of 5,000 yuan.

(2) Employees training and training

According to the company's training operations, each department prepares budgets every year, formulates annual employee training plans, implements education and training, and in order to implement lifelong learning and enhance professional knowledge and skills, thereby improving work performance, and encouraging employees to participate in various needs education and training courses.

(3) Retirement system

In accordance with the provisions of the Labor Pension Act (hereinafter referred to as the new system), the pension is paid in accordance with the "Monthly Wage Contribution Scale", and the monthly pension is not less than 6% of the monthly salary, which is stored in the Labor Retirement Gold personal account.

(4) The agreement between labor and management and various measures to protect the rights and interests of employees

So far, the company has not had any disputes between labor and management that require an agreement.

2.In the most recent year and up to the date of publication of the annual report, the company suffered losses due to labor disputes (including labor inspection results violating the Labor Standards Act, the date of punishment, the name of the punishment, violations of laws and regulations, content of violations of laws and regulations, and punishment content should be listed), and disclose the estimated amount and response measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained.

The company has a harmonious relationship between labor and management. In the most recent year and up to the publication date of the annual report, there has been no loss due to labor disputes.

(VI)Information Security Management

1.Describe the information security risk management structure, information security policies, specific management plans, and resources invested in information security management.

(1) Information security risk management framework

A. The company's information security unit is the General Management Office, which is responsible for planning, implementing and promoting information security management matters, and promoting information security awareness.

B. The audit office of the company is the inspection unit of information security supervision. If the inspection finds deficiencies, it will immediately request the inspected unit to propose relevant improvement plans and report to the board of directors, and regularly track the improvement results to reduce internal information security risks.

(2) Information Security Policy

The company's information security organization operation mode adopts PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of reliability goals and continuous improvement.

A. Planning stage (Plan): Focus on information security risk management, establish a complete information security management system, establish and reduce company information security threats and losses from the following aspects;

—Personnel information security management and education and training

—Host computer information security management

—Data Security Management

—Network information security and virus prevention management

—Security Control of Network Device Access

—Information Security Management of Outsourced Information Units

—Physical Environment Information Security Management

B. Implementation phase (Do): establish a multi-layer information security protection and hierarchical backup mechanism, integrate and internalize the information security control mechanism into daily operations such as software and hardware maintenance and operation, systematically monitor information security, and maintain the company's important assets confidentiality, integrity and availability.

C. Audit stage (Chenk): Actively monitor the effectiveness of information security management, and conduct information security index measurement and quantitative analysis based on the audit results.

D. Action stage (Act): Based on review and continuous improvement, implement supervision and audit to ensure the continuous effectiveness of information security regulations; regularly review and implement improvement actions including information security measures, education and training, and publicity to ensure that the company's important Confidential information is not disclosed.

(3) Specific management plan

A. Personnel education and training:

—New recruits are required to complete information security education courses during the training period.

—An information security publicity education training is held every year.

B. Host computer information security management:

—The computer is set to update the personal password every three months, and at the same time, the two-stage verification is turned on to maintain the confidentiality of the password and reduce the chance of the password being cracked.

—Computer hosts and servers that store confidential and sensitive data, in addition to the existing security settings, strengthen the security mechanism for identity recognition to prevent illegal users from stealing or destroying.

—Set up the immediate recovery procedure for the computer mainframe to shut down abnormally.

C. Data Security

—Control folder access permissions through confidential classification of files.

—All important data are regularly backed up, and the 321 backup principle is followed.

D. Internet Security

—Establish a computer virus prevention mechanism, and regularly update computer virus codes and anti-virus software.

—Establish external network protection measures.

—Strengthen network firewall and network control to prevent the spread of computer viruses.

(4) Invest resources in information security management

A. Personnel education and training: All new recruits receive information security education and training, and information security personnel communicate information security announcements from time to time.

B. The protection software is regularly maintained to strengthen the security of the network and computer equipment.

C. The computer room sets abnormal warnings and recovery procedures to reduce losses.

D. There were no information security violations this year.

2.List the losses suffered due to major information security incidents in the most recent year and as of the date of publication of the annual report, the possible impacts and countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained.

In the most recent year and up to the publication date of the annual report, the company has not had any major information security incidents.

(VII)Important contracts

List the parties, main contents, restrictive clauses and the beginning and end of the supply and marketing contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other important contracts that are sufficient to affect shareholders' rights and interests as of the date of publication of the annual report date.

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Collaborative Research Contract	首都醫科大學彭師奇.趙明教授	2012/09/04 take effect	Collaborative development of thrombolytic drugs	None
Entrustment contract	Syneos Health, LLC	2021/9/29 take effect	Entrust the implementation of relevant clinical trial services	None
Entrustment contract	Syneos Health, LLC	2021/9/29 take effect	Entrust the implementation of relevant clinical trial services	None
Entrustment contract	WCCT Global, Inc.	2017/03/06~2027/03/05	Entrust the implementation of relevant clinical trial services	None
Entrustment contract	Formosa Laboratories, Inc.	2017/02/09~2027/02/08	Entrusted with the production of raw materials	None
Entrustment contract	Formosa Laboratories, Inc.	2021/07/20~	Commissioned for preparation production	None
Entrustment contract	Mycenax Biotech Inc	2022/07/06~	Commissioned for preparation production	None
Entrustment contract	Mycenax Biotech Inc	2022/12/09~	Commissioned for preparation production	None
Entrustment contract	Mycenax Biotech Inc	2023/03/03~	Commissioning for relabeling of formulations	None
Entrustment contract	Mycenax Biotech Inc	2023/03/13~	Commissioned to conduct solution stability test	None
Entrustment contract	Mycenax Biotech Inc	2023/03/13~	Commissioned for preparation production	None
Entrustment contract	Mycenax Biotech Inc	2023/03/13~	Commissioned to conduct preparation stability test	None
Entrustment contract	Mycenax Biotech Inc	2023/01/16~	Consigned to modify the contract for preparation production	None
Entrustment contract	Bestat Pharmaservices Corp.	2021/9/13~2024/9/12	Entrust drug safety monitoring system construction and management services	None
Entrustment contract	PHARMACORE BIOTECH CO., LTD.	2018/10/01~2022/12/31	Entrust the production of raw materials and preparations	None
Entrustment contract	UBI Pharma Inc.	2022/12/30~2025/12/31	Commissioned for preparation production	None
Patent and technology transfer contract	首都醫科大學	2013/03/15 take effect	LT3001 candidate drug patent and technology transfer	None
Patent and technology transfer contract	首都醫科大學	2014/04/22 take effect	LT3001 first-generation drug patent and technology transfer	None
license transfer contract	National Defense Medical College of the Ministry of Science and Technology/Professor Hu Youpu	2012/07/05~2032/07/05	LT1001 Long-acting Pain Relief Drug Platform Technology Transfer Authorization	None

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Product Licensing Agreement	Skyline Vet Pharma, Inc.	2018/01/16~2036/05/26	CS011 Animal Drug Authorization Agreement	None
Product Licensing Agreement	Skyline Vet Pharma, Inc.	2021/06/17~2036/05/26	CS011 Supplementary Contract for Animal Drug Authorization	None
Product Licensing Agreement	Skyline Vet Pharma, Inc.	2021/06/17~2036/05/26	CS011 Supplementary Contract for Animal Drug Authorization-2	None
Product Licensing Agreement	上海醫藥集團股份有限公司	2019/11/06~2049/11/05	LT3001 Licensing Contract (Mainland China - except Hong Kong and Macau)	None
Product Licensing Agreement	Amed advanced medication Co., Ltd.	2015/12/10~2032/07/05	LT1001 product authorization and cooperative development contract	None
Product Licensing Agreement	Amed advanced medication Co., Ltd.	2018/06/08~2038/06/08	LT1001 Licensing Contract (Southeast Asia)	None
Product Licensing Agreement	Amed advanced medication Co., Ltd.	2020/09/18~2038/06/08	LT1001 Authorized Supplementary Contract (Southeast Asia)	None
Product Licensing Agreement	Amed advanced medication Co., Ltd.	2020/09/18~2038/06/08	LT1001 Authorized Supplementary Contract (Southeast Asia)-2	None
Product Licensing Agreement	江西濟民可信集團有限公司	2019/12/03 take effect	LT1001 Licensing Contract (China Region)	None
Exclusive distribution of products	AJM Pharma Pvt. Ltd	2023/01/23~2033/01/22	Exclusive distribution contract for LT1001 products (Pakistan)	None
Exclusive distribution of products	Dong Wha Pharm. Co., Ltd	2021/06/23~2031/06/22	Exclusive distribution contract for LT1001 products (Korea)	None
Exclusive distribution of products	Land of Medicine	2021/10/13 take effect	Exclusive distribution contract for LT1001 products (Jordan)	None
Exclusive distribution of products	PrJSC “Pharmaceutical “FirmDarnitsa”	2021/04/26~2026/04/25	Exclusive distribution contract for LT1001 products (Ukraine)	None
product exclusive distribution contract	Ideogen AG	2019/07/31 take effect	Exclusive distribution agreement for LT1001 products (Switzerland)	None
drug supply contract	Amed advanced medication Co., Ltd.	2017/01/01~2021/12/31	Natongjie® long-acting injection drug supply contract	None

(VIII)Other necessary supplementary explanations

The main technical sources of the company's current projects are as follows:

New Drug R&D Project	source of technology	Signing time	patent owner	License payment
LT1001	Research results of the special research project of the Ministry of Science and Technology "Research and Development of Long-acting Pain Relief Precursor Soft Drugs"	2012/07/05	Ministry of Science and Technology	Payees: Ministry of Science and Technology, National Defense Medical College and inventor Professor Hu Youpu. 1.According to the contract, after being paid by the company to the National Defense Medical College, the National Defense Medical College will transfer it to the Ministry of Science and Technology and Professor Hu Youpu. The distribution ratio is 20% for the Ministry of Science and Technology, 40% for the National Defense Medical College and 40% for Professor Hu Youpu. 2.R&D Milestone Gold： (1)Within 30 days (inclusive) after the contract becomes effective: NT$4.7 million has been paid. (2)When entering the second phase of clinical trials (starting to accept the case): NT$1.71 million has been paid. (3)When entering the third phase of clinical trial (starting to accept the case): NT$3.61 million has been paid. (4)When obtaining the drug certificate approved by TFDA: NT$3.58 million has been paid. 3. Product sales royalties： (1)Before the patent expires: 7.5% of the total product sales. (2)After the patent expires: 3.75% of total product sales. (3)When generic drugs from other companies appear in the market: 1.875% of total product sales. 4.Technology or product re-authorization rebate: paid when the company re-authorizes technology or products to a third party. (1)Within the first year after the signing of the contract: 70% of the balance of all the consideration after deducting the development costs and related taxes invested by the company. (2)Within the second year after signing the contract: 40% of the balance in the preceding item. (3)From the third year after signing the contract: 10% of the previous balance. (4)The aforementioned re-authorization fee shall not be lower than 20% of all the consideration in the aforementioned re-authorization contract.

New Drug R&D Project	source of technology	Signing time	patent owner	License payment
LT3001 (candidate compound)	北京首都醫科大學	2013/03/15	上海晟順生物科技有限公司 (Note)	Payees: Beijing Capital Medical University, Professor Peng Shiqi and Professor Zhao Ming. 1.Technology licensing fee: RMB 450,000, which has been paid to Beijing Capital Medical University. 2.Technology re-authorization fee: If there is a technology re-authorization, 5% of the re-authorization amount will be paid to Professor Peng Shiqi and Professor Zhao Ming (the 5% re-authorization fee will be shared equally between the two). 5.Product sales royalties: After the product is launched and before the patent expires, each of Professor Peng Shiqi and Professor Zhao Ming will be paid 1% of the annual product sales amount (2% in total) or each of the product sales royalties obtained due to product reauthorization. 1% (total 2%).
LT3001 (first generation compound)	北京首都醫科大學	2014/04/22	上海晟順生物科技有限公司 (Note)	Payees: Beijing Capital Medical University, Professor Peng Shiqi and Professor Zhao Ming. 1.Technology licensing fee: RMB 500,000, which has been paid to Beijing Capital Medical University. 2.Technology re-authorization fee: If there is a technology re-authorization, 5% of the re-authorization amount will be paid to Professor Peng Shiqi and Professor Zhao Ming (the 5% re-authorization fee will be shared equally between the two). 3.Product sales royalties: After the product is launched and before the patent expires, each of Professor Peng Shiqi and Professor Zhao Ming will be paid 1% of the annual product sales amount (2% in total) or each of the product sales royalties obtained due to product reauthorization. 1% (total 2%).

Note：These two patented technologies were introduced by our company to Beijing Capital Medical University, but because Taiwan is not a PCT member state, our company needs to use the Chinese legal personality of Shanghai Shengshun Biotechnology Co., Ltd. (abbreviated as Shanghai Shengshun) through PCT International The patent application process is based on a global patent layout, so Shanghai Shengshun is the patent applicant. Shanghai Shengshun is an indirect 100%-owned grandson company of the company. The company has also signed a global exclusive authorization contract with Shanghai Shengshun. Shanghai Shengshun authorizes all commercial development rights of LT3001 to the company.

Chapter 6.Financial overview

I. Information The condensed Balance Sheet and Comprehensive Income statement for the past five years.

(I) On the condensed balance sheets and statements of comprehensive income prepared in accordance with IFRS

1.Condensed Consolidated Balance Sheet

Unit: NT$ thousand

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note)				
		2018	2019	2020	2021	2022
Current assets		960,386	965,397	1,346,564	1,620,475	1,386,053
Funds and Investments		89,307	145,107	246,718	693,212	464,716
Property, Plant and Equipment		58,673	5,139	2,589	1,644	3,062
right-of-use asset		-	11,606	16,910	11,359	4,602
Intangible assets		284,405	196,739	171,213	43,574	26,932
Other asset		1,762	323	323	323	323
Total assets		1,394,533	1,324,311	1,784,317	2,348,695	1,885,688
Current liabilities	Before distribution	121,391	274,167	190,502	224,026	215,359
	After distribution	121,391	274,167	190,502	224,026	215,359
Non-current liabilities	Before distribution	-	4,268	11,126	6,082	360
	After distribution	-	4,268	11,126	6,082	360
Total liabilities	Before distribution	121,391	278,435	201,628	230,108	215,719
	After distribution	121,391	278,435	201,628	230,108	215,719
Share capital		1,165,136	1,175,648	1,473,748	1,631,478	1,630,978
Capital surplus		398,920	402,088	963,363	1,271,373	1,268,438
Retained earnings	Before distribution	(293,880)	(534,818)	(857,382)	(761,436)	(1,256,097)
	After distribution	(293,880)	(534,818)	(857,382)	(761,436)	(1,256,097)
Other equity		2,966	2,958	2,960	(22,828)	(13,530)
Total owner's equity of the parent company	Before distribution	1,273,142	1,045,876	1,582,689	2,118,587	1,629,789
	After distribution	1,273,142	1,045,876	1,582,689	2,118,587	1,629,789
Non-controlling interests		-	-	-	-	40,180
Total equity	Before distribution	1,273,142	1,045,876	1,582,689	2,118,587	1,669,969
	After distribution	1,273,142	1,045,876	1,582,689	2,118,587	1,669,969

Note：Financial report audited by accountants.

2. Condensed Consolidated Comprehensive Income Statements

Unit: NT$ thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note)				
	2018	2019	2020	2021	2022
Operating Revenue	60,615	172,044	21,651	17,362	26,642
Gross Profit	45,815	143,404	13,157	9,889	14,561
Operating profit and loss	(138,099)	(149,963)	(341,555)	(430,278)	(305,919)
Non-operating income and expenses	87,721	(76,288)	18,991	526,224	(198,526)
Net loss before tax	(50,378)	(226,251)	(322,564)	95,946	(504,445)
Continuing business unit net loss for the period	(50,378)	(226,251)	(322,564)	95,946	(504,445)
Loss from discontinued operations	0	0	0	0	0
Net loss for the period	(50,378)	(240,938)	(322,564)	95,946	(504,481)
Other comprehensive income (loss) for the period (net of IncomeTax)	(3,899)	(8)	2	(12)	22
Total comprehensive income for the period	(54,277)	(240,946)	(322,562)	95,934	(504,459)
Net income attributable to owners of parent	(50,378)	(240,938)	(322,564)	95,946	(494,661)
Net income (loss) attributable to non-controlling interests	-	-	-	-	(9,820)
Total comprehensive income attributable to owners of parent	(54,277)	(240,946)	(322,562)	95,934	(494,639)
Total comprehensive income, attributable to non-controlling interests	-	-	-	-	(9,820)
Earnings per share	(0.51)	(2.05)	(2.67)	0.64	(3.05)

Note：Financial report audited by accountants.

3.Parent Company Only Condensed Balance Sheets

Unit: NT$ thousand

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note)				
		2018	2019	2020	2021	2022
Current assets		932,593	939,671	1,320,447	1,595,460	1,269,433
Funds and Investments		116,939	170,810	272,644	718,227	552,457
Property, Plant and Equipment		58,673	5,139	2,589	1,644	3,062
right-of-use asset		-	11,606	16,910	11,359	4,602
Intangible assets		284,405	196,739	171,213	43,574	26,932
Other asset		1,762	323	323	323	323
Total assets		1,394,372	1,324,288	1,784,126	2,348,695	1,856,809
Current liabilities	Before distribution	121,230	274,144	190,311	224,026	220,713
	After distribution	121,230	274,144	190,311	224,026	220,713
Total liabilities	Before distribution	121,230	278,412	201,437	230,108	227,020
	After distribution	121,230	278,412	201,437	230,108	227,020
Share capital		1,165,136	1,175,648	1,473,748	1,631,478	1,630,978
Capital surplus		398,920	402,088	963,363	1,271,373	1,268,438
Retained earnings	Before distribution	(293,880)	(534,818)	(857,382)	(761,436)	(1,256,097)
	After distribution	(293,880)	(534,818)	(857,382)	(761,436)	(1,256,097)
Other equity		2,966	2,958	2,960	(22,828)	(13,530)
Total equity	Before distribution	1,273,142	1,045,876	1,582,689	2,118,587	1,629,789
	After distribution	1,273,142	1,045,876	1,582,689	2,118,587	1,629,789

Note：Financial report audited by accountants.

4. Parent Company Only Condensed Comprehensive Income Statements

Unit: NT$ thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note)				
	2018	2019	2020	2021	2022
Operating Revenue	60,615	172,044	21,651	17,362	29,824
Gross Profit	45,815	143,404	13,157	9,889	16,014
Operating profit and loss	(137,825)	(148,168)	(340,558)	(429,979)	(281,030)
Non-operating income and expenses	87,447	(78,083)	17,994	525,925	(213,595)
Net loss before tax	(50,378)	(226,251)	(322,564)	95,946	(494,625)
Continuing business unit net loss for the period	(50,378)	(240,938)	(322,564)	95,946	(494,661)
Loss from discontinued operations	-	-	-	-	-
Net loss for the period	(50,378)	(240,938)	(322,564)	95,946	(494,661)
Other comprehensive income (loss) for the period (net of Income Tax)	(3,899)	(8)	2	(12)	22
Total comprehensive income for the period	(54,277)	(240,946)	(322,562)	95,934	(464,639)
Net income attributable to owners of parent	(50,378)	(240,938)	(322,564)	95,946	(494,661)
Net income (loss) attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent	(54,277)	(240,946)	(322,562)	95,934	(464,639)
Total comprehensive income, attributable to non-controlling interests	-	-	-	-	-
Earnings per share	(0.51)	(2.05)	(2.67)	0.64	(3.05)

Note：Financial report audited by accountants.

Important events that affect the consistency of the above-mentioned condensed financial statements, such as accounting changes, company mergers, or shutdowns of business departments, etc., and their impact on the financial report of the current year.

In order to effectively integrate operating resources, enhance R&D momentum, increase the diversity of product development and strengthen market competitiveness, the company and Jinhua Biomedical Shareholders passed the merger proposal on July 27, 2018. The company issued 20,210 new shares Thousands of shares were used as the consideration for the merger of Jinhua Biomedical. After the merger, the company is the surviving company, and the merger base date is October 31, 2010. Jinhua Biomedical focuses on the field of biological drugs and actively develops the international market mainly in Japan. In recent years, the income from technical services has grown steadily. In addition, the fusion protein new drug development platform and related new drug projects developed by Jinhua Biomedical will be developed by both parties after the merger The team works together to continue development. As a result of the merger, the company recognized intangible assets of 166,174 thousand yuan and goodwill of 123,039 thousand yuan, and the intangible assets were amortized according to their useful life. Overall, the merger has no significant impact on the company's 2018 financial report.

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

1.Names and audit opinions of CPAs for the most recent 5 years:

Year	Name of Accounting Firm	CPAs	Audit opinion
2018	Pricewaterhouse Coopers,.	Shu-Fen, Yu. Hui-Chin, Tseng	Unqualified opinion
2019	Pricewaterhouse Coopers,.	Shu-Fen, Yu. Hui-Chin, Tseng	Unqualified opinion
2020	Pricewaterhouse Coopers,.	Shu-Fen, Yu. Sheng-Wei, Teng	Unqualified opinion
2021	Pricewaterhouse Coopers,.	Shu-Fen, Yu. Sheng-Wei, Teng	Unqualified opinion
2022	Pricewaterhouse Coopers,.	Shu-Fen, Yu. Sheng-Wei, Teng	Unqualified opinion

2.The situation of changing the visa accountant in the last five years：

I. Cooperating with the internal administrative organization adjustment of Pricewaterhouse Coopers,. from the first quarter of 2020, accountants Shu-Fen, Yu. and Hui-Chin, Tseng were changed to accountants Shu-Fen, Yu. and Accountant Sheng-Wei, Teng to provide financial statement verification and visa services.

II. Financial Analysis

(I) Financial analysis-Consolidated (IFRS)

Analysis items \ Year			Financial Information for Most Recent 5 Fiscal Years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio		8.70	21.02	11.30	9.79	11.44
	Ratio of long-term capital to property, plant and equipment		2,169.89	20,434.79	61,561.03	129,237.77	54,550.26
Solvency (%)	Current ratio (%)		791.15	352.12	706.85	723.34	643.60
	Quick ratio (%)		787.75	342.77	684.69	664.24	570.79
	Interest coverage ratio		Note 2	Note 2	Note 2	Note 2	Note 2
Operating ability	Receivableturnover (times)		4.24	1.08	0.14	1.48	2.25
	Averagecollection period (days)		86.08	337.96	2,607.14	246.62	162.22
	Inventory turnover (times)		36.78	0.40	0.30	0.09	0.09
	Payablesturnover (times)		Note 3	1.22	2.10	0.71	1.14
	Average days in sales		9.92	912.5	1,216.67	4,055.56	4,055.55
	PPE turnover ratio (times)		1.65	5.39	5.60	8.2	11.32
	Total asset turnover ratio (times)		0.06	0.13	0.01	0.01	0.01
Profitability	Return on assets (%)		(4.57)	(17.72)	(20.75)	4.64	(23.83)
	Return on equity attributable to owners of the parent company		(5.13)	(20.78)	(24.54)	5.18	(26.39)
	Ratio of paid-in capital %	business interest	(11.85)	(12.76)	(23.18)	(26.37)	(18.76)
		net profit before tax	(4.32)	(19.24)	(21.89)	5.88	(30.93)
	Net profit margin (%)		(83.11)	(140.04)	(1,489.83)	552.62	(1,893.56)
	EPS (NT$)		(0.51)	(2.05)	(2.67)	0.64	(3.05)
Cash flows (%)	Cash flow ratio (%)		Note 4	Note 4	Note 4	Note 4	Note 4
	Cashflowadequacy ratio		Note 4	Note 4	Note 4	Note 4	Note 4
	Cash reinvestment ratio (%)		Note 4	Note 4	Note 4	Note 4	Note 4
Leverage	Operational leverage		0.91	0.74	0.90	0.93	0.93
	Financial leverage		1.00	1.00	1.00	1.00	1.00

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

Financial structure：The purchase of test equipment in 2022 resulted in a decline in the ratio of long-term funds to real estate, plant and equipment.

Operating ability：In 2022, due to the increase in sales revenue and service revenue compared with last year, net sales and cost of sales increased, so the turnover rate of receivables, payables, real estate plants and equipment, and total asset turnover increased. And the average number of cash collection days decreased.

Profitability：In 2022, because the company's projects were still being developed and invested continuously and the evaluation benefits of securities in 2021 were reversed, the loss in this period caused the rate of return to turn negative; and because the approval of the second phase clinical trial of LT3001 multi-dose was delayed than expected, the follow-up research and development The schedule was slightly delayed, resulting in a reduction in R&D expenses and a reduction in operating losses, so the ratio of operating profits to paid-in capital decreased.

Note 1：Financial report audited and certified by an accountant.

Note 2：There was no loan from 2018 to 2022, and the interest expense on the account is the discounted interest expense of the lease liability arising from the application of IFRS16 from 2019, so the relevant ratio is not applicable.

Note 3：There was no accounts payable balance at the end of 2018, so the payables turnover ratio is not applicable.

Note 4：Since the establishment of Lumosa and its subsidiaries, because the new drug is still in the development stage, the cash flow of operating activities has shown a net cash outflow, and the relevant ratio is not applicable.

1. Financial structure

(1) Debt ratio＝Total liabilities／Total Assets

(2) Long-term funds to fixed asset ratio = (net shareholders' equity + long-term liabilities)/net fixed assets

2. Solvency

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current asset - inventories)/Current liabilities

(3) Interest coverage ratio = Earnings before interests and taxes (EBIT)/Interest expenses over this period

3. Operating ability

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

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

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

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

(5) Average inventory turnover days = 365/Inventory turnover ratio

(6) PPE turnover ratio = Net sales/Average net PPE

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

4. Profitability

(1) Return on assets = [Profit and loss after tax + Interest expense × (1- tax rate)]/Average total assets

(2) Return on equity (%) = Profit and loss after tax/Average net shareholder's equity

(3) Net profit margin (%) = Profit and loss after tax/Net sales

(4) Earnings per share (EPS) = (Income attributable to the owners of the parent company - Preferred dividends)/Weighted average number of outstanding shares (Note 4)

5. Cash Flows

(1) Cash flow ratio = Net operating cash flow/Current liabilities

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

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

6. Leverage

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

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

(II)Financial Analysis - Parent Company Only (IFRS)

Analysis items \ Year			Financial Information for Most Recent 5 Fiscal Years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio		8.69	21.02	11.29	9.80	12.23
	Ratio of long-term capital to property, plant and equipment		2,169.89	20,434.79	61,561.03	129,237.77	54,432.27
Solvency (%)	Current ratio (%)		769.28	342.77	693.84	712.18	575.15
	Quick ratio (%)		765.94	333.42	671.72	653.11	504.17
	Interest coverage ratio		Note 2	Note 2	Note 2	Note 2	Note 2
Operating ability	Receivableturnover (times)		4.24	1.08	0.14	1.48	2.52
	Averagecollection period (days)		86.08	337.96	2,670.14	246.62	144.84
	Inventory turnover (times)		36.78	0.40	0.30	0.09	0.09
	Payablesturnover (times)		Note 3	1.22	2.10	0.71	1.14
	Average days in sales		9.92	912.5	1,216.67	4,055.56	4,055.55
	PPE turnover ratio (times)		1.65	5.39	5.60	8.2	12.67
	Total asset turnover ratio (times)		0.06	0.13	0.01	0.01	0.01
Profitability	Return on assets (%)		(4.62)	(17.72)	(20.75)	4.64	(23.52)
	ROE (%)		(5.13)	(20.78)	(24.54)	5.18	(26.39)
	Ratio of paid-in capital %	business interest	(11.83)	(12.60)	(23.11)	(26.36)	(17.23)
		net profit before tax	(4.32)	(19.24)	(21.89)	5.88	(30.33)
	Net profit margin (%)			(140.04)	(1,489.83)	552.62	(1,658.60)
	EPS (NT$)			(2.05)	(2.67)	0.64	(3.05)
Cash flows (%)	Cash flow ratio (%)		Note 4	Note 4	Note 4	Note 4	Note 4
	Cashflowadequacy ratio		Note 4	Note 4	Note 4	Note 4	Note 4
	Cash reinvestment ratio (%)		Note 4	Note 4	Note 4	Note 4	Note 4
Leverage	Operational leverage		0.91	0.79	0.90	0.93	0.92
	Financial leverage		1.00	1.00	1.00	1.00	1.00

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

Financial structure：Due to the cash capital increase in 2021 and the cash payment in the current period, the decrease in cash and assets resulted in an increase in the ratio of liabilities to assets; the purchase of test equipment in 2022 resulted in a decrease in the ratio of long-term funds to real estate, plant and equipment.

Operating ability：In 2022, due to the increase in sales revenue and service revenue compared with last year, net sales and cost of sales increased, so the turnover rate of receivables, payables, real estate plants and equipment, and total asset turnover increased. And the average number of cash collection days decreased.

Profitability：In 2022, because the company's projects were still being developed and invested continuously and the evaluation benefits of securities in 2021 were reversed, the loss in this period caused the rate of return to turn negative; and because the approval of the second phase clinical trial of LT3001 multi-dose was delayed than expected, the follow-up research and development The schedule was slightly delayed, resulting in a reduction in R&D expenses and a reduction in operating losses, so the ratio of operating profits to paid-in capital decreased.

Note 1：Financial report audited and certified by an accountant.

Note 2：There was no loan from 2018 to 2022, and the interest expense on the account is the discounted interest expense of the lease liability arising from the application of IFRS16 from 2019, so the relevant ratio is not applicable.

Note 3：There was no accounts payable balance at the end of 2018, so the payables turnover ratio is

not applicable.

Note 4：Since the establishment of Lumosa and its subsidiaries, because the new drug is still in the development stage, the cash flow of operating activities has shown a net cash outflow, and the relevant ratio is not applicable.

7. Financial structure

(1) Debt ratio＝Total liabilities／Total Assets

(2) Long-term funds to fixed asset ratio = (net shareholders' equity + long-term liabilities)/net fixed assets

8. Solvency

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current asset - inventories)/Current liabilities

(3) Interest coverage ratio = Earnings before interests and taxes (EBIT)/Interest expenses over this period

9. Operating ability

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

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

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

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

(5) Average inventory turnover days = 365/Inventory turnover ratio

(6) PPE turnover ratio = Net sales/Average net PPE

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

10. Profitability

(1) Return on assets = [Profit and loss after tax + Interest expense × (1- tax rate)]/Average total assets

(2) Return on equity (%) = Profit and loss after tax/Average net shareholder's equity

(3) Net profit margin (%) = Profit and loss after tax/Net sales

(4) Earnings per share (EPS) = (Income attributable to the owners of the parent company - Preferred dividends)/Weighted average number of outstanding shares (Note 4)

11. Cash Flows

(1) Cash flow ratio = Net operating cash flow/Current liabilities

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

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

12. Leverage

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

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

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

Audit Committee’s Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and Deficit Compensation. The foresaid Financial Statements and Consolidated Financial Statements have been audited and the unqualified audit report has been issued by the independent auditors, Yu, Shu-Fen and Deng Sheng-Wei of PricewaterhouseCoopers.

The Business Report, Financial Statements, Consolidated Financial Statements, and Deficit Compensation have been reviewed and determined to be correct and accurate by the Audit Committee’s of Lumosa Therapeutics Co., Ltd. According to
Article 219 of the Company Act, we hereby submit this report.

Lumosa Therapeutics Co., Ltd.

The Audit Committee
Convener Chih Yung Chin

March 10, 2023

IV.Most recent financial report

Please refer to pages 148 to 210 for details including the audit report of the accountant, the balance sheet of the two-year comparison, the comprehensive income statement, the statement of equity changes, the cash flow statement, and notes or attachments.

V. The company's individual financial report that has been audited and certified by an accountant for the most recent year

Please refer to pages 211 to 281.

VI.The company and its affiliated companies have had financial turnover difficulties in the most recent year and up to the date of publication of the annual report. The impact on the company's financial status should be listed.

No such effect.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Lumosa Therapeutics Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Lumosa Therapeutics Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 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, we do not provide a separate opinion on these matters.

資誠聯合會計師事務所　PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Appropriateness of licencing revenue recognition

Description

Refer to Note 4(21) for accounting policies on licencing revenue and Note 6(17) for details of licencing revenue.

The licencing revenue, service revenue and sales revenue are the main revenue sources of the Group for the year ended December 31, 2022. For licencing revenue, revenue is recognised based on the terms of the agreement with the licenced party. The Group recognises licencing revenue once all the criteria for the revenue recognition are met, which involves management's subjective judgement based on the agreements. Thus, we consider the appropriateness of licencing revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Discussing with the management about the policies on recognition of licencing revenue and confirming whether the recognition of licencing revenue has been properly calculated, reviewed and approved.
2. Inspecting whether licencing revenue is supported with an agreement and other related documents and examining the terms and conditions of licence agreement to assess the accuracy of revenue recognition, the legitimacy of accounting process and the appropriateness of the timing of revenue recognition.

Impairment assessment of intangible assets arising from merger

Description

Refer to Note 4(15) for accounting policies on impairment assessment of non-financial assets, Note 5 for the uncertainty of accounting estimates and assumptions related to impairment of intangible assets and Note 6(8) for details of intangible assets.

The Group considers internal and external information in determining whether the intangible assets and goodwill acquired from merger are impaired at the balance sheet date. The assets' recoverable amounts and appraisal report prepared by the commissioned external appraiser expert will be used in assessing whether there is any indicator of impairment. As the assessment performed by management involves critical judgement and it will have a significant impact on the value, we consider the impairment assessment of intangible assets arising from merger as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Assessing the valuation model used by the management on the impairment assessment of intangible assets.
2. Assessing the competence and objectivity of the external expert commissioned by management.
3. Our audit procedures performed also included:
    a. Reviewing whether the valuation models used in intangible asset appraisal report used by the commissioned external appraiser expert are reasonable for the industry and the Group's assets which are assessed for impairment.
    b. Assessing whether the future cash flows and each cash-generating unit adopted in the valuation models are consistent with the operation plans.
    c. Assessing the reasonableness of major assumptions used such as estimated growth rate, gross rate and discount rate.
    d. Comparing the recoverable amount and book value of each cash-generating unit.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Lumosa Therapeutics Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

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 Regulations Governing the Preparation of Financial Reports by

Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Independent 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 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 Group 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.

pwc 資誠

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yu, Shu-Fen　　Teng, Shang-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report 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 consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current Assets					
1100	Cash	6(1)	$ 516,848	27	$ 840,319	36
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(3)	-	-	21,892	1
1136	Financial assets at amortised cost - current	6(3)	667,668	35	589,888	25
1170	Accounts receivable, net	6(4) and 7	13,998	1	9,692	-
1200	Other receivables	7	2,248	-	623	-
1220	Current income tax assets		15,734	1	16,384	1
130X	Inventory	6(5)	108,681	6	82,385	3
1410	Prepayments		60,876	3	59,166	3
1470	Other current assets		-	-	126	-
11XX	**Total current assets**		1,386,053	73	1,620,475	69
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 12(3)	464,716	25	671,320	29
1600	Property, plant and equipment	6(6)	3,062	-	1,644	-
1755	Right-of-use assets	6(7)	4,602	-	11,359	-
1780	Intangible assets	6(8)	26,932	2	43,574	2
1900	Other non-current assets		323	-	323	-
15XX	**Total non-current assets**		499,635	27	728,220	31
1XXX	**Total assets**		$ 1,885,688	100	$ 2,348,695	100
	Liabilities and Equity					
	Current liabilities					
2130	Contract liabilities - current	6(17)	$ 6,882	-	$ 4,680	-
2170	Accounts payable		992	-	14,500	1
2200	Other payables	6(9) and 7	49,686	3	46,379	2
2280	Lease liabilities - current	6(26) and 7	4,330	-	5,404	-
2365	Refund liabilities - current	6(10)	151,130	8	151,130	7
2399	Other current liabilities		2,339	-	1,933	-
21XX	**Total current liabilities**		215,359	11	224,026	10
	Non-current liabilities					
2580	Lease liabilities - non-current	6(26) and 7	360	-	6,082	-
2XXX	**Total liabilities**		215,719	11	230,108	10
	Equity attributable to shareholders of the parent					
	Equity					
	Share capital	6(13)				
3110	Common share		1,630,978	87	1,631,628	69
3170	Share capital awaiting retirement		-	-	(150)	-
	Capital surplus	6(14)				
3200	Capital surplus		1,268,438	67	1,271,373	54
	Retained earnings	6(15)				
3350	Deficit yet to be compensated		(1,256,097)	(66)	(761,436)	(32)
	Other equity interest	6(16)				
3400	Other equity interest		(13,530)	(1)	(22,828)	(1)
31XX	**Equity attributable to shareholders of the parent**		1,629,789	87	2,118,587	90
36XX	**Non-controlling interests**		40,180	2	-	-
3XXX	**Total equity**		1,669,969	89	2,118,587	90
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,885,688	100	$ 2,348,695	100

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

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT (LOSS) EARNINGS PER SHARE DATA)

			For the years ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(17) and 7	$ 26,642	100	$ 17,362	100
5000	**Operating costs**	6(5)	(12,081)	(45)	(7,473)	(43)
5900	Gross profit		14,561	55	9,889	57
	Operating expenses	6(6)(7)(8)(11)(12)(21)(22) and 7				
6100	Selling expenses		(16,475)	(62)	(9,767)	(56)
6200	General and administrative expenses		(23,546)	(88)	(24,355)	(140)
6300	Research and development expenses		(280,459)	(1053)	(406,045)	(2339)
6000	**Total operating expenses**		(320,480)	(1203)	(440,167)	(2535)
6900	**Operating loss**		(305,919)	(1148)	(430,278)	(2478)
	Non-operating income and expenses					
7100	Interest income	6(3)(18)	5,320	20	3,457	20
7010	Other income	6(19) and 7	2,977	11	1,674	10
7020	Other gains and losses	6(2)(7)(20)	(206,674)	(776)	521,353	3003
7050	Finance costs	6(7) and 7	(149)	-	(260)	(2)
7000	Total non-operating income and expenses		(198,526)	(745)	526,224	3031
7900	**(Loss) profit before income tax**		(504,445)	(1893)	95,946	553
7950	Income tax expense	6(23)	(36)	-	-	-
8200	**(Loss) profit for the year**		($ 504,481)	(1893)	$ 95,946	553
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	$ 22	-	($ 12)	-
8300	**Other comprehensive income (loss) for the year**		$ 22	-	($ 12)	-
8500	**Total comprehensive income (loss) for the year**		($ 504,459)	(1893)	$ 95,934	553
	(Loss) profit attributable to:					
8610	Shareholders of the parent		($ 494,661)	(1856)	$ 95,946	553
8620	Loss attributable to non-controlling interests		(9,820)	(37)	-	-
			($ 504,481)	(1893)	$ 95,946	553
	Comprehensive (loss) income attributable to:					
8710	Shareholders of the parent		($ 494,639)	(1856)	$ 95,934	553
8720	Loss attributable to non-controlling interests		(9,820)	(37)	-	-
			($ 504,459)	(1893)	$ 95,934	553
	(Loss) earnings per share (in dollars)	6(24)				
9750	Basic (loss) earnings per share		($ 3.05)		$ 0.64	
9850	Diluted (loss) earnings per share		($ 3.05)		$ 0.64	

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

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to shareholders of the parent											
		Share capital		Capital Surplus					Other Equity Interest				
	Notes	Common share	Share capital awaiting retirement	Share premium	Employee stock options	Employee restricted shares	Others	Deficit yet to be compensated	Financial statements translation differences of foreign operations	Unearned employee compensation	Total	Non-controlling interests	Total equity
For the year ended December 31, 2021													
Balance at January 1, 2021		$ 1,473,748	$ -	$ 960,631	$ 2,568	$ -	$ 164	($ 857,382)	$ 2,960	$ -	$ 1,582,689	$ -	$ 1,582,689
Profit for the year		-	-	-	-	-	-	95,946	-	-	95,946	-	95,946
Other comprehensive loss for the year	6(16)	-	-	-	-	-	-	-	(12)	-	(12)	-	(12)
Total comprehensive income		-	-	-	-	-	-	95,946	(12)	-	95,934	-	95,934
Issuance of common shares for cash		110,000	-	220,000	-	-	-	-	-	-	330,000	-	330,000
Issuance of common shares for cash - private placement	6(13)	34,480	-	65,512	-	-	-	-	-	-	99,992	-	99,992
Employee stock options exercised	6(12)(13)	5,400	-	3,558	(2,208)	-	-	-	-	-	6,750	-	6,750
Issuance of employee restricted stocks	6(13)	9,000	-	-	-	24,246	-	-	-	(33,246)	-	-	-
Compensation costs of employee restricted stock	6(12)(16)(22)	-	-	-	-	-	-	-	-	3,222	3,222	-	3,222
Capital reduction through retirement of employee restricted shares	6(12)(13)	(1,000)	-	-	-	(2,694)	-	-	-	3,694	-	-	-
Adjustment on forfeited employee restricted shares due to resignation of employees	6(12)(13)(16)	-	(150)	-	-	(404)	-	-	-	554	-	-	-
Balance at December 31, 2021		$ 1,631,628	($ 150)	$ 1,249,701	$ 360	$ 21,148	$ 164	($ 761,436)	$ 2,948	($ 25,776)	$ 2,118,587	$ -	$ 2,118,587
For the year ended December 31, 2022													
Balance at January 1, 2022		$ 1,631,628	($ 150)	$ 1,249,701	$ 360	$ 21,148	$ 164	($ 761,436)	$ 2,948	($ 25,776)	$ 2,118,587	$ -	$ 2,118,587
Loss for the year		-	-	-	-	-	-	(494,661)	-	-	(494,661)	(9,820)	(504,481)
Other comprehensive income for the year	6(16)	-	-	-	-	-	-	-	22	-	22	-	22
Total comprehensive loss		-	-	-	-	-	-	(494,661)	22	-	(494,639)	(9,820)	(504,459)
Employee stock options exercised	6(12)(13)	650	-	429	(266)	-	-	-	-	-	813	-	813
Compensation costs of employee restricted stock	6(12)(16)(22)	-	-	-	-	-	-	-	-	5,028	5,028	-	5,028
Capital reduction through retirement and adjustment due to resignation of employee restricted shares forfeited	6(12)(13)(16)	(1,300)	150	-	-	(3,098)	-	-	-	4,248	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	50,000	50,000
Balance at December 31, 2022		$ 1,630,978	$ -	$ 1,250,130	$ 94	$ 18,050	$ 164	($ 1,256,097)	$ 2,970	($ 16,500)	$ 1,629,789	$ 40,180	$ 1,669,969

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

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) gain before income tax for the year		($ 504,445)	$ 95,946
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(21)	5,523	6,496
Amortisation	6(8)(21)	16,642	25,606
Net loss (gain) on financial assets or liability at fair value through profit or loss	6(2)(20)	217,396	(627,609)
Interest income	6(18)	(5,320)	(3,457)
Interest expense	6(7)	149	260
Compensation costs of employee restricted stock	6(12)(22)	5,028	3,222
Unrealised foreign exchange (gain) loss		237	(105)
Gains on lease modifications	6(7)(20)	(48)	-
Impairment loss	6(8)	-	102,523
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Accounts receivable		(4,306)	7,926
Inventory		(26,296)	(50,610)
Other receivables		(1,428)	67
Prepayments		(1,710)	(45,517)
Other current assets		126	(105)
Changes in liabilities relating to operating activities			
Contract liabilities - current		2,202	(320)
Accounts payable		(13,508)	14,470
Other payables		3,307	14,841
Other current liabilities		406	360
Cash outflow generated from operations		(306,045)	(456,006)
Interest received		5,123	3,723
Interest paid		(149)	(260)
Income tax received (paid)		614	(57)
Net cash flows used in operating activities		(300,457)	(452,600)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost - current		(1,105,272)	(1,691,386)
Proceeds from disposal of financial assets at amortised cost - current		1,027,255	1,473,864
Acquisition of financial assets at fair value through profit or loss	6(2)	(14,944)	(70,000)
Proceeds from disposal of financial assets at fair value through profit or loss		26,044	251,115
Acquisition of property, plant and equipment	6(6)(26)	(2,285)	(86)
Acquisition of intangible assets	6(8)	-	(490)
Net cash flows used in investing activities		(69,202)	(36,983)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common shares for cash	6(13)	-	330,000
Issuance of common shares for cash - private placement	6(13)	-	99,992
Employee stock options exercised		813	6,750
Payments of lease liabilities	6(7)(27)	(4,647)	(5,465)
Changes in non-controlling interest	6(25)	50,000	-
Net cash flows from financing activities		46,166	431,277
Effect due to changes in exchange rate		22	(12)
Decrease in cash		(323,471)	(58,318)
Cash at beginning of year		840,319	898,637
Cash at end of year		$ 516,848	$ 840,319

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

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Lumosa Therapeutics Co., Ltd. ("Lumosa" or the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 13, 2000. Starting from September 26, 2016, the Company's stock was listed on the Taiwan Over-The-Counter Securities Exchange. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the development of new drugs. In order to maximize integration synergies of new drugs development resource and human resource, the shareholders during their meeting on July 27, 2018, resolved to merge the Company with TPG Biologics, Inc. ("TPG") through a share swap, with the Company as the surviving company and TPG as the dissolved company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition

and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income 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.

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All

amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Lumosa	Lumosa Therapeutics Co., Ltd. (Cayman) ("Lumosa Cayman")	Investment	100	100	
Lumosa	Cytoengine Co., Ltd. (Cytoengine)	New Drug Development	60	-	Note
Lumosa Cayman	Shanghai Lumosa Therapeutics Co., Ltd. ("Lumosa SH")	Consulting, service and transfer of techniques	100	100	

Note: Cytoengine Co., Ltd. was established in January 2022, and completed an issuance of common shares for cash in the fourth quarter. Center Laboratories, Inc. acquired 40% of the shares, reducing the shareholding ratio of the Group to 60%. Refer to Note 6 (25).

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

c. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:
   (a) Liabilities that are expected to be settled within the normal operating cycle;
   (b) Liabilities arising mainly from trading activities;
   (c) Liabilities that are to be settled within twelve months from the balance sheet date;
   (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

   Otherwise they are classified as non-current liabilities.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable that have a significant financing component at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, other direct/ indirect costs. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost to complete the sale.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Experiment equipment:	2 ~ 10 years
Machinery and office equipment:	3 ~ 5 years

(13) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement

is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date; and
(c) Any initial direct costs incurred by the lessee.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

A. Patents and proprietary technology
Separately acquired proprietary technology is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 years. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date and amortised on a straight-line basis over its estimated useful life of 3 ~ 9 years.

B. Computer software
Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2~3 years.

C. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method.

(15) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(16) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions - defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date.

Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B: Employee restricted shares:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Group will redeem at no consideration and retire those stocks.

C. The share-based payment grant date is the date that the Group and employees reached a consensus on the terms and provisions of share-based payment arrangements.

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells new drugs. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' 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 customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. 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. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) 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.

B. Service revenue

(a) The Group provides technical service, clinical trial and related 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 to the end of the reporting period as a proportion of the total services to be provided. 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.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Revenue from licencing intellectual property

(a) The Group entered into a contract with a customer to grant a licence of intellectual property to the customer. Because licencing is divisible from the contract, the Group recognises licencing revenue when the licence is transferred to a customer at a point in time based on the nature of licencing. The nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when the licence is transferred to a customer at a point in time.

(b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Impairment assessment of 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.

As of December 31, 2022, the Group recognized intangible assets, net of impairment loss, amounting to $26,932.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 20	$ 114
Demand deposits	516,828	840,205
	$ 516,848	$ 840,319

A. The Group associates with a variety of financial institutions and all of them with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current Items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks (Note 1)	$ -	$ 2,995
Valuation adjustment	-	18,897
	$ -	$ 21,892
Non-current Items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks (Notes 2 and 3)	$ 172,944	$ 88,000
Public stocks (Notes 3)	20,000	90,000
	192,944	178,000
Valuation adjustment	271,772	493,320
	$ 464,716	$ 671,320

Note 1: The Group held an investment in the stocks of Ever Supreme Bio Technology Co., Ltd. which was listed on the Taipei Exchange since January 8, 2021.

Note 2: The Group held an investment in the stocks of Ever Fortune AI Co., Ltd. which obtained an emerging stock market registration on September 14, 2021.

Note 3: The Group has acquired additional stocks in Shine-On BioMedical Co., Ltd. amounting to $70,000 and $14,944 during November 2021 and August 2022, respectively. Shine-On BioMedical Co., Ltd. has been offered publicly on September 20, 2022, and obtained an emerging stock market registration on November 25, 2022.

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 217,396)	$ 627,609

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	December 31, 2022	December 31, 2021
Current item:		
Time deposits - maturing over three months	$ 667,668	$ 589,888

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the years ended December 31,	
	2022	2021
Interest income	$ 4,184	$ 3,267

B. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were $667,668 and $589,888, respectively.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The transaction objects of the Group's investment certificates of deposit are financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 13,998	$ 9,692

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Up to 30 days	$ 8,960	$ 9,099
31 to 90 days	5,038	546
Over 181 days	-	47
	$ 13,998	$ 9,692

The above aging analysis is based on the invoice date and the accounts receivable are not overdue.

B. As of December 31, 2022, December 31, 2021, and January 1, 2021, the balances of receivables from contracts with customers amounted to $13,998, $9,692 and $13,838, respectively.

C. The Group does not hold financial assets as security for accounts receivable.

D. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $13,998 and $9,692, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022	December 31, 2021
Raw material and supplies	$ 15,143	$ 30,703
Semi-finished goods	89,118	51,241
Finished goods	4,420	441
	$ 108,681	$ 82,385

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	$ 8,859	$ 5,172
Cost of royalty	3,222	2,255
Others	-	46
	$ 12,081	$ 7,473

(6) Property, plant and equipment

	Experiment equipment	Machinery and office equipment	Leasehold improvements	Total
January 1, 2022				
Cost	$ 28,605	$ 928	$ -	$ 29,533
Accumulated depreciation	(26,961)	(928)	-	(27,889)
	$ 1,644	$ -	$ -	$ 1,644
2022				
At January 1	$ 1,644	$ -	$ -	$ 1,644
Additions	2,285	-	-	2,285
Depreciation	(867)	-	-	(867)
At December 31	$ 3,062	$ -	$ -	$ 3,062
December 31, 2022				
Cost	$ 30,891	$ 928	$ -	$ 31,819
Accumulated depreciation	(27,829)	(928)	-	(28,757)
	$ 3,062	$ -	$ -	$ 3,062

	Experiment equipment	Machinery and office equipment	Leasehold improvements	Total
January 1, 2021				
Cost	$ 28,605	$ 928	$ 238	$ 29,771
Accumulated depreciation	(26,025)	(928)	(229)	(27,182)
	$ 2,580	$ -	$ 9	$ 2,589
2021				
At January 1	$ 2,580	$ -	$ 9	$ 2,589
Depreciation	(936)	-	(9)	(945)
At December 31	$ 1,644	$ -	$ -	$ 1,644
December 31, 2021				
Cost	$ 28,605	$ 928	$ -	$ 29,533
Accumulated depreciation	(26,961)	(928)	-	(27,889)
	$ 1,644	$ -	$ -	$ 1,644

A. No borrowing costs were capitalized as part of property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(7) Leasing arrangements - lessee

A. The Group leases various assets including buildings and other equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

			For the years ended December 31,	
	December 31, 2022	December 31, 2021	2022	2021
	Carrying amount	Carrying amount	Depreciation charge	Depreciation charge
Buildings	$ 4,602	$ 11,359	$ 4,656	$ 5,551

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $112 and $0, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 149	$ 260
Expense on short-term lease contracts	2,628	3,024
Expense on leases of low-value assets	59	58
Gain on lease modification	48	-

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $7,483 and $8,807, respectively.

(8) Intangible assets

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(293,975)	(81)	-	(294,056)
	$ 43,165	$ 409	$ -	$ 43,574
2022				
At January 1	$ 43,165	$ 409	$ -	$ 43,574
Amortisation	(16,397)	(245)	-	(16,642)
At December 31	$ 26,768	$ 164	$ -	$ 26,932
December 31, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(310,372)	(326)	-	(310,698)
	$ 26,768	$ 164	$ -	$ 26,932

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2021				
Cost	$ 361,173	$ -	$ 78,490	$ 439,663
Accumulated amortisation	(268,450)	-	-	(268,450)
	$ 92,723	$ -	$ 78,490	$ 171,213
2021				
At January 1	$ 92,723	$ -	$ 78,490	$ 171,213
Additions	-	490	-	490
Impairment loss	(24,033)	-	(78,490)	(102,523)
Amortisation	(25,525)	(81)	-	(25,606)
At December 31	$ 43,165	$ 409	$ -	$ 43,574
December 31, 2021				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(293,975)	(81)	-	(294,056)
	$ 43,165	$ 409	$ -	$ 43,574

A. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2022	2021
Selling expenses	$ 245	$ 81
Research and development expenses	16,397	25,525
	$ 16,642	$ 25,606

B. The Group has no intangible assets pledged to others.

C. As a result of the Covid-19 pandemic, deliveries of the supplies which were purchased for ECC series development project were suspended, causing significant delay in the overall progress of the project. Further, as the cell therapy technology on other similar indications and the therapeutic techniques of antibody-drug conjugates continue to flourish, the subsequent market share is expected to decrease because the project's progress was behind schedule. Based on the Group's assessment, the recoverable amount of ECC series project was less than its carrying amount, thus, the Group recognised impairment loss amounting to $102,523 for the year ended December 31, 2021.

The recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates, and the key assumptions used for value-in-use calculations are as follows:

	For the years ended December 31,	
	2022	2021
	ECC series project operation	ECC series project operation
Gross margin	100%	100%
Growth rate	2%	2%
Discount rate	19.7%	19.0%

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

D. Details of licence granted are as follows:

In July 2012, Cheng Pang Medical Technology Inc. (hereinafter referred to as "Cheng Pang") entered into a "Novel Long-acting Analgesic Injection" technology transfer agreement with the Ministry of Science and Technology (originally as the "National Science Council, Executive Yuan"), the National Defense Medical Center, and the co-inventor(s). The Company obtained such proprietary technology when Cheng Pang merged with the Company in June 2014. Such proprietary technology was recognised based on the fair value at the acquisition date, in accordance with the accounting standards of enterprise merger.

The abovementioned technology transfer agreement provides that when relevant technology (or product) is sub-licenced to a third party, the Company shall pay a sublicence fee. The sublicence fee is 10% of the sublicence income received from the sub-licencee less the development costs; also, the sublicence fee shall not be less than 20% of the sublicence income received from the sub-licencee. If the Company manufactures and markets the relevant product, the Company shall pay 1.875~7.5% of the net sale of the product as royalty during the term of the agreement.

(9) Other payables

	December 31, 2022	December 31, 2021
Salaries and bonus payable	$ 14,669	$ 14,637
Service payable	2,199	2,217
Research expenses payable	18,951	18,467
Royalties payable	11,257	7,943
Other payables	2,610	3,115
	$ 49,686	$ 46,379

(10) Refund liabilities - current

A. At the beginning and end of 2022 and 2021, refund liabilities both amounted to $151,130.

B. Refund liabilities pertains to licencing revenue recognised in accordance with contractual terms agreed upon with customers.

(11) Pensions

A. The Company has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act (the 'Act') covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension expense under the defined contribution pension plan of the Group for the years ended December 31, 2022 and 2021 were $2,193 and $2,224, respectively.

B. The subsidiaries, Lumosa Cayman, Lumosa SH and Cytoengine, have no formal employee and were not subject to local pension act.

(12) Share-based payments

A. As of December 31, 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options	2015/03/05	964	5 years	Note 2
Employee stock options	2015/03/30	4,915	8 years	Note 1
Employee stock options	2015/09/21	36	5 years	Note 2
Restricted stocks to employees	2021/07/09	900	4.5 years	Note 3

Note 1: After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules and percentage as prescribed in the option plan.

Note 2: The Company generally assumed the employee stock options granted by TPG prior to the merger effective date. Other than the exercisable period of two years after the grant date, there is no further restriction on the exercisable percentage.

Note 3: Employees can receive shares several times when restricted stocks are granted to employees who continue to serve the Company and when the Company reaches its operational goals.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	2022		2021	
	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	88	$ 12.50	628	$ 12.50
Options exercised	(65)	12.50	(540)	12.50
Options outstanding at December 31	23	12.50	88	12.50
Options exercisable at December 31	23	12.50	88	12.50

(b) Employee restricted shares

	2022	2021
	Number (shares in thousands)	Number (shares in thousands)
At January 1	785	-
Restricted shares granted	-	900
Forfeited shares (Note)	(115)	(115)
At December 31	670	785

Note: The Board of Directors during its meeting on May 17, 2021 adopted a resolution to issue employee restricted ordinary shares of 900 thousand shares for no consideration with the effective date set on July 9, 2021. The subscription price is $0 per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. In addition to these restrictions, the employees are also not entitled to distribution of dividends, bonus and capital surplus and cash capital increase. Other than that, the rights and obligations of these shares issued are the same as other issued ordinary shares. For the year ended December 31, 2022, certain employees resigned during the vesting period, thus, the granted employee

restricted shares of 115 thousand shares shall be returned because they did not meet the vesting conditions specified in the issuance terms. Of the total shares to be returned, the 60 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 22, 2022. The effective date for the capital reduction was set on April 22, 2022, and the registration for the capital reduction was completed. The 55 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on August 9, 2022. The effective date for the capital reduction was set on August 9, 2022, and the registration for the capital reduction was completed.

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2022 and 2021 were $38.74 and $36.21 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	Number of shares (in thousands)	Exercise price (in dollars)	Number of shares (in thousands)	Exercise price (in dollars)
2015/03/30	2023/03/29	23	$ 12.50	88	$ 12.50

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2015/03/05	$ 11.47	$ 12.90	40.06%~ 40.27%	3.5 years~ 4.5 years	-	0.94%~ 1.09%	$4.06~ 4.52
Employee stock options	2015/03/30	12.01	12.50	38.86%	5 years	-	1.09%	4.09
Employee stock options	2015/09/21	9.53	28.40	40.93%~ 41.87%	3.5 years~ 4.5 years	-	0.73%~ 0.87%	0.77~ 1.19
Restricted stocks to employees	2021/07/09	35.75	-	51.40%	4.5 years	-	0.24%	36.94

F. The compensation costs recognised for the above employee restricted shares for the years ended December 31, 2022 and 2021 were $5,028 and $3,222, respectively.

(13) Share capital

As of December 31, 2022, the Company's authorised capital was $3,000,000, consisting of 300 million shares of ordinary stock (including 11 million shares reserved for employee stock options), and the paid-in capital was $1,630,978, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
At January 1	163,147,825	147,374,825
Employee stock options exercised (Note 1)	65,000	540,000
Issuance of common shares for cash - private placement (Note 2)	-	3,448,000
Issuance of employee restricted shares (Note 3)	-	900,000
Capital reduction through retirement of employee restricted shares (Note 3)	(115,000)	(100,000)
Forfeited employee restricted shares pending for retirement due to resignation of employees (Note 3)	-	(15,000)
Issuance of common shares for cash (Note 4)	-	11,000,000
At December 31	163,097,825	163,147,825

Note 1: There are 20,000 shares of stock options exercised during October to December 2022. According to the regulation, the registration of stock options exercised can be done after the new shares are issued. As of December 31, 2022, 20,000 shares of exercised stock options have not yet been registered.

Note 2: In order to increase the Company's working capital, the shareholders during their meeting on June 9, 2020 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 70 million shares. As of March 11, 2021, the Board of Directors resolved to implement the second-time cash capital increase through private placement for a total of 3,448 thousand shares of ordinary shares at a subscription price of $29 (in dollars), and the effective date for the capital increase was set on March 19, 2021. The amount of capital raised through the private placement was $99,992 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued, have met the requirement of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

Note 3: The Board of Directors during its meeting on May 17, 2021 adopted a resolution to issue employee restricted ordinary shares of 900 thousand shares for no consideration with the effective date set on July 9, 2021. The subscription price is $0 per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. In addition to these restrictions, the employees are also not entitled to distribution of dividends, bonus and capital surplus and cash capital increase.

Other than that, the rights and obligations of these shares issued are the same as other issued ordinary shares. For the year ended December 31, 2022, certain employees resigned during the vesting period, thus, the granted employee restricted shares of 115 thousand shares shall be returned because they did not meet the vesting conditions specified in the issuance terms. Of the total shares to be returned, the 60 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 22, 2022. The effective date for the capital reduction was set on April 22, 2022, and the registration for the capital reduction was completed. The 55 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on August 9, 2022. The effective date for the capital reduction was set on August 9, 2022, and the registration for the capital reduction was completed.

Note 4: The Board of Directors during its meeting on October 6, 2021 adopted a resolution to raise additional cash through the issuance of 11 million ordinary shares at a premium price of $30 (in dollars) per share, with a par value of $10 (in dollars) per share. The effective date for the capital increase was set on December 17, 2021, for a total consideration of $330,000 and the registration for the capital increase was completed on January 11, 2022.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Deficit yet to be compensated

A. The current year's earnings net of tax, if any, shall first be used to offset accumulated deficit (including undistributed earnings adjustment) and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorised capital, the Company shall not be subject to this requirement. The Company may then appropriate or reserve a certain amount as special reserve according to the demand or relevant regulations. After the distribution of earnings, the remaining earnings and prior years' undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company's dividend policies were as follows:

In order to balance strengthening the financial structure and the interest of investors, the Company adopts a dividend equalising policy. The earnings distributed should not be less than 50% of distributable retained earnings and cash dividends should not be less than 10% of earnings distributed. If dividend per share is less than $3 (in dollars), the Company could

distribute all the dividends in stock.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. As of December 31, 2022 and 2021, the Company had an accumulated deficit. Therefore, there is no surplus available for distribution.

(16) Other equity items

	2022		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,948	($ 25,776)	($ 22,828)
Currency translation differences	22	-	22
Compensation costs of employee restricted shares	-	5,028	5,028
Adjustment on forfeited employee restricted shares due to resignation of employees	-	4,248	4,248
At December 31	$ 2,970	($ 16,500)	($ 13,530)

	2021		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,960	$ -	$ 2,960
Currency translation differences	(12)	-	(12)
Issuance of employee restricted shares	-	(29,552)	(29,552)
Compensation costs of employee restricted shares	-	3,222	3,222
Adjustment on forfeited employee restricted shares due to resignation of employees	-	554	554
At December 31	$ 2,948	($ 25,776)	($ 22,828)

(17) Operating revenue

	For the years ended December 31,	
	2022	2021
Licencing revenue	$ 12,655	$ 9,234
Sales revenue	12,039	7,107
Service revenue and others	1,948	1,021
	$ 26,642	$ 17,362

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following types:

For the year ended December 31, 2022	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ 213	$ 3,188	$ 2,000	$ 21,241	$ 26,642
Timing of revenue recognised					
At a point in time	$ 213	$ 3,188	$ 2,000	$ 19,293	$ 24,694
Over time	-	-	-	1,948	1,948
	$ 213	$ 3,188	$ 2,000	$ 21,241	$ 26,642

For the year ended December 31, 2021	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ -	$ -	$ 2,326	$ 15,036	$ 17,362
Timing of revenue recognised					
At a point in time	$ -	$ -	$ 2,326	$ 14,015	$ 16,341
Over time	-	-	-	1,021	1,021
	$ -	$ -	$ 2,326	$ 15,036	$ 17,362

(a) The Company entered into a licencing agreement with Shanghai Pharmaceutical Group Co., Ltd. ("Shanghai Pharma") on November 6, 2019 for the exclusive development and sales rights for LT3001, a novel drug for the treatment of acute ischemic stroke in China. Shanghai Pharma was granted the right to develop, manufacture, register, market and promote LT3001 in China as well as conduct clinical trials of LT3001 in China. Shanghai Pharma is responsible for the associated costs with subsequent development, commercialization and marketing of LT3001 in China. The Company will receive the upfront payments and milestone payment for up to RMB 260 million and the royalty payment from the sales of LT3001. No revenue was recognised by the Group for the years ended December 31, 2022 and 2021. Revenue recognised from the effective date of the contract to December 31, 2022 amounted to $75,898.

(b) The Company entered into a licencing agreement with Jemincare Group Co., Ltd. ("Jemincare") on December 2, 2019 for the exclusive development and sales rights for LT1001, an extended-release analgesic injection. Jemincare was granted the right to develop, manufacture, register, sell and promote LT1001 in China, Hong Kong and Macau. The Company will receive the upfront payments and milestone payment for up to RMB 130 million and the royalty payment from the sales of LT1001. No revenue was recognised by

the Group for the years ended December 31, 2022 and 2021. Revenue recognised from the effective date of the contract to December 31, 2022 amounted to $75,233.

B. Contract liabilties

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
LT1001 distribution agreement	$ 6,882	$ 4,680	$ 320

(18) Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 1,136	$ 190
Interest income from financial assets measured at amortised cost	4,184	3,267
	$ 5,320	$ 3,457

(19) Other income

	For the years ended December 31,	
	2022	2021
Rent income	$ 1,213	$ 480
Dividend income	520	-
Other income - other	1,244	1,194
	$ 2,977	$ 1,674

(20) Other gains and losses

	For the years ended December 31,	
	2022	2021
Net currency exchange gain (loss)	$ 11,024	($ 3,725)
(Losses) gains on financial assets at fair value through profit or loss	(217,396)	627,609
Gains arising from lease modifications	48	-
Impairment loss (Note)	-	(102,523)
Other losses	(350)	(8)
	($ 206,674)	$ 521,353

Note: Refer to Note 6(8)C. for details.

(21) Costs and expenses by nature

	For the years ended December 31,	
	2022	2021
Employee benefit expenses	$ 64,568	$ 65,360
Depreciation	5,523	6,496
Amortisation	16,642	25,606

(22) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	$ 49,848	$ 52,197
Compensation costs of employee restricted shares	5,028	3,222
Labour and health insurance fees	3,949	3,978
Pension costs	2,193	2,224
Directors' remuneration	1,605	1,973
Other personnel expenses	1,945	1,766
	$ 64,568	$ 65,360

A. For the years ended December 31, 2022 and 2021, the Group had an average of 47 and 46 employees, respectively. The Group had an average of 8 and 7 non-employee directors for the years ended December 31, 2022 and 2021, respectively.

B. In accordance with the Articles of Incorporation of the Company, when there are earnings for distribution in a given financial year, the Company shall reserve 2% to 6% as the employees' compensation and no more than 2% as directors' and supervisors' remuneration. If the Company has accumulated deficit, the earnings shall first be used to cover accumulated deficit, if any, then be appropriated based on the abovementioned ratios.

C. For the years ended December 31, 2022 and 2021, the Company had an accumulated deficit, and thus did not accrue employees' compensation and directors' and supervisors' remuneration.

D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

Components of income tax expense

	For the years ended December 31,	
	2022	2021
Income tax expense	$ 36	$ -

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2022	2021
Tax calculated based on loss before income tax and statutory tax rate	($ 103,783)	$ 19,162
Temporary differences not recognised as deferred income tax assets	(2,440)	5,335
Taxable loss not recognised as deferred income tax assets	59,227	83,661
Expenses disallowed by tax regulation	-	15,698
Effect from tax exemption on investment income (loss)	45,938	(125,342)
Withholding tax in other countries	36	-
Others	1,058	1,486
Income tax expense	$ 36	$ -

C. Details of the amount the Group is entitled as investment tax credit and unrecognised deferred income tax assets are as follows:

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 370,048	$ 370,048	Note

December 31, 2021			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 329,564	$ 329,564	Note

Note: Under the Act for the Development of Biotech and New Pharmaceuticals Industry, the unused tax credits can be offset against the current income tax payable for a period of five years from the time when the Company is subject to corporate income tax. The Company can enjoy tax credits which shall not exceed 50% of the amount of corporate income tax payable in each year. The restriction shall not apply to the amount to be offset in the last year of the aforesaid five-year period.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

(a) The Company

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2013	$ 25,683	$ 25,683	$ 25,683	2023
2014	115,443	115,443	115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	326,475	326,475	326,475	2030
2021	188,506	188,506	188,506	2031
2022	271,476	271,476	271,476	2032
	$ 1,820,885	$ 1,820,885	$ 1,820,885	

December 31, 2021				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2012	$ 3,130	$ 3,130	$ 3,130	2022
2013	25,683	25,683	25,683	2023
2014	115,443	115,443	115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	331,707	331,707	331,707	2030
2021	418,171	418,171	418,171	2031
	$ 1,787,436	$ 1,787,436	$ 1,787,436	

(b) Lumosa SH

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2018	$ 109	$ 109	$ 109	2023
2019	1,487	1,487	1,487	2024
2020	780	780	780	2025
2021	106	106	106	2026
2022	107	107	107	2027
	$ 2,589	$ 2,589	$ 2,589	

December 31, 2021				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2017	$ 143	$ 143	$ 143	2022
2018	109	109	109	2023
2019	1,487	1,487	1,487	2024
2020	780	780	780	2025
2021	106	106	106	2026
	$ 2,625	$ 2,625	$ 2,625	

(c) Cytoengine

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2022	$ 4,910	$ 4,910	$ 4,910	2032

E. The amounts of deductible temporary differences that were not recognised as deferred income tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 21,490	$ 43,116

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(24) (Loss) earnings per share

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share (Note)			
Loss attributable to ordinary shareholders of the parent	($ 494,661)	162,401	($ 3.05)

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 95,946	150,647	$ 0.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	95,946	150,647	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock option certificates	-	256	
Employee restricted shares	-	13	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 95,946	$ 150,916	$ 0.64

Note: Due to the loss for the year ended December 31, 2022, the assumed conversion of dilutive potential ordinary shares will generate anti-dilutive effect, thus, the calculation of diluted loss per share did not include the dilutive potential ordinary shares.

(25) Transactions with non-controlling interest

A. Cytoengine has completed an issuance of common shares for cash in October, 2022. Center Laboratories, Inc. acquired 40% of the shares, reducing the shareholding ratio of the Group to 60%. The transaction was accounted for as equity transactions, since the Group did not cease to have control over Cytoengine.

B. The effect of changes in equity attributable to shareholders of the parent is shown below:

	For the years ended December 31,	
	2022	2021
Cash consideration received	$ 50,000	$ -
The proportionate share of the carrying amount of the net assets of the subisidiary transferred to non-controlling interest	(50,000)	-
Difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	$ -	$ -

(26) Supplemental cash flow information

Investing activities with partial cash payments

	For the years ended December 31,	
	2022	2021
Purchase of property, plant and equipment	$ 2,285	$ -
Add: Opening balance of payable on machinery and equipment	-	86
Less: Ending balance of payable on machinery and equipment	-	-
Cash paid during the year	$ 2,285	$ 86

(27) Changes in liabilities from financing activities

	2022		2021	
	Lease liabilities	Liabilities from financing activities-gross	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 11,486	$ 11,486	$ 16,951	$ 16,951
Changes in cash flow from financing activities	(4,647)	(4,647)	(5,465)	(5,465)
Changes in other non-cash items (Note)	(2,149)	(2,149)	-	-
At December 31	$ 4,690	$ 4,690	$ 11,486	$ 11,486

Note: This is the change in the early termination of the lease amounting to $2,261 and the renewal of the lease at expiration amounting to $112.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Center Laboratories, Inc.	Entity with significant influence to the Company
BioEngine Technology Development Inc.	The chairman of the Group and the chairman of the company are the same person
TOT Biopharm International Co., Ltd.	Other related party
Youluck International Inc.	Other related party
Mycenax Biotech Inc.	Other related party
BioGend Therapeutics Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2022	2021
Sales of services:		
Mycenax Biotech Inc.	$ 146	$ 241
Center Laboratories, Inc.	860	780
BioGend Therapeutics Co., Ltd.	942	-
	$ 1,948	$ 1,021

It refers to research and development consulting services, project management and entrusted research and development services to related parties. The terms of transaction were based on mutual agreement.

B. Accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Accounts receivable		
Mycenax Biotech Inc.	$ 11	$ 22
Center Laboratiories, Inc.	32	676
	43	698
Other receivables		
TOT Biopharm International Co., Ltd.	63	-
Center Laboratiories, Inc.	-	4
BioGend Therapeutics Co., Ltd.	64	-
	127	4
	$ 170	$ 702

It refers to research and development consulting services, project management and entrusted research and development services to related parties. The terms of transaction were based on

mutual agreement

C. Other payables

	December 31, 2022	December 31, 2021
Mycenax Biotech Inc.	$ 4,931	$ 7,875
Center Laboratiories, Inc.	419	-
Bioengine Technology Development Inc.	291	-
	$ 5,641	$ 7,875

It refers to office rent, business development consulting fee, information system usage service fee and commissioned research project, for the resulting payables, the terms of transaction were based on mutual agreement.

D. Lease transactions - lessee

(a) The Group leases offices and system equipment from related parties. The lease terms are all 3 to 4 years. Rental is charged based on quotations of nearby location and the payment term is monthly payment.

(b) Lease liabilities

(i) Outstanding balance:

	December 31, 2022	December 31, 2021
Center Laboratories, Inc.	$ 4,634	$ 8,823
Mycenax Biotech Inc.	-	2,663
	$ 4,634	$ 11,486

The laboratory lease agreement between the Group and Mycenax Biotech Inc. has been terminated on April 30, 2022 before expiration date.

(ii) Interest expense

	For the years ended December 31,	
	2022	2021
Center Laboratories, Inc.	$ 131	$ 193
Mycenax Biotech Inc.	17	66
	$ 148	$ 259

E. Operating expenses

Others (including service fee and other operating expenses)

	For the years ended December 31,	
	2022	2021
Center Laboratories, Inc.	$ 277	$ 331
Mycenax Biotech Inc.	13,083	17,133
BioEngine Technology Development Inc.	3,653	114
	$ 17,013	$ 17,578

The above refers to IT and commissioned research and development services rendered by the related parties and research project transfer fees. The terms of the transaction were based on mutual agreement.

F. Other income

	For the years ended December 31,	
	2022	2021
Center Laboratories, Inc.	$ 254	$ 301
Mycenax Biotech Inc.	192	243
TOT Biopharm International Co., Ltd.	41	263
BioGend Therapeutics Co., Ltd.	62	-
Other related party	87	60
	$ 636	$ 867

It refers to income for providing market information services, apportionment of antibody technology evaluation plan, advance expenses and office rent with related parties.

(3) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 15,677	$ 19,630
Post-employment benefits	465	595
Share-based payments	2,463	1,847
	$ 18,605	$ 22,072

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Please refer to Note 6(8) D for the related information.

B. The Group entered into a collaboration agreement with Professors Peng and Zhao of Capital Medical University to develop a “thrombolytic drug with therapeutic activities.” The agreement provides that if the relevant proprietary technology is licenced to a third party, 5% of the licence income must be paid as royalty; also, once the product is successfully marketed, 1% of the net sales must be paid to the Professors each year during the patent term.

C. For mutual interests, the Group has paid termination payment to early terminate the collaborative development agreement and drug manufacturing contract with the original contracted manufacturer of Sebacoyl Dinalbuphine Ester (hereafter referred to as SDE) in 2017. The rights

and actual contributions to the drug containing SDE will be verified jointly, based on which the Group will pay royalty not exceeding 2% of the global sale of the drug containing SDE.

D. As of December 31, 2022 and 2021, the total price of significant commission research and experiment contract that the Company has signed but not completed were $1,077,318 and $1,071,284, of which $679,552 and $842,055 have yet to be paid, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. The Board of Directors on March 10, 2023 adopted a resolution to raise additional cash through private placement, and the maximum number of shares to be issued is 70 million ordinary shares. The Board of Directors is authorized to issue private placement once or twice within one year from the shareholders' resolution date. If the issuance of shares through private placement is only one time, the total issued shares should not exceed 70 million; if the issuance of shares through private placement is divided into two times, the first issuance shall not exceed 50 million shares, and the second issuance shall not exceed 20 million shares. As of March 10, 2023, the private placement has not yet been approved by the shareholders.

B. In order to retain and attract professionals required by the Company, encourage employees and strengthen cohesion and sense of belongings of the employees to create mutual benefits for the Company and its shareholders, the Board of Directors during its meeting on March 10, 2023 adopted a resolution to issue employee restricted ordinary shares of 2,200,000 shares for no consideration with a par value of NT$10 (in dollars) per share, amounting to NT$22,000 thousand. Information about the qualification of employees for issuing employee restricted ordinary shares, effect on other shareholders' equity and other matters will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

12. OTHERS

(1) Capital management

Based on the character of the industry, future development, changes in external environment and other factors, the Group plans its capital for future use, research and development expenses, dividend expenses and other demands, to ensure continuous operations, feedback to shareholders, benefit of other shareholders and maintain and optimise capital structure to enhance the value of investors in the future.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debts.

The Group reviews liabilities to assets ratio periodically to monitor the cash flow.

During 2022, the Group's strategy, which was the same with 2021, was to maintain debt ratio in the reasonable range.

The Group's debt ratios are as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 215,719	$ 230,108
Total assets	$ 1,885,688	$ 2,348,695
Debt ratio	11.44%	9.80%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 464,716	$ 693,212
Financial assets at amortised cost		
Cash	516,848	840,319
Financial assets at amortised cost	667,668	589,888
Accounts receivable	13,998	9,692
Other receivables	2,248	623
Refundable deposits (shown as other non-current assets)	323	323
	$ 1,665,801	$ 2,134,057
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 992	$ 14,500
Other payables	49,686	46,380
Other current liabilities	2,339	1,933
	$ 53,017	$ 62,813
Lease liabilities	$ 4,690	$ 11,486

B. Financial risk management policies

(A) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk.

(B) Risk management is carried out by a general management department under approved policies. General management department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

a. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

b. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

c. The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

d. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,512	30.710	$ 107,854
RMB:NTD	434	4.408	1,913
Non-monetary items			
RMB:NTD	336	4.408	1,483
Financial liabilities			
Monetary items			
USD:NTD	315	30.710	9,674
EUR:NTD	4	32.720	131
RMB:NTD	2	4.408	9

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 4,048	27.680	$ 112,049
RMB:NTD	1,039	4.344	4,513
EUR:NTD	3	31.320	94
Non-monetary items			
RMB:NTD	356	4.344	1,545
Financial liabilities			
Monetary items			
USD:NTD	120	27.680	3,322
RMB:NTD	6	4.344	26
EUR:NTD	8	31.320	251

e. Please refer to the following table for the details of total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group:

	For the year ended December 31, 2022		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	29.762	$ 13,130
EUR:NTD	-	31.360	1
RMB:NTD	-	4.416	186
Financial liabilities			
Monetary items			
USD:NTD	-	29.762	(2,209)
EUR:NTD	-	31.360	(17)
RMB:NTD	-	4.416	(74)
CZK:NTD	-	2.951	7

	For the year ended December 31, 2021		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	27.990	($ 4,226)
RMB:NTD	-	4.399	(33)
EUR:NTD	-	33.157	(11)
Financial liabilities			
Monetary items			
USD:NTD	-	27.990	555
RMB:NTD	-	4.399	(15)
GBP:NTD	-	38.557	1
CZK:NTD	-	3.274	2
EUR:NTD	-	33.157	1

f. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,079	$ -
RMB:NTD	1%	19	-
Financial liabilities			
Monetary items			
USD:NTD	1%	97	-
EUR:NTD	1%	1	-

	For the year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,120	$ -
RMB:NTD	1%	45	-
EUR:NTD	1%	1	-
Financial liabilities			
Monetary items			
USD:NTD	1%	33	-
EUR:NTD	1%	3	-

Price risk

a. The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss.

b. The Group mainly invests in equity instruments comprised of shares issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase the Group's non-operating revenue for the years ended December 31, 2022 and 2021 by $4,647 and $6,932, respectively.

Cash flow and fair value interest rate risk

The Group does not hold any floating rate instrument, thus the Group has no interest risk.

(B) Credit risk

a. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

b. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past

experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

c. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

d. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

e. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
   (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
   (b) The disappearance of an active market for that financial asset because of financial difficulties;
   (c) Default or delinquency in interest or principal repayments;
   (d) Adverse changes in national or regional economic conditions that are expected to cause a default.

f. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using the loss rate methodology to estimate expected credit loss.

g. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Group has no written-off financial assets that are still under recourse procedures.

h. The counterparties of the Group's accounts receivable all have good credit quality and are grouped into the same category. The Group used the forecastability to adjust historical and timely information to establish a loss rate for estimating the loss allowance for accounts receivable. However, the expected credit impairment loss was assessed to be insignificant, and thus the Group did not recognize any loss allowance.

i. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 667,668	$ -	$ -	$ 667,668

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 589,888	$ -	$ -	$ 589,888

The Group's financial assets at amortised cost are all time deposits in banks and there is no significant abnormality in credit risk rating.

(C) Liquidity risk

a. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's general management department. The Group's general management department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

b. Surplus cash are held by the operating entities over and above balance required for working capital management. The Group's general management department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

c. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 992	$ -	$ -	$ -
Other payables	49,686	-	-	-
Lease liabilities	4,377	360	-	-
Reund liabilities - current	151,130	-	-	-
Other current liabilities	2,339	-	-	-

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 14,500	$ -	$ -	$ -
Other payables	46,379	-	-	-
Lease liabilities	5,577	5,577	570	-
Reund liabilities - current	151,300	-	-	-
Other current liabilities	1,933	-	-	-

d. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash, financial assets at amortised cost - current, accounts receivable, other receivables, refundable deposits (shown as part of other non-current assets), accounts payable, lease liabilities and other payables, are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information about the nature of the assets and liabilities is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value meansurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ 464,716	$ -	$ 464,716

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value meansurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 21,892	$ 601,320	$ 70,000	$ 693,212

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The Group uses listed stock's/emerging stock's closing prices as market quoted prices for the inputs of fair value.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the year ended December 31, 2022, there was no transfer between Level 1 and Level 2.

E. Ever Supreme Bio Technology Co., Ltd. has been listed on the Taipei Exchange from January 2021, therefore, the Group transferred the fair value from Level 2 to Level 1 at the end of the month when the event occurred.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
At January 1	$ 70,000	$ 98,160
Acquired during the year	14,944	70,000
Valuation adjustment	(6,923)	572,440
Transfers out from level 3	(78,021)	(670,600)
At December 31	$ -	$ 70,000

G. Ever Fortune AI Co., Ltd. has been obtained emerging stock market registration since September 2021, and Shine - On BioMedical Co., Ltd. has been obtained emerging stock market registration since November, 2022, and there is sufficient observable market information available. Therefore, the Group transferred the fair value from Level 3 to Level 2 at the end of the month when the event occurred.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical reviews.

Finance segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRSs. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted stocks - Thevax Genetics Vaccine Co., Ltd.	$ -	Discounted cash flow	Revenue growth rate	-	The higher the revenue growth rate, the higher the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted stocks - Thevax Genetics Vaccine Co., Ltd.	$ -	Discounted cash flow	Revenue growth rate	-	The higher the revenue growth rate, the higher the fair value
Unlisted stocks - Shine-On BioMedical Co., Ltd	70,000	Recent cash capital increase price	Not applicable	-	Not applicable

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss from financial assets categorised within

Level 3 if the inputs used to valuation models have changed:

			For the year ended December 31, 2022	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Cash capital increase amount	± 1%	$ -	$ -

			For the year ended December 31, 2021	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Cash capital increase amount	± 1%	$ 700	($ 700)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4(22) of the consolidated financial statements. The Group's segment profit (loss) is measured with the income (loss) after tax, which is used as a basis for the Group in evaluating the performance of the operating segments.

(3) Reconciliation for segment income (loss)

The segment assets, liabilities and income (loss) after tax provided to the chief operating decision-maker is measured in a manner consistent with that in the consolidated balance sheets and consolidated statement of comprehensive income and do not need to be reconciled.

(4) Information on products and services

	For the years ended December 31,	
	2022	2021
Licencing revenue	$ 12,655	$ 9,234
Sales revenue	12,039	7,107
Services revenue	1,948	1,021
	$ 26,642	$ 17,362

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 21,241	$ 499,312	$ 15,036	$ 727,897
Asia	2,000	-	2,326	-
America	3,188	-	-	-
Europe	213	-	-	-
	$ 26,642	$ 499,312	$ 17,362	$ 727,897

(6) Major customer information

Major customer (revenue from the customer constituting more than 10% of consolidated operating revenue) information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31,			
	2022		2021	
	Revenue	%	Revenue	%
Company A	$ 21,293	72	$ 15,919	92
Company D	3,188	10	-	-
	$ 24,481	82	$ 15,919	92

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD

DECEMBER 31, 2022

Table 1

Expressed in thousands of NTD

	Marketable securities				December 31, 2022				
Held Company name	Type	Name	Relationship with the Company	Financial statement account	Shares/Units	Book value	Ownership (%)	Fair value	Note
Lumosa	Stock	Ever Fortune AI Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,000,000	$ 284,200	4.44%	$ 284,200	
Lumosa	Stock	Thevax Genetics Vaccine Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	10,000,000	-	9.72%	-	
Lumosa	Stock	Shine-On BioMedical Co., Ltd	-	Financial assets at fair value through profit or loss - non-current	2,855,813	180,516	5.73%	180,516	

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Note
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Lumosa	Lumosa Cayman	Cayman Islands	Investment	$ 34,009	$ 34,009	1,145,188	100	$ 27,472	$ 2,434	$ 2,434	
Lumosa	Cytoengine Co., Ltd.	Taiwan	New Drugs Development	75,000	-	75,000	60	60,269	(24,551)	(14,730)	

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Lumosa SH	Consultant, service and transfer of technology	$ 4,459	b	$ 4,459	$ -	$ -	$ 4,459	($ 85)	100	($ 85)	$ 1,483	$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Lumosa	$ 4,459	$ 4,459	$ 977,873

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in Mainland China.

b. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

c. Others

Note 2: The financial statements ware audited and certified by independent auditors of the parent company in Taiwan.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
MAJOR SHAREHOLDERS INFORMATION
DECEMBER 31, 2022

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Center Laboratories, Inc.	54,068,631	33.15

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Lumosa Therapeutics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Lumosa Therapeutics Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Independent 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 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, we do not provide a separate opinion on these matters.

資誠聯合會計師事務所　PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Appropriateness of licencing revenue recognition

Description

Refer to Note 4(21) for accounting policies on licencing revenue and Note 6(18) for details of licencing revenue.

The licencing revenue, service revenue and sales revenue are the main revenue sources of the Company for the year ended December 31, 2022. For licencing revenue, revenue is recognised based on the terms of the agreement with the licenced party. The Company recognises licencing revenue once all the criteria for the revenue recognition are met, which involves management's subjective judgement based on the agreements. Thus, we consider the appropriateness of licencing revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Discussing with the management about the policies on recognition of licencing revenue and confirming whether the recognition of licencing revenue has been properly calculated, reviewed and approved.
2. Inspecting whether licencing revenue is supported with an agreement and other related documents and examining the terms and conditions of licence agreement to assess the accuracy of revenue recognition, the legitimacy of accounting process and the appropriateness of the timing of revenue recognition.

Impairment assessment of intangible assets arising from merger

Description

Refer to Note 4(14) for accounting policies on impairment assessment of non-financial assets, Note 5 for the uncertainty of accounting estimates and assumptions related to impairment of intangible assets and Note 6(9) for details of intangible assets.

The Company considers internal and external information in determining whether the intangible assets and goodwill acquired from merger are impaired at the balance sheet date. The assets' recoverable amounts and appraisal report prepared by the commissioned external appraiser expert will be used in assessing whether there is any indicator of impairment. As the assessment performed by management involves critical judgement and it will have a significant impact on the value, we consider the impairment assessment of intangible assets arising from merger as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Assessing the valuation model used by the management on the impairment assessment of intangible assets.
2. Assessing the competence and objectivity of the external expert commissioned by management.
3. Our audit procedures performed also included:
    a. Reviewing whether the valuation models used in intangible asset appraisal report used by the commissioned external appraiser expert are reasonable for the industry and the Company's assets which are assessed for impairment.
    b. Assessing whether the future cash flows and each cash-generating unit adopted in the valuation models are consistent with the operation plans.
    c. Assessing the reasonableness of major assumptions used such as estimated growth rate, gross rate and discount rate.
    d. Comparing the recoverable amount and book value of each cash-generating unit.

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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

pwc 資誠

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yu, Shu-Fen　　Teng, Shang-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report 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, PricewaterhouseCoopers 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.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current Assets					
1100	Cash	6(1)	$ 417,211	22	$ 837,550	36
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	21,892	1
1136	Financial assets at amortised cost - current	6(3)	643,100	35	567,744	24
1170	Accounts receivable, net	6(4) and 7	13,998	1	9,692	-
1200	Other receivables	7	11,333	-	617	-
1220	Current income tax assets		15,729	1	16,384	1
130X	Inventory	6(5)	108,681	6	82,385	3
1410	Prepayments		59,381	3	59,070	3
1470	Other current assets		-	-	126	-
11XX	**Total current assets**		1,269,433	68	1,595,460	68
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	464,716	25	671,320	29
1550	Investments accounted for under equity method	6(6) and 7	87,741	5	25,015	1
1600	Property, plant and equipment	6(7)	3,062	-	1,644	-
1755	Right-of-use assets	6(8) and 7	4,602	-	11,359	-
1780	Intangible assets	6(9)	26,932	2	43,574	2
1900	Other non-current assets		323	-	323	-
15XX	**Total non-current assets**		587,376	32	753,235	32
1XXX	**Total assets**		$ 1,856,809	100	$ 2,348,695	100
	Liabilities and Equity					
	Current liabilities					
2130	Contract liabilities - current	6(18)	$ 12,336	1	$ 4,680	-
2170	Accounts payable		992	-	14,500	1
2200	Other payables	6(10) and 7	49,586	3	46,379	2
2280	Lease liabilities - current	6(27) and 7	4,330	-	5,404	-
2365	Refund liabilities - current	6(11)	151,130	8	151,130	7
2399	Other current liabilities		2,339	-	1,933	-
21XX	**Total current liabilities**		220,713	12	224,026	10
	Non-current liabilities					
2527	Contract liabilities - non-current	6(18)	5,947	-	-	-
2580	Lease liabilities - non-current	6(27) and 7	360	-	6,082	-
2XXX	**Total liabilities**		227,020	12	230,108	10
	Equity attributable to shareholders of the parent					
	Equity					
	Share capital	6(14)				
3110	Common share		1,630,978	88	1,631,628	69
3170	Share capital awaiting retirement		-	-	(150)	-
	Capital surplus	6(15)				
3200	Capital surplus		1,268,438	68	1,271,373	54
	Retained earnings	6(16)				
3350	Deficit yet to be compensated		(1,256,097)	(67)	(761,436)	(32)
	Other equity interest	6(17)				
3400	Other equity interest		(13,530)	(1)	(22,828)	(1)
3XXX	**Total equity**		1,629,789	88	2,118,587	90
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,856,809	100	$ 2,348,695	100

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT (LOSS) EARNINGS PER SHARE DATA)

			For the years ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(18) and 7	$ 29,824	100	$ 17,362	100
5000	**Operating costs**	6(5)(12)(13)(22)(23)	(13,810)	(47)	(7,473)	(43)
5900	Gross profit		16,014	53	9,889	57
	Operating expenses	6(7)(8)(9)(12)(13)(22)(23) and 7				
6100	Selling expenses		(16,475)	(55)	(9,767)	(56)
6200	General and administrative expenses		(23,091)	(78)	(24,056)	(138)
6300	Research and development expenses		(257,478)	(863)	(406,045)	(2339)
6000	**Total operating expenses**		(297,044)	(996)	(439,868)	(2533)
6900	**Operating loss**		(281,030)	(943)	(429,979)	(2476)
	Non-operating income and expenses					
7100	Interest income	6(3)(19)	5,102	17	3,378	19
7010	Other income	6(20) and 7	2,998	10	1,674	10
7020	Other gains and losses	6(2)(8)(9)(21)	(209,250)	(702)	522,032	3007
7050	Finance costs	6(8) and 7	(149)	-	(260)	(2)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	(12,296)	(41)	(899)	(5)
7000	Total non-operating income and expenses		(213,595)	(716)	525,925	3029
7900	**(Loss) profit before income tax**		(494,625)	(1659)	95,946	553
7950	Income tax expense	6(24)	(36)	-	-	-
8200	**(Loss) profit for the year**		($ 494,661)	(1659)	$ 95,946	553
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)(17)	$ 22	-	($ 12)	-
8300	**Other comprehensive income (loss) for the year**		$ 22	-	($ 12)	-
8500	**Total comprehensive income (loss) for the year**		($ 494,639)	(1659)	$ 95,934	553
	(Loss) earnings per share (in dollars)	6(25)				
9750	Basic (loss) earnings per share		($ 3.05)		$ 0.64	
9850	Diluted (loss) earnings per share		($ 3.05)		$ 0.64	

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Share capital		Capital Surplus					Other equity interest		
	Notes	Common shares	Share capital awaiting retirement	Share premium	Employee stock options	Employee restricted shares	Others	Deficit yet to be compensated	Financial statements translation differences of foreign operations	Unearned employee compensation	Total equity
For the year ended December 31, 2021											
Balance at January 1, 2021		$ 1,473,748	$ -	$ 960,631	$ 2,568	$ -	$ 164	($ 857,382)	$ 2,960	$ -	$ 1,582,689
Profit for the year		-	-	-	-	-	-	95,946	-	-	95,946
Other comprehensive loss for the year	6(17)	-	-	-	-	-	-	-	(12)	-	(12)
Total comprehensive income		-	-	-	-	-	-	95,946	(12)	-	95,934
Issuance of common shares for cash	6(14)	110,000	-	220,000	-	-	-	-	-	-	330,000
Issuance of common shares for cash - private placement	6(14)	34,480	-	65,512	-	-	-	-	-	-	99,992
Employee stock options exercised	6(13)(14)	5,400	-	3,558	(2,208)	-	-	-	-	-	6,750
Issuance of employee restricted stocks	6(13)(14)(17)	9,000	-	-	-	24,246	-	-	-	(33,246)	-
Compensation costs of employee restricted stock	6(13)(17)(23)	-	-	-	-	-	-	-	-	3,222	3,222
Capital reduction through retirement of employee restricted shares	6(13)(14)(17)	(1,000)	-	-	-	(2,694)	-	-	-	3,694	-
Adjustment on forfeited employee restricted shares due to resignation of employees	6(13)(14)(17)	-	(150)	-	-	(404)	-	-	-	554	-
Balance at December 31, 2021		$ 1,631,628	($ 150)	$ 1,249,701	$ 360	$ 21,148	$ 164	($ 761,436)	$ 2,948	($ 25,776)	$ 2,118,587
For the year ended December 31, 2022											
Balance at January 1, 2022		$ 1,631,628	($ 150)	$ 1,249,701	$ 360	$ 21,148	$ 164	($ 761,436)	$ 2,948	($ 25,776)	$ 2,118,587
Loss for the year		-	-	-	-	-	-	(494,661)	-	-	(494,661)
Other comprehensive income for the year	6(17)	-	-	-	-	-	-	-	22	-	22
Total comprehensive loss		-	-	-	-	-	-	(494,661)	22	-	(494,639)
Employee stock options exercised	6(13)(14)	650	-	429	(266)	-	-	-	-	-	813
Compensation costs of employee restricted stock	6(13)(14)(17)	-	-	-	-	-	-	-	-	5,028	5,028
Capital reduction through retirement and adjustment due to resignation of employee restricted shares forfeited	6(13)(14)(17)	(1,300)	150	-	-	(3,098)	-	-	-	4,248	-
Balance at December 31, 2022		$ 1,630,978	$ -	$ 1,250,130	$ 94	$ 18,050	$ 164	($1,256,097)	$ 2,970	($ 16,500)	$ 1,629,789

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) gain before income tax for the year		($ 494,625)	$ 95,946
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	5,523	6,496
Amortisation	6(9)(22)	16,642	25,606
Net loss (gain) on financial assets or liability at fair value through profit or loss	6(2)(21)	217,396	(627,609)
Share of loss of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	12,296	899
Interest income	6(19)	(5,102)	(3,378)
Interest expense	6(8)	149	260
Compensation costs of employee restricted stock	6(13)(23)	5,028	3,222
Unrealised foreign exchange gain		13	63
Gains on lease modifications	6(8)(21)	(48)	-
Impairment loss	6(9)	-	102,523
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Accounts receivable		(4,306)	7,926
Inventory		(26,296)	(50,610)
Other receivables		(10,146)	59
Prepayments		(311)	(45,580)
Other current assets		126	(105)
Changes in liabilities relating to operating activities			
Contract liabilities - current		7,656	(320)
Accounts payable		(13,508)	14,470
Other payables		3,207	15,032
Other current liabilities		406	360
Cash outflow generated from operations		(285,900)	(454,740)
Interest received		4,532	3,648
Income tax received (paid)		619	(57)
Interest paid		(149)	(260)
Contract liabilities - non-current		5,947	-
Net cash flows used in operating activities		(274,951)	(451,409)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost - current		(1,080,400)	(1,669,162)
Proceeds from disposal of financial assets at amortised cost - current		1,005,031	1,450,832
Acquisition of financial assets at fair value through profit or loss	6(2)	(14,944)	(70,000)
Proceeds from disposal of financial assets at fair value through profit or loss		26,044	251,115
Acquisition of investments accounted for under equity method	6(6)	(75,000)	-
Acquisition of property, plant and equipment	6(6)(26)	(2,285)	(86)
Acquisition of intangible assets	6(9)	-	(490)
Net cash flows used in investing activities		(141,554)	(37,791)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common shares for cash	6(14)	-	330,000
Issuance of common shares for cash - private placement	6(14)	-	99,992
Employee stock options exercised		813	6,750
Payments of lease liabilities	6(8)(27)	(4,647)	(5,465)
Net cash (used in) flows from financing activities		(3,834)	431,277
Decrease in cash		(420,339)	(57,923)
Cash at beginning of year		837,550	895,473
Cash at end of year		$ 417,211	$ 837,550

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Lumosa Therapeutics Co., Ltd. ("Lumosa" or the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 13, 2000. Starting from September 26, 2016, the Company's stock was listed on the Taiwan Over-The-Counter Securities Exchange. The Company is primarily engaged in the development of new drugs. In order to maximize integration synergies of new drugs development resource and human resource, the shareholders during their meeting on July 27, 2018, resolved to merge the Company with TPG Biologics, Inc. ("TPG") through a share swap, with the Company as the surviving company and TPG as the dissolved company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Rules Governing the Preparation of Financial Statements by Securities Issuers.

(2) Basis of preparation

A. The parent company only financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

B. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

c. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

Otherwise they are classified as non-current liabilities.

(5) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(6) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable that have a significant financing component at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, other direct/ indirect costs. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost to complete the sale.

(11) Investments accounted for using equity method - subsidiary

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from

its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented in the parent company only financial statements are consistent with those presented in the consolidated financial statements. In addition, shareholders' equity presented in the parent company only is consistent with equity attributable to owners of parent presented in the consolidated financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and

Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Experiment equipment:	2 ~ 10 years
Machinery and office equipment:	3 ~ 5 years

(13) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date; and
(c) Any initial direct costs incurred by the lessee.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

A. Patents and proprietary technology
Separately acquired proprietary technology is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 years. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date and amortised on a straight-line basis over its estimated useful life of 3 ~ 9 years.

B. Computer software
Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2~3 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(15) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(16) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions - defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they

are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration
Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B: Employee restricted shares:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks.

C. The share-based payment grant date is the date that the Company and employees reached a consensus on the terms and provisions of share-based payment arrangements.

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells new drugs. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' 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 customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. 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. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) 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.

B. Service revenue

(a) The Company provides technical service, clinical trial and related 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 to the end of the reporting period as a proportion of the total services to be provided. 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.

(b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Revenue from licencing intellectual property

(a) The Company entered into a contract with a customer to grant a licence of intellectual property to the customer. Because licencing is divisible from the contract, the Company recognises licencing revenue when the licence is transferred to a customer at a point in time based on the nature of licencing. The nature of the Company's promise in granting a licence is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognised when the licence is transferred to a customer at a point in time.

(b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Impairment assessment of 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.

As of December 31, 2022, the Company recognized intangible assets, net of impairment loss, amounting to $26,932.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 20	$ 114
Demand deposits	417,191	837,436
	$ 417,211	$ 837,550

A. The Company associates with a variety of financial institutions and all of them with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current Items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks (Note 1)	$ -	$ 2,995
Valuation adjustment	-	18,897
	$ -	$ 21,892
Non-current Items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks (Notes 2 and 3)	$ 172,944	$ 88,000
Public stocks (Notes 3)	20,000	90,000
	192,944	178,000
Valuation adjustment	271,772	493,320
	$ 464,716	$ 671,320

Note 1: The Company held an investment in the stocks of Ever Supreme Bio Technology Co., Ltd. which was listed on the Taipei Exchange since January 8, 2021.

Note 2: The Company held an investment in the stocks of Ever Fortune AI Co., Ltd. which has obtained an emerging stock market registration on September 14, 2021.

Note 3: The Company has acquired additional stocks in Shine-On BioMedical Co., Ltd. amounting to $70,000 and $14,944 during November 2021 and August 2022, respectively. Shine-On BioMedical Co., Ltd. has been offered publicly on September 20, 2022, and obtained an emerging stock market registration on November 25, 2022.

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 217,396)	$ 627,609

B. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	December 31, 2022	December 31, 2021
Current item:		
Time deposits - maturing over three months	$ 643,100	$ 567,744

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the years ended December 31,	
	2022	2021
Interest income	$ 4,027	$ 3,194

B. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were $643,100 and $567,744, respectively.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 13,998	$ 9,692

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Up to 30 days	$ 8,960	$ 9,099
31 to 90 days	5,038	546
Over 181 days	-	47
	$ 13,998	$ 9,692

The above aging analysis is based on the invoice date and the accounts receivable are not overdue.

B. As of December 31, 2022, December 31, 2021, and January 1, 2021, the balances of receivables from contracts with customers amounted to $13,998, $9,692 and $13,838, respectively.

C. The Company does not hold financial assets as security for accounts receivable.

D. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $13,998 and $9,692, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022	December 31, 2021
Raw material and supplies	$ 15,143	$ 30,703
Semi-finished goods	89,118	51,241
Finished goods	4,420	441
	$ 108,681	$ 82,385

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	$ 8,859	$ 5,172
Cost of royalty	3,222	2,255
Others	1,729	46
	$ 13,810	$ 7,473

(6) Investments accounted for under equity method

	2022	2021
At January 1	$ 25,015	$ 25,926
Addition of investments accounted for under equity method	75,000	-
Share of profit or loss of investments accounted for under equity method	(12,296)	(899)
Changes in other equity items	22	(12)
December 31	$ 87,741	$ 25,015

	December 31, 2022		December 31, 2021	
	Book value	Shareholding ratio (%)	Book value	Shareholding ratio (%)
Subsidiary				
Cytoengine Co., Ltd.	$ 60,269	60%	$ -	-
Lumosa Therapeutics Co., Ltd. (Cayman)	27,472	100%	25,015	100%
	$ 87,741		$ 25,015	

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

(7) Property, plant and equipment

	Experiment equipment	Machinery and office equipment	Leasehold improvements	Total
January 1, 2022				
Cost	$ 28,605	$ 928	$ -	$ 29,533
Accumulated depreciation	(26,961)	(928)	-	(27,889)
	$ 1,644	$ -	$ -	$ 1,644
2022				
At January 1	$ 1,644	$ -	$ -	$ 1,644
Additions	2,285	-	-	2,285
Depreciation	(867)	-	-	(867)
At December 31	$ 3,062	$ -	$ -	$ 3,062
December 31, 2022				
Cost	$ 30,891	$ 928	$ -	$ 31,819
Accumulated depreciation	(27,829)	(928)	-	(28,757)
	$ 3,062	$ -	$ -	$ 3,062

	Experiment equipment	Machinery and office equipment	Leasehold improvements	Total
January 1, 2021				
Cost	$ 28,605	$ 928	$ 238	$ 29,771
Accumulated depreciation	(26,025)	(928)	(229)	(27,182)
	$ 2,580	$ -	$ 9	$ 2,589
2021				
At January 1	$ 2,580	$ -	$ 9	$ 2,589
Depreciation	(936)	-	(9)	(945)
At December 31	$ 1,644	$ -	$ -	$ 1,644
December 31, 2021				
Cost	$ 28,605	$ 928	$ -	$ 29,533
Accumulated depreciation	(26,961)	(928)	-	(27,889)
	$ 1,644	$ -	$ -	$ 1,644

A. No borrowing costs were capitalized as part of property, plant and equipment.

B. The Company has no property, plant and equipment pledged to others.

(8) Leasing arrangements - lessee

A. The Company leases various assets including buildings and other equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021	For the years ended December 31, 2022	For the years ended December 31, 2021
	Carrying amount	Carrying amount	Depreciation charge	Depreciation charge
Buildings	$ 4,602	$ 11,359	$ 4,656	$ 5,551

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $112 and $0, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 149	$ 260
Expense on short-term lease contracts	2,628	3,024
Expense on leases of low-value assets	59	-
Gain on lease modification	48	-

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $7,483 and $8,749, respectively.

(9) Intangible assets

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(293,975)	(81)	-	(294,056)
	$ 43,165	$ 409	$ -	$ 43,574
2022				
At January 1	$ 43,165	$ 409	$ -	$ 43,574
Amortisation	(16,397)	(245)	-	(16,642)
At December 31	$ 26,768	$ 164	$ -	$ 26,932
December 31, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(310,372)	(326)	-	(310,698)
	$ 26,768	$ 164	$ -	$ 26,932

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2021				
Cost	$ 361,173	$ -	$ 78,490	$ 439,663
Accumulated amortisation	(268,450)	-	-	(268,450)
	$ 92,723	$ -	$ 78,490	$ 171,213
2021				
At January 1	$ 92,723	$ -	$ 78,490	$ 171,213
Additions	-	490	-	490
Impairment loss	(24,033)	-	(78,490)	(102,523)
Amortisation	(25,525)	(81)	-	(25,606)
At December 31	$ 43,165	$ 409	$ -	$ 43,574
December 31, 2021				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(293,975)	(81)	-	(294,056)
	$ 43,165	$ 409	$ -	$ 43,574

A. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2022	2021
Selling expenses	$ 245	$ 81
Research and development expenses	16,397	25,525
	$ 16,642	$ 25,606

B. The Company has no intangible assets pledged to others.

C. As a result of the Covid-19 pandemic, deliveries of the supplies which were purchased for ECC series development project were suspended, causing significant delay in the overall progress of the project. Further, as the cell therapy technology on other similar indications and the therapeutic techniques of antibody-drug conjugates continue to flourish, the subsequent market share is expected to decrease because the project's progress was behind schedule. Based on the Company's assessment, the recoverable amount of ECC series project was less than its carrying amount, thus, the Company recognised impairment loss amounting to $102,523 for the year ended December 31, 2021.

The recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates, and the key assumptions used for value-in-use calculations are as follows:

	For the years ended December 31,	
	2022	2021
	ECC series project operation	ECC series project operation
Gross margin	100%	100%
Growth rate	2%	2%
Discount rate	19.7%	19.0%

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

D. Details of licence granted are as follows:

In July 2012, Cheng Pang Medical Technology Inc. (hereinafter referred to as "Cheng Pang") entered into a "Novel Long-acting Analgesic Injection" technology transfer agreement with the Ministry of Science and Technology (originally as the "National Science Council, Executive Yuan"), the National Defense Medical Center, and the co-inventor(s). The Company obtained such proprietary technology when Cheng Pang merged with the Company in June 2014. Such proprietary technology was recognised based on the fair value at the acquisition date, in accordance with the accounting standards of enterprise merger.

The abovementioned technology transfer agreement provides that when relevant technology (or product) is sub-licenced to a third party, the Company shall pay a sublicence fee. The sublicence fee is 10% of the sublicence income received from the sub-licencee less the development costs; also, the sublicence fee shall not be less than 20% of the sublicence income received from the sub-licencee. If the Company manufactures and markets the relevant product, the Company shall pay 1.875~7.5% of the net sale of the product as royalty during the term of the agreement.

(10) Other payables

	December 31, 2022	December 31, 2021
Salaries and bonus payable	$ 14,669	$ 14,637
Service payable	2,099	2,217
Research expenses payable	18,951	18,467
Royalties payable	11,257	7,943
Other payables	2,610	3,115
	$ 49,586	$ 46,379

(11) Refund liabilities - current

A. At the beginning and end of 2022 and 2021, refund liabilities both amounted to $151,130.

B. Refund liabilities pertains to licencing revenue recognised in accordance with contractual terms agreed upon with customers.

(12) Pensions

The Company has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act (the 'Act') covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension expense under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $2,193 and $2,224, respectively.

(13) Share-based payments

A. As of December 31, 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options	2015/03/05	964	5 years	Note 2
Employee stock options	2015/03/30	4,915	8 years	Note 1
Employee stock options	2015/09/21	36	5 years	Note 2
Restricted stocks to employees	2021/07/09	900	4.5 years	Note 3

Note 1: After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules and percentage as prescribed in the option plan.

Note 2: The Company generally assumed the employee stock options granted by TPG prior to the merger effective date. Other than the exercisable period of two years after the grant date, there is no further restriction on the exercisable percentage.

Note 3: Employees can receive shares several times when restricted stocks are granted to employees who continue to serve the Company and when the Company reaches its operational goals.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	2022		2021	
	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	88	$ 12.50	628	$ 12.50
Options exercised	(65)	12.50	(540)	12.50
Options outstanding at December 31	23	12.50	88	12.50
Options exercisable at December 31	23	12.50	88	12.50

(b) Employee restricted shares

	2022	2021
	Number (shares in thousands)	Number (shares in thousands)
At January 1	785	-
Restricted shares granted	-	900
Forfeited shares (Note)	(115)	(115)
At December 31	670	785

Note: The Board of Directors during its meeting on May 17, 2021 adopted a resolution to issue employee restricted ordinary shares of 900 thousand shares for no consideration with the effective date set on July 9, 2021. The subscription price is $0 per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. In addition to these restrictions, the employees are also not entitled to distribution of dividends, bonus and capital surplus and cash capital increase. Other than that, the rights and obligations of these shares issued are the same as other issued ordinary shares. For the year ended December 31, 2022, certain employees resigned during the vesting period, thus, the granted employee restricted shares of 115 thousand shares shall be returned because they did not meet the vesting conditions specified in the issuance terms. Of the total shares to be returned, the 60 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 22, 2022. The effective date for the capital reduction was set on April 22, 2022, and the registration for the capital reduction was completed. The 55 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on August 9, 2022. The effective date for the capital reduction was set on August 9, 2022, and the registration for the capital reduction was completed.

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2022 and 2021 were $38.74 and $36.21 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	Number of shares (in thousands)	Exercise price (in dollars)	Number of shares (in thousands)	Exercise price (in dollars)
2015/03/30	2023/03/29	23	$ 12.50	88	$ 12.50

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2015/03/05	$ 11.47	$ 12.90	40.06%~ 40.27%	3.5 years~ 4.5 years	-	0.94%~ 1.09%	$4.06~ 4.52
Employee stock options	2015/03/30	12.01	12.50	38.86%	5 years	-	1.09%	4.09
Employee stock options	2015/09/21	9.53	28.40	40.93%~ 41.87%	3.5 years~ 4.5 years	-	0.73%~ 0.87%	0.77~ 1.19
Restricted stocks to employees	2021/07/09	35.75	-	51.40%	4.5 years	-	0.24%	36.94

F. The compensation costs recognised for the above employee restricted shares for the years ended December 31, 2022 and 2021 were $5,028 and $3,222, respectively.

(14) Share capital

As of December 31, 2022, the Company's authorised capital was $3,000,000, consisting of 300 million shares of ordinary stock (including 11 million shares reserved for employee stock options), and the paid-in capital was $1,630,978, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
At January 1	163,147,825	147,374,825
Employee stock options exercised (Note 1)	65,000	540,000
Issuance of common shares for cash - private placement (Note 2)	-	3,448,000
Issuance of employee restricted shares (Note 3)	-	900,000
Capital reduction through retirement of employee restricted shares (Note 3)	(115,000)	(100,000)
Forfeited employee restricted shares pending for retirement due to resignation of employees (Note 3)	-	(15,000)
Issuance of common shares for cash (Note 4)	-	11,000,000
At December 31	163,097,825	163,147,825

Note 1: There are 20,000 shares of stock options exercised during October to December 2022. According to the regulation, the registration of stock options exercised can be done after the new shares are issued. As of December 31, 2022, 20,000 shares of exercised stock options have not yet been registered.

Note 2: In order to increase the Company's working capital, the shareholders during their meeting on June 9, 2020 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 70 million shares. As of March 11, 2021, the Board of Directors resolved to implement the second-time cash capital increase through private placement for a total of 3,448 thousand shares of ordinary shares at a subscription price of $29 (in dollars), and the effective date for the capital increase was set on March 19, 2021. The amount of capital raised through the private placement was $99,992 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued, have met the requirement of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

Note 3: The Board of Directors during its meeting on May 17, 2021 adopted a resolution to issue employee restricted ordinary shares of 900 thousand shares for no consideration with the effective date set on July 9, 2021. The subscription price is $0 per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. In addition to these restrictions, the employees are also not entitled to distribution of dividends, bonus and capital surplus and cash capital increase.

Other than that, the rights and obligations of these shares issued are the same as other issued ordinary shares. For the year ended December 31, 2022, certain employees resigned during the vesting period, thus, the granted employee restricted shares of 115 thousand shares shall be returned because they did not meet the vesting conditions specified in the issuance terms. Of the total shares to be returned, the 60 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 22, 2022. The effective date for the capital reduction was set on April 22, 2022, and the registration for the capital reduction was completed. The 55 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on August 9, 2022. The effective date for the capital reduction was set on August 9, 2022, and the registration for the capital reduction was completed.

Note 4: The Board of Directors during its meeting on October 6, 2021 adopted a resolution to raise additional cash through the issuance of 11 million ordinary shares at a premium price of $30 (in dollars) per share, with a par value of $10 (in dollars) per share. The effective date for the capital increase was set on December 17, 2021, for a total consideration of $330,000 and the registration for the capital increase was completed on January 11, 2022.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Deficit yet to be compensated

A. The current year's earnings net of tax, if any, shall first be used to offset accumulated deficit (including undistributed earnings adjustment) and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorised capital, the Company shall not be subject to this requirement. The Company may then appropriate or reserve a certain amount as special reserve according to the demand or relevant regulations. After the distribution of earnings, the remaining earnings and prior years' undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company's dividend policies were as follows:

In order to balance strengthening the financial structure and the interest of investors, the Company adopts a dividend equalising policy. The earnings distributed should not be less than 50% of distributable retained earnings and cash dividends should not be less than 10% of earnings distributed. If dividend per share is less than $3 (in dollars), the Company could

distribute all the dividends in stock.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. As of December 31, 2022 and 2021, the Company had an accumulated deficit. Therefore, there is no surplus available for distribution.

(17) Other equity items

	2022		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,948	($ 25,776)	($ 22,828)
Currency translation differences	22	-	22
Compensation costs of employee restricted shares	-	5,028	5,028
Adjustment on forfeited employee restricted shares due to resignation of employees	-	4,248	4,248
At December 31	$ 2,970	($ 16,500)	($ 13,530)

	2021		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,960	$ -	$ 2,960
Currency translation differences	(12)	-	(12)
Issuance of employee restricted shares	-	(29,552)	(29,552)
Compensation costs of employee restricted shares	-	3,222	3,222
Adjustment on forfeited employee restricted shares due to resignation of employees	-	554	554
At December 31	$ 2,948	($ 25,776)	($ 22,828)

(18) Operating revenue

	For the years ended December 31,	
	2022	2021
Licencing revenue	$ 12,655	$ 9,234
Sales revenue	12,039	7,107
Service revenue and others	5,130	1,021
	$ 29,824	$ 17,362

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following types:

For the year ended December 31, 2022	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ 213	$ 3,188	$ 2,000	$ 24,423	$ 29,824
Timing of revenue recognised					
At a point in time	$ 213	$ 3,188	$ 2,000	$ 19,293	$ 24,694
Over time	-	-	-	5,130	5,130
	$ 213	$ 3,188	$ 2,000	$ 24,423	$ 29,824

For the year ended December 31, 2021	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ -	$ -	$ 2,326	$ 15,036	$ 17,362
Timing of revenue recognised					
At a point in time	$ -	$ -	$ 2,326	$ 14,015	$ 16,341
Over time	-	-	-	1,021	1,021
	$ -	$ -	$ 2,326	$ 15,036	$ 17,362

(a) The Company entered into a licencing agreement with Shanghai Pharmaceutical Group Co., Ltd. ("Shanghai Pharma") on November 6, 2019 for the exclusive development and sales rights for LT3001, a novel drug for the treatment of acute ischemic stroke in China. Shanghai Pharma was granted the right to develop, manufacture, register, market and promote LT3001 in China as well as conduct clinical trials of LT3001 in China. Shanghai Pharma is responsible for the associated costs with subsequent development, commercialization and marketing of LT3001 in China. The Company will receive the upfront payments and milestone payment for up to RMB 260 million and the royalty payment from the sales of LT3001. No revenue was recognised by the Company for the years ended December 31, 2022 and 2021. Revenue recognised from the effective date of the contract to December 31, 2022 amounted to $75,898.

(b) The Company entered into a licencing agreement with Jemincare Group Co., Ltd. ("Jemincare") on December 2, 2019 for the exclusive development and sales rights for LT1001, an extended-release analgesic injection. Jemincare was granted the right to develop, manufacture, register, sell and promote LT1001 in China, Hong Kong and Macau. The Company will receive the upfront payments and milestone payment for up to RMB 130 million and the royalty payment from the sales of LT1001. No revenue was recognised by

the Company for the years ended December 31, 2022 and 2021. Revenue recognised from the effective date of the contract to December 31, 2022 amounted to $75,233.

B. Contract liabilties

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
-LT1001 distribution agreement	$ 6,882	$ 4,680	$ 320
-Contract development manufacturing organization	11,401	-	-
	$ 18,283	$ 4,680	$ 320

(19) Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 1,075	$ 184
Interest income from financial assets measured at amortised cost	4,027	3,194
	$ 5,102	$ 3,378

(20) Other income

	For the years ended December 31,	
	2022	2021
Rent income	$ 1,234	$ 480
Other income - other	1,764	1,194
	$ 2,998	$ 1,674

(21) Other gains and losses

	For the years ended December 31,	
	2022	2021
(Losses) gains on financial assets at fair value through profit or loss	($ 217,396)	$ 627,609
Net currency exchange gain (loss)	8,447	(3,047)
Gains arising from lease modifications	48	-
Impairment loss (Note)	-	(102,523)
Other losses	(349)	(7)
	($ 209,250)	$ 522,032

Note: Refer to Note 6(9)C. for details.

(22) Costs and expenses by nature

	For the years ended December 31,	
	2022	2021
Employee benefit expenses	$ 64,568	$ 65,360
Depreciation	5,523	6,496
Amortisation	16,642	25,606

(23) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	$ 49,848	$ 52,197
Compensation costs of employee restricted shares	5,028	3,222
Labour and health insurance fees	3,949	3,978
Pension costs	2,193	2,224
Directors' remuneration	1,605	1,973
Other personnel expenses	1,945	1,766
	$ 64,568	$ 65,360

A. For the years ended December 31, 2022 and 2021, the Company had an average of 47 and 46 employees, respectively. The Company had an average of 8 and 7 non-employee directors for the years ended December 31, 2022 and 2021, respectively.

B. (a) For the years ended December 31, 2022 and 2021, the average employee benefit expense were $1,614 and $1,625, respectively.

(b) For the years ended December 31, 2022 and 2021, the average employee salaries were $1,407 and $1,421, respectively.

(c) The adjustment of average employee salaries was (0.99%).

(d) On July 7, 2021, the Company's shareholders during their annual meeting announced the establishment of an audit committee composed of all independent directors to replace the function of supervisors. For the years ended December 31, 2022 and 2021, the supervisors' remuneration amounted to $0 and $75, respectively.

(e) Compensation policy:

i. Compensation that the Company paid to the employees includes salary, holiday bonus, performance bonus and allowance. Pay level is determined in accordance with employees' responsibility and contribution to the Company and by reference to the general pay levels in the industry. Performance bonus is paid based on the Company's operating performance and the achievement of departmental and employees' goals.

ii. The policy on the remuneration to the directors and supervisors is stipulated in the Articles of Incorporation of the Company and is approved by the shareholders at their meeting. In accordance with the Articles of Incorporation of the Company, when the directors and supervisors conduct the Company's business, pay level is determined in accordance with directors' and supervisors' participation and value of contribution in the

Company's operations and by reference to the general pay levels in the industry. Additionally, the current year's earnings, if any, shall be distributed as directors' and supervisors' remuneration. The monthly remuneration of the chairman amounted to $100 and the monthly remuneration of the independent directors amounted to $30.

iii. The general manager of the Company also served as the chief executive officer and the chairman of the Company, whose monthly remuneration amounting to $100 is determined in accordance with the salary policy for directors and supervisors.

C. In accordance with the Articles of Incorporation of the Company, when there are earnings for distribution in a given financial year, the Company shall reserve 2% to 6% as the employees' compensation and no more than 2% as directors' and supervisors' remuneration. If the Company has accumulated deficit, the earnings shall first be used to cover accumulated deficit, if any, then be appropriated based on the abovementioned ratios.

D. For the years ended December 31, 2022 and 2021, the Company had an accumulated deficit, and thus did not accrue employees' compensation and directors' and supervisors' remuneration.

E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense

	For the years ended December 31,	
	2022	2021
Income tax expense	$ 36	$ -

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2022	2021
Tax calculated based on loss before income tax and statutory tax rate	($ 98,852)	$ 19,189
Temporary differences not recognised as deferred income tax assets (liabilities)	(2,440)	5,335
Taxable loss not recognised as deferred income tax assets	54,295	83,634
Expenses disallowed by tax regulation	-	15,698
Effect from tax exemption on investment income (loss)	45,939	(125,342)
Withholding tax in other countries	36	-
Others	1,058	1,486
Income tax expense	$ 36	$ -

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred income tax assets are as follows:

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 370,048	$ 370,048	Note

December 31, 2021			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 329,564	$ 329,564	Note

Note: Under the Act for the Development of Biotech and New Pharmaceuticals Industry, the unused tax credits can be offset against the current income tax payable for a period of five years from the time when the Company is subject to corporate income tax. The Company can enjoy tax credits which shall not exceed 50% of the amount of corporate income tax payable in each year. The restriction shall not apply to the amount to be offset in the last year of the aforesaid five-year period.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2013	$ 25,683	$ 25,683	$ 25,683	2023
2014	115,443	115,443	115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	326,475	326,475	326,475	2030
2021	188,506	188,506	188,506	2031
2022	271,476	271,476	271,476	2032
	$ 1,820,885	$ 1,820,885	$ 1,820,885	

December 31, 2021				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2012	$ 3,130	$ 3,130	$ 3,130	2022
2013	25,683	25,683	25,683	2023
2014	115,443	115,443	115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	331,707	331,707	331,707	2030
2021	418,171	418,171	418,171	2031
	$ 1,787,436	$ 1,787,436	$ 1,787,436	

E. The amounts of deductible temporary differences that were not recognised as deferred income tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 21,490	$ 43,116

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) (Loss) earnings per share

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share (Note)			
Loss for the year	($ 494,661)	162,401	($ 3.05)

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit for the year	$ 95,946	150,647	$ 0.64
Diluted earnings per share			
Profit for the year	95,946	150,647	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock option certificates	-	256	
Employee restricted shares	-	13	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 95,946	$ 150,916	$ 0.64

Note: Due to the loss for the year ended December 31, 2022, the assumed conversion of dilutive potential ordinary shares will generate anti-dilutive effect, thus, the calculation of diluted loss per share did not include the dilutive potential ordinary shares.

(26) Supplemental cash flow information

	For the years ended December 31,	
	2022	2021
Purchase of property, plant and equipment	$ 2,285	$ -
Add: Opening balance of payable on machinery and equipment	-	86
Less: Ending balance of payable on machinery and equipment	-	-
Cash paid during the year	$ 2,285	$ 86

(27) Changes in liabilities from financing activities

	2022		2021	
	Lease liabilities	Liabilities from financing activities-gross	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 11,486	$ 11,486	$ 16,951	$ 16,951
Changes in cash flow from financing activities	(4,647)	(4,647)	(5,465)	(5,465)
Changes in other non-cash items (Note)	(2,149)	(2,149)	-	-
At December 31	$ 4,690	$ 4,690	$ 11,486	$ 11,486

Note: This is the change in the early termination of the lease amounting to $2,261 and the renewal of the lease at expiration amounting to $112.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Center Laboratories, Inc.	Entity with significant influence to the Company
BioEngine Technology Development Inc.	The chairman of the Group and the chairman of the company are the same person
TOT Biopharm International Co., Ltd.	Other related party
Youluck International Inc.	Other related party
Mycenax Biotech Inc.	Other related party
BioGend Therapeutics Co., Ltd.	Other related party
Cytoengine Co., Ltd.	The Company subsidiary
Lumosa Therapeutics Co., Ltd. (Cayman)	The Company subsidiary
Shanghai Lumosa Therapeutics Co., Ltd.	The company sub-subsidiary

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2022	2021
Sales of services:		
Mycenax Biotech Inc.	$ 146	$ 241
Center Laboratories, Inc.	860	780
Cytoengine Co., Ltd.	3,182	-
Other related party	942	-
	$ 5,130	$ 1,021

It refers to research and development consulting services, project management and entrusted research and development services to related parties. The terms of transaction were based on mutual agreement.

B. Accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Accounts receivable		
Mycenax Biotech Inc.	$ 11	$ 22
Center Laboratiories, Inc.	32	676
	43	698
Other receivables		
Cytoengine Co., Ltd.	9,192	-
TOT Biopharm International Co., Ltd.	63	-
Center Laboratiories, Inc.	-	4
BioGend Therapeutics Co., Ltd.	64	-
	9,319	4
	$ 9,362	$ 702

It refers to research and development consulting services, project management, entrusted research and development services and advance payment for research development to related parties. The terms of transaction were based on mutual agreement.

C. Other payables

	December 31, 2022	December 31, 2021
Mycenax Biotech Inc.	$ 4,931	$ 7,875
Center Laboratiories, Inc.	419	-
Bioengine Technology Development Inc.	291	-
	$ 5,641	$ 7,875

It refers to office rent, business development consulting fee, information system usage service fee and commissioned research project, for the resulting payables, the terms of transaction were based on mutual agreement.

D. Lease transactions - lessee

(a) The Company leases offices and system equipment from related parties. The lease terms are all 3 to 4 years. Rental is charged based on quotations of nearby location and the payment term is monthly payment.

(b) Lease liabilities

(i) Outstanding balance:

	December 31, 2022	December 31, 2021
Center Laboratories, Inc.	$ 4,634	$ 8,823
Mycenax Biotech Inc.	-	2,663
	$ 4,634	$ 11,486

The laboratory lease agreement between the Company and Mycenax Biotech Inc. has been terminated on April 30, 2022 before expiration date.

(ii) Interest expense

	For the years ended December 31,	
	2022	2021
Center Laboratories, Inc.	$ 131	$ 193
Mycenax Biotech Inc.	17	66
	$ 148	$ 259

E. Operating expenses

Others (including service fee and other operating expenses)

	For the years ended December 31,	
	2022	2021
Center Laboratories, Inc.	$ 277	$ 331
Mycenax Biotech Inc.	13,083	17,133
BioEngine Technology Development Inc.	3,653	114
	$ 17,013	$ 17,578

The above refers to IT and commissioned research and development services rendered by the related parties and research project transfer fees. The terms of the transaction were based on mutual agreement.

F. Other income

	For the years ended December 31,	
	2022	2021
Center Laboratories, Inc.	$ 254	$ 301
Mycenax Biotech Inc.	192	243
TOT Biopharm International Co., Ltd.	41	263
BioGend Therapeutics Co., Ltd.	62	-
Other related party	87	60
	$ 636	$ 867

It refers to income for providing market information services, apportionment of antibody technology evaluation plan, advance expenses and office rent with related parties.

(3) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 15,677	$ 19,630
Post-employment benefits	465	595
Share-based payments	2,463	1,847
	$ 18,605	$ 22,072

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Please refer to Note 6(9) D for the related information.

B. The Company entered into a collaboration agreement with Professors Peng and Zhao of Capital Medical University to develop a "thrombolytic drug with therapeutic activities." The agreement provides that if the relevant proprietary technology is licenced to a third party, 5% of the licence income must be paid as royalty; also, once the product is successfully marketed, 1% of the net sales must be paid to the Professors each year during the patent term.

C. For mutual interests, the Company has paid termination payment to early terminate the collaborative development agreement and drug manufacturing contract with the original contracted manufacturer of Sebacoyl Dinalbuphine Ester (hereafter referred to as SDE) in 2017. The rights and actual contributions to the drug containing SDE will be verified jointly, based on which the Company will pay royalty not exceeding 2% of the global sale of the drug containing SDE.

D. As of December 31, 2022 and 2021, the total price of significant commission research and experiment contract that the Company has signed but not completed were $1,077,318 and $1,071,284, of which $679,552 and $842,055 have yet to be paid, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. The Board of Directors on March 10, 2023 adopted a resolution to raise additional cash through private placement, and the maximum number of shares to be issued is 70 million ordinary shares. The Board of Directors is authorized to issue private placement once or twice within one year from the shareholders' resolution date. If the issuance of shares through private placement is only one time, the total issued shares should not exceed 70 million; if the issuance of shares through private placement is divided into two times, the first issuance shall not exceed 50 million shares, and the second issuance shall not exceed 20 million shares. As of March 10, 2023, the private placement has not yet been approved by the shareholders.

B. In order to retain and attract professionals required by the Company, encourage employees and strengthen cohesion and sense of belonging of the employees to create mutual benefits for the Company and its shareholders, the Board of Directors during its meeting on March 10, 2023 adopted a resolution to issue employee restricted ordinary shares of 2,200,000 shares for no consideration

with a par value of NT$10 (in dollars) per share, amounting to NT$22,000 thousand. Information about the qualification of employees for issuing employee restricted ordinary shares, effect on other shareholders' equity and other matters will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

12. OTHERS

(1) Capital management

Based on the character of the industry, future development, changes in external environment and other factors, the Company plans its capital for future use, research and development expenses, dividend expenses and other demands, to ensure continuous operations, feedback to shareholders, benefit of other shareholders and maintain and optimise capital structure to enhance the value of investors in the future.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debts.

The Company reviews liabilities to assets ratio periodically to monitor the cash flow.

During 2022, the Company's strategy, which was the same with 2021, was to maintain debt ratio in the reasonable range.

The Company's debt ratios are as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 227,020	$ 230,108
Total assets	$ 1,856,809	$ 2,348,695
Debt ratio	12.23%	9.80%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 464,716	$ 693,212
Financial assets at amortised cost		
Cash	417,211	837,550
Financial assets at amortised cost	643,100	567,744
Accounts receivable	13,998	9,692
Other receivables	11,333	617
Refundable deposits (shown as other non-current assets)	323	323
	$ 1,550,681	$ 2,109,138

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 992	$ 14,500
Other payables	49,586	46,379
Other current liabilities	2,339	1,933
	$ 52,917	$ 62,812
Lease liabilities	$ 4,690	$ 11,486

B. Financial risk management policies

(A) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk.

(B) Risk management is carried out by a general management department under approved policies. General management department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

a. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

b. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

c. The Company has investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

d. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 2,670	30.710	$ 81,996
RMB:NTD	134	4.408	591
EUR:NTD	-	32.720	-
Non-monetary items			
RMB:NTD	336	4.408	1,483
Financial liabilities			
Monetary items			
USD:NTD	315	30.710	9,674
RMB:NTD	2	4.408	9
EUR:NTD	4	32.720	131

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,201	27.680	$ 88,604
RMB:NTD	1,039	4.344	4,513
EUR:NTD	3	31.320	94
Non-monetary items			
RMB:NTD	356	4.344	1,545
Financial liabilities			
Monetary items			
USD:NTD	120	27.680	3,322
RMB:NTD	6	4.344	26
EUR:NTD	8	31.320	251

e. Please refer to the following table for the details of total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company:

	For the year ended December 31, 2022		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	29.762	$ 10,706
EUR:NTD	-	31.360	1
RMB:NTD	-	4.416	186
Financial liabilities			
Monetary items			
USD:NTD	-	29.762	(2,361)
EUR:NTD	-	31.360	(17)
RMB:NTD	-	4.416	(74)
CZK:NTD	-	2.951	7

	For the year ended December 31, 2021		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	27.990	($ 3,547)
RMB:NTD	-	4.339	(33)
EUR:NTD	-	33.157	(11)
Financial liabilities			
Monetary items			
USD:NTD	-	27.990	555
RMB:NTD	-	4.339	(15)
GBP:NTD	-	38.557	1
CZK:NTD	-	3.274	2
EUR:NTD	-	33.157	1

f. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 820	$ -
RMB:NTD	1%	6	-
Financial liabilities			
Monetary items			
USD:NTD	1%	97	-
EUR:NTD	1%	1	-

	For the year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 886	$ -
RMB:NTD	1%	45	-
EUR:NTD	1%	1	-
Financial liabilities			
Monetary items			
USD:NTD	1%	33	-
EUR:NTD	1%	3	-

Price risk

a. The Company's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss.

b. The Company mainly invests in equity instruments comprised of shares issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair

value through profit or loss while the other conditions remain unchanged could increase the Company's non-operating revenue for the years ended December 31, 2022 and 2021 by $4,647 and $6,932, respectively.

Cash flow and fair value interest rate risk

The Company does not hold any floating rate instrument, thus the Company has no interest risk.

(B) Credit risk

a. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

b. The Company manages its credit risk taking into consideration the entire group's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

c. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

d. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

e. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

   (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

   (b) The disappearance of an active market for that financial asset because of financial difficulties;

   (c) Default or delinquency in interest or principal repayments;

   (d) Adverse changes in national or regional economic conditions that are expected to cause a default.

f. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the modified approach using the loss rate methodology to estimate expected credit loss.

g. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue

executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Company has no written-off financial assets that are still under recourse procedures.

h. The counterparties of the Company's accounts receivable all have good credit quality and are grouped into the same category. The Company used the forecastability to adjust historical and timely information to establish a loss rate for estimating the loss allowance for accounts receivable. However, the expected credit impairment loss was assessed to be insignificant, and thus the Group did not recognize any loss allowance.

i. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 643,100	$ -	$ -	$ 643,100

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 567,744	$ -	$ -	$ 567,744

The Company's financial assets at amortised cost are all time deposits in banks and there is no significant abnormality in credit risk rating.

(C) Liquidity risk

a. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company's general management department. The Company's general management department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

b. Surplus cash are held by the operating entities over and above balance required for working capital management. The Company's general management department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

c. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed

in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 992	$ -	$ -	$ -
Other payables	49,586	-	-	-
Lease liabilities	4,377	360	-	-
Reund liabilities - current	151,130	-	-	-
Other current liabilities	2,339	-	-	-

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 14,500	$ -	$ -	$ -
Other payables	46,379	-	-	-
Lease liabilities	5,577	5,577	570	-
Reund liabilities - current	151,300	-	-	-
Other current liabilities	1,933	-	-	-

d. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash, financial assets at amortised cost - current, accounts receivable, other receivables, refundable deposits (shown as part of other non-current assets), accounts payable, lease liabilities and other payables, are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information about the nature of the assets and liabilities is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value meansurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ 464,716	$ -	$ 464,716

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value meansurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 21,892	$ 601,320	$ 70,000	$ 693,212

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The Company uses listed stock's/emerging stock's closing prices as market quoted prices for the inputs of fair value.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the year ended December 31, 2022, there was no transfer between Level 1 and Level 2.

E. Ever Supreme Bio Technology Co., Ltd. has been listed on the Taipei Exchange from January 2021, therefore, the Company transferred the fair value from Level 2 to Level 1 at the end of the month when the event occurred.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
At January 1	$ 70,000	$ 98,160
Acquired during the year	14,944	70,000
Valuation adjustment	(6,923)	572,440
Transfers out from level 3	(78,021)	(670,600)
At December 31	$ -	$ 70,000

G. Ever Fortune AI Co., Ltd. has been obtained emerging stock market registration since September 2021, and Shine - On BioMedical Co., Ltd. has been obtained emerging stock market registration since November, 2022, and there is sufficient observable market information available. Therefore, the Company transferred the fair value from Level 3 to Level 2 at the end of the month when the event occurred.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical reviews.

Finance segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRSs. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted stocks - Thevax Genetics Vaccine Co., Ltd.	$ -	Discounted cash flow	Revenue growth rate	-	The higher the revenue growth rate, the higher the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted stocks - Thevax Genetics Vaccine Co., Ltd.	$ -	Discounted cash flow	Revenue growth rate	-	The higher the revenue growth rate, the higher the fair value
Unlisted stocks - Shine-On BioMedical Co., Ltd	70,000	Recent cash capital increase price	Not applicable	-	Not applicable

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			For the year ended December 31, 2022	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Cash capital increase amount	± 1%	$ -	$ -

			For the year ended December 31, 2021	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Cash capital increase amount	± 1%	$ 700	($ 700)

(4) Other

During the period of coronavirus epidemic and the government promotion of various epidemic prevention measures, the Company' s assessment of the ability to continue as a going concern and the financial risk were not significantly effected. However, some intangible asset were provisioned for impairment due to the impact of the epidemic. There is no significant impact on the operation of the company as a whole.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to Note 7(2).

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. SEGMENT INFORMATION

Not applicate.

LUMOSA THERAPEUTICS CO., LTD.

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD

DECEMBER 31, 2022

Table 1

Expressed in thousands of NTD

	Marketable securities				December 31, 2022				
Held Company name	Type	Name	Relationship with the Company	Financial statement account	Shares/Units	Book value	Ownership (%)	Fair value	Note
Lumosa	Stock	Ever Fortune AI Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,000,000	$ 284,200	4.44%	$ 284,200	
Lumosa	Stock	Thevax Genetics Vaccine Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	10,000,000	-	9.72%	-	
Lumosa	Stock	Shine-On BioMedical Co., Ltd	-	Financial assets at fair value through profit or loss - non-current	2,855,813	180,516	5.73%	180,516	

LUMOSA THERAPEUTICS CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Note
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Lumosa	Lumosa Cayman	Cayman Islands	Investment	$ 34,009	$ 34,009	1,145,188	100	$ 27,472	$ 2,434	$ 2,434	
Lumosa	Cytoengine Co., Ltd.	Taiwan	New Drugs Development	75,000	-	75,000	60	60,269	(24,551)	(14,730)	

LUMOSA THERAPEUTICS CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Lumosa SH	Consultant, service and transfer of technology	$ 4,459	b	$ 4,459	$ -	$ -	$ 4,459	($ 85)	100	($ 85)	$ 1,483	$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Lumosa	$ 4,459	$ 4,459	$ 977,873

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in Mainland China.

b. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

c. Others

Note 2: The financial statements ware audited and certified by independent auditors of the parent company in Taiwan.

LUMOSA THERAPEUTICS CO., LTD.
MAJOR SHAREHOLDERS INFORMATION
DECEMBER 31, 2022

Table 4

	Shares	
Name of major shareholders	Number of shares held	Ownership (%)
Center Laboratories, Inc.	54,068,631	33.15

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF CASH
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and revolving funds	NTD	$ 20
Demand deposits	NTD	338,078
	Foreign currency amount (Note)	79,113
		$ 417,211

Note: (USD 2,557 thousand @ 30.71; CNY 133 thousand @ 4.408)

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 2

Client Name	Description	Amount	Note
A		$ 10,884	
D		3,071	
Other		43	Note
		$ 13,998	

Note: None of the balance of each item is greater than 5% of this account balance.

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw material and supplies		$ 15,143	$ 15,143	Market price is based on net realizable value
Semi-finished goods		89,118	89,118	Market price is based on net realizable value
Finished goods		4,420	4,750	Market price is based on net realizable value
		$ 108,681	$ 109,011	

LUMOSA THERAPEUTICS CO., LTD.
MOVEMENT SUMMARY OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 4

	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance			
Name of Financial Instrument	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	Collateral	Note
Ever Supreme Bio Technology Co., Ltd.	104,000	$ 21,892	10,400	$ 4,152	(114,400)	($ 26,044)	-	$ -	None	
Thevax genetics Vaccine Co., Ltd.	10,000,000	-	-	-	-	-	10,000,000	-	"	
Ever Fortune. AI Co. , Ltd.	4,000,000	601,320	-	-	-	(317,120)	4,000,000	284,200	"	
Shine-On BioMedical Co., Ltd.	2,500,000	70,000	355,813	110,516	-	-	2,855,813	180,516	"	
		$ 693,212		$ 114,668		($ 343,164)		$ 464,716		

Note 1: The increase for the year end December 31, 2022 includes the acqusition of $14,944 and the impact of fair value evaluation of $99,724.

Note 2: The decrease for the year ended December 31, 2022 includes the disposal of equity of $26,044 and the impact of fair value evaluation of $317,120。

LUMOSA THERAPEUTICS CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 5

	Beginning Balance		Addition			Decrease			Ending Balance					
Name	Shares	Amount	Shares	Amount		Shares	Amount		Shares	Percentage of Ownership	Amount	Market Value or Net Assets Value	Collateral	Note
Cytoengine Co., Ltd.	-	$ -	7,500,000	$ 75,000	Note 1	-	($ 14,731)	Note 2	7,500,000	60%	$ 60,269	$ 60,269	None	
Lumosa Therapeutics Co., Ltd. (Cayman)	1,145,188	25,015	-	2,457	Note 1	-	-		1,145,188	100%	27,472	27,472	None	
		$ 25,015		$ 77,457			($ 14,731)				$ 87,741	$ 87,741		

Note 1: This is the acquired investment of $75,000, the recognition of investment gain of $2,435 and the financial statements translation differences of foreign operation of $22.
Note 2: This is the recognition of investment loss of $14,731.

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF REFUND LIABILITIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Description	Amount	Note
A		$ 75,233	
B		75,897	
		$ 151,130	

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Amount
Beginning raw materials and supplies	$ 30,703
Add: Raw materials and supplies purchased	14,918
Less: Ending raw materials and supplies	(15,143)
Other	(6)
Raw materials and supplies used	30,472
Manufacturing expense	21,558
Manufacturing cost	52,030
Add: Beginning semi-finished goods	51,241
Less: Ending semi-finished goods	(89,118)
Semi-finished products transfer expenses	(1,288)
Cost of finished goods	12,865
Add: Beginning finished goods	441
Less: Ending finished goods	(4,420)
Finished goods transfer expenses	(27)
Current production and sales cost	8,859
Royalty cost	3,222
Service costs	1,729
	$ 13,810

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Amount	
Wages and salaries	$	6,310
Service expenses		4,385
Other (Note)		5,780
	$	16,475

Note: None of the balance of each item is greater than 5% of this account amount.

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Amount	
Wages and salaries	$	7,997
Directors' remuneration		1,605
Insurance expense		1,448
Depreciation		4,253
Service expenses		3,294
Other (Note)		4,494
	$	23,091

Note: None of the balance of each item is greater than 5% of this account amount.

LUMOSA THERAPEUTICS CO., LTD.
DETAILS OF RESEARCH AND DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Amount	
Wages and salaries	$	38,840
Commissioned research expense		56,046
Clinical trial expenses		106,776
Service expenses		13,747
Amortisation		16,397
Other (Note)		25,672
	$	257,478

Note: None of the balance of each item is greater than 5% of this account amount.

Chapter 7.Review of Financial Conditions, Financial Performance, and Risk Management

I. Analysis of Financial Conditions

The main reasons and impacts of major changes in assets, liabilities, and shareholders' equity in the last two years. If the impact is significant, the future response plan should be explained

(I) Financial analysis-Consolidated (IFRS)

Unit: NT$ thousand

Item \ Year	2022	2021	Variance	
			Amount	Amount
Current assets	1,386,053	1,620,475	(234,422)	(14.47)
Cash	516,848	840,319	(323,471)	(38.49)
Financial Assets - Current	667,668	611,780	55,888	9.14
net accounts receivable	13,998	9,692	4,306	44.43
Current income tax assets	15,734	16,384	(650)	(3.97)
Inventory	108,681	82,385	26,296	31.92
other current assets	63,124	59,915	3,209	5.36
Financial assets - non-current	464,716	671,320	(206,604)	(30.78)
Property, plant and equipment	3,062	1,644	1,418	86.25
right-of-use asset	4,602	11,359	(6,757)	(59.49)
intangible assets	26,932	43,574	(16,642)	(38.19)
Other non-current assets	323	323	0	0.00
Total assets	1,885,688	2,348,695	(463,007)	(19.71)
Current liabilities	215,359	224,026	(8,667)	(3.87)
Total liabilities	215,719	230,108	(14,389)	(6.25)
Share capital	1,630,978	1,631,478	(500)	(0.03)
Capital surplus	1,268,438	1,271,373	(2,935)	(0.23)
Retained earnings	(1,256,097)	(761,436)	(494,661)	64.96
Other equities	(13,530)	(22,828)	9,298	(40.73)
Equity attributable to owners of the parent company	1,629,789	2,118,587	(488,798)	(23.07)
Non-controlling interests	40,180	0	40,180	100
Total equities	1,669,969	2,118,587	(448,618)	(21.18)

1. Main reason, impact and future correlative plans to material changes in the assets, liabilities and the equity of the shareholders in the recent two years (the change from one period to the next reaches above 20% and the amount of variance reaches NTD10,000,000):
   Cash：It is due to the continuous research and development and payment of related operating expenses in 2022 and the increase in fixed deposits, resulting in a decline in the cash level.Inventory：The increase in inventory is due to the need to expand production and meet the needs of new sales countries.
   Financial assets - non-current：It is due to the investment in Changjia Smart Holdings, the evaluation loss in the current period, resulting in a decrease in financial assets - non-current.
   right-of-use asset：It is the amortization of intangible assets in 2022, resulting in a decrease in intangible assets.
   Retained earnings&Equity attributable to owners of the parent company：The company's projects are still under development, and the losses to be made up continue to increase.
2. Countermeasure for major impacts:：None。

(II)Financial Analysis - Parent Company Only (IFRS)

Unit: NT$ thousand

Item \ Year	2022	2021	Variance	
			Amount	Amount
Current assets	1,269,433	1,595,460	(326,027)	(20.43)
Cash	417,211	837,550	(420,339)	(50.19)
Financial Assets - Current	643,100	589,636	53,464	9.07
net accounts receivable	13,998	9,692	4,306	44.43
Current income tax assets	15,729	16,384	(655)	(4.00)
Inventory	108,681	82,385	26,296	31.92
other current assets	70,714	59,813	10,901	18.23
Financial assets - non-current	464,716	671,320	(206,604)	(30.78)
Investments using the equity method	87,741	25,015	62,726	250.75
Property, plant and equipment	3,062	1,644	1,418	86.25
right-of-use asset	4,602	11,359	(6,757)	(59.49)
intangible assets	26,932	43,574	(16,642)	(38.19)
Other non-current assets	323	323	0	0.00
Total assets	1,856,809	2,348,695	(491,886)	(20.94)
Current liabilities	220,713	224,026	(3,313)	(1.48)
Total liabilities	227,020	230,108	(3,088)	(1.34)
Share capital	1,630,978	1,631,478	(500)	(0.03)
Capital surplus	1,268,438	1,271,373	(2,935)	(0.23)
Retained earnings	(1,256,097)	(761,436)	(494,661)	64.96
Other equities	(13,530)	(22,828)	9,298	(40.73)
Total equities	1,629,789	2,118,587	(488,798)	(23.07)

1. Main reason, impact and future correlative plans to material changes in the assets, liabilities and the equity of the shareholders in the recent two years (the change from one period to the next reaches above 20% and the amount of variance reaches NTD10,000,000):

   Cash：This is due to the decrease in cash due to investment in companies invested by the equity method in 2022, operating expenses, and increased fixed deposits.

   Inventory：The increase in inventory is due to the need to expand production and meet the needs of new sales countries.

   Financial assets - non-current：It is due to the investment in Changjia Smart Holdings, the evaluation loss in the current period, resulting in a decrease in financial assets - non-current.

   Investments using the equity method：Mainly due to 2022 years investment in subsidiaries.

   right-of-use asset：It is the amortization of intangible assets in 2022, resulting in a decrease in intangible assets.

   Retained earnings：The company's projects are still under development, and the losses to be made up continue to increase.

2. Countermeasure for major impacts:：None。

II. Analysis of Financial Performance

(I) The Changes and Main Reasons in Operating Revenues, Operating Income, or Income Before Tax for the Past 2 Years

1.IFRS Consolidated

Unit: NT$ thousand

Item \ Year	2022	2021	Variance	
			Amount	%
Net revenue	26,642	17,362	9,280	53.45
Cost of revenue	12,081	7,473	4,608	61.66
Gross profit	14,561	9,889	4,672	47.24
Operating expenses	320,480	440,167	(119,687)	(27.19)
Income (loss) from operations	(305,919)	(430,278)	124,359	(28.90)
Non-operating income and expenses	(198,526)	526,224	(724,750)	(137.73)
Net income before tax	(504,445)	95,946	(600,391)	(625.76)
Income tax expense	36	-	36	100
Net income (loss)	(504,481)	95,946	(600,427)	(625.80)
Other comprehensive income for the year (income after income tax)	22	(12)	34	(283.33)
Total comprehensive profit and loss for the period	(504,459)	95,934	(600,393)	(625.84)
Net profit attributable to the owner of the parent company	(494,661)	95,946	(590,607)	(615.56)
Net profit attributable to non-controlling interests	(9,820)	0	(9,820)	100
Total comprehensive profit or loss attributable to parent company owner	(494,639)	95,934	(590,573)	(615.60)
Total comprehensive profit or loss attributable to non-controlling interest	(9,820)	0	(9,820)	100

Main reason, impact and future correlative plans to material changes (the change from one period to th next reaches above 20% and the amount of variance reaches NTD10,000,000):

Operating expenses：As the approval of the Phase II clinical trial of LT3001 multi-dose was delayed than expected, the follow-up research and development period was slightly delayed, resulting in a decrease in research and development expenses.

Non-operating income and expenses：The non-operating expenses in 2022 were mainly the evaluation loss of Changjia Intelligent Equity Investment.

2.Parent Company Only (IFRS)

Unit: NT$ thousand

Item \ Year	2022	2021	Variance	
			Amount	%
Net revenue	29,824	17,362	12,462	71.78
Cost of revenue	13,810	7,473	6,337	84.80
Gross profit	16,014	9,889	6,125	61.94
Operating expenses	297,044	439,868	(142,824)	(32.47)
Income (loss) from operations	(281,030)	(429,979)	148,949	(34.64)
Non-operating income and expenses	(213,595)	525,925	(739,520)	(140.61)
Net income before tax	(494,625)	95,946	(590,571)	(615.52)
Income tax expense	36	-	36	100
Net income (loss)	(494,661)	95,946	(590,607)	(615.56)
Other comprehensive income for the year (income after income tax)	22	(12)	34	(283.33)
Total comprehensive profit and loss for the period	(494,639)	95,934	(590,573)	(615.60)
Main reason, impact and future correlative plans to material changes (the change from one period to th next reaches above 20% and the amount of variance reaches NTD10,000,000): **Net revenue**：In 2022, sales income and service income both increased compared with last year. **Operating expenses**：As the approval of the Phase II clinical trial of LT3001 multi-dose was delayed than expected, the follow-up research and development period was slightly delayed, resulting in a decrease in research and development expenses. **Non-operating income and expenses**：The non-operating expenses in 2022 were mainly the evaluation loss of Changjia Intelligent Equity Investment.				

(II)The expected sales volume in the coming year and its basis, the possible impact on the company's future financial business and the response plan:

Licensors of LT1001 and LT3001 in China will pay signing fees according to the contract, but the development cycle of new drugs is long, and the next milestone will depend on the status of clinical trials. The company's finances are still sound, and the funds are sufficient to support the research and development activities of existing projects, which will not have an adverse impact on the company's future financial business.

LT1001 Natongjie Long-acting Pain Relief Injection, in addition to granting development and sales rights to partners, the company is also responsible for providing medicines to Amata. The sales volume is based on the market forecast of Amata, the sales volume of the company in 2022 and 2021 The income is 12,039 and 7,107 thousand yuan respectively, which will not affect the operation of the company.

III.cash flow

(I) Analysis of cash flow

Unit: NT$ thousand

Item \ Year	2022	2021	Increase(decrease)	
	amount	amount	amount	%
Net cash flow used in operating activities	(300,457)	(452,600)	152,143	(33.62)
Net cash flow generated from (used in) investment activities	(69,202)	(36,983)	(32,219)	87.12
Net cashgeneratedfrom financing activities	46,166	431,277	(385,111)	(89.30)
Net cash flow used in operating activities：In 2022, research and development expenses decreased, resulting in a decrease in net cash outflow from operating activities. **Net cash flow generated from (used in) investment activities**: In 2022, the cash inflow of disposal investment decreased, resulting in an increase of cash outflow from investment activities. **Net cash generated from financing activities**：There was no cash capital increase in 2022, resulting in a decrease in net cash inflows from financing activities.				

(II)Improvement plan for insufficient liquidity and liquidity analysis in the coming year

The company has no liquidity shortage.

(III)Cash liquidity analysis for the coming year

Unit: NT$ thousand

Beginning cash balance (1)	Estimated annual cash inflow (2)	Estimated annual cash outflow (3)	projected cash surplus (Insufficient) amount (1)+(2)-(3)	Estimated cash shortfall remedial measures	
				investment plan	financing plan
516,848	500,000	(744,000)	272,848	-	-
1. Analysis of cash flow changes in the coming year： (1) Net outflow from operating activities: mainly the expenditures incurred by the company's project research and development. (2) Net inflows from investment activities: cash inflows from fixed deposits are released depending on the status of funds. 2. Remedial measures and flow analysis of estimated cash insufficiency：None。					

IV.Major capital expenditures and impact on financial and business: None.

V. Investment policy in the most recent year, main causes for profits or losses, improvement plans and investment plans for the upcoming year：

(I) Reinvestment Policy

The company follows the "Standards for Handling Assets Acquisition or Disposal of Public Issue Companies" stipulated by the competent authority, and formulates the company's "Procedures for Handling Assets Acquisition or Disposal" as the basis for the company's reinvestment business, so as to grasp the relevant business and financial status; In order to improve the supervision and management of the reinvestment business, in the internal control system, the supervision measures for subsidiaries are formulated, and relevant regulations are formulated for their finance and business, so as to realize the investment benefits of the company's reinvestment.

(II)The main reasons for the profit or loss of the reinvestment policy in the most recent year and the improvement plan.

1.The company reinvested in Shanghai Shengshun Biotechnology Co., Ltd. through Lumosa

Therapeutics Co., Ltd. (Cayman). Shanghai Shengshun Biotechnology Co., Ltd. was established mainly to deploy overseas patent rights. The net loss after tax in 2022 was NT$85,000. The company will strengthen its responsibility for the supervision of its subsidiaries.

2.The company established Haosheng Biomedical Co., Ltd. in 2022, and jointly invested with Shengde Pharmaceutical Factory in order to develop stem cell exosome technology. The company holds 60% of the shares. In 2022, the recognized investment loss was NT$14,730 Thousands of yuan, the company will strengthen the responsibility for the supervision of subsidiaries.

(III)Investment plan for the coming year

After evaluation, the company should not have other reinvestment plans in the coming year.

VI.Risk management and assessment

(I) Effects of changes in interest rate and exchange Rate and Inflation on the Company's Finance, and Future Response Measures:

1.The impact of interest rate changes on the company's profit and loss and future response measures

The company currently has no bank loans, and the funds raised for R&D project expenditures are used to make time deposits. The interest income in 2022 and 2021 was 5,320 thousand yuan and 3,457 thousand yuan respectively. The change in interest rates has no significant impact on the company. However, the company is still actively establishing and maintaining a good relationship with banks. In addition to striving for preferential deposit rates, if there is a demand for financing from banks in the future, it can obtain favorable interest rate conditions and raise the required funds in the most efficient way.

2.The impact of exchange rate changes on the company's profit and loss and future response measures

The company's current overseas entrusted service trials and LT3001 stroke clinical trial expenses are mainly paid in US dollars, and the authorization contract in China is charged in RMB. The net exchange gains and losses in 2022 and 21 are profits of 11,024 thousand yuan and losses of 3,725 thousand yuan, but the exchange rate changes There will be no material impact on the company. The company continues to observe the trends of major currencies in the international exchange market and international changes in non-economic factors in order to reduce the risks arising from exchange rate changes.

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

The company is a research and development company focusing on the development of new drugs. Its main source of profit is the authorization income from product authorization, which is less affected by inflation. In addition, according to the statistics of the Accounting and Accounting Office of the Executive Yuan, the annual growth rate of the consumer price index in 2011 and 2011 was 2.95% and 1.96%, and the inflation situation is slight and has no significant

impact on the company's profit and loss.

(II)Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures:

1.High-risk and high-leverage investment: The company does not engage in high-risk or high-leverage investment. All investments are carefully evaluated and implemented in accordance with company regulations.

2.Fund lending to others, endorsement guarantee: As of the publication date of the annual report, the company has neither loaned funds to others nor endorsed guarantees for others. The company has established the "Fund Loan and Endorsement Guarantee Procedures". If there is a fund loan or endorsement guarantee, it will be handled in accordance with the relevant regulations.

3.Derivative commodity transactions: As of the publication date of the annual report, the company has not engaged in derivative financial commodity transactions. The company has established "Procedures for Handling Assets Acquisition or Disposal". If there is a transaction of derivative financial products, it will be handled in accordance with the relevant regulations.

(III)Future R&D plans and estimated R&D expenses

1.Future R&D plans:

LT3001 has new components and new drugs for the treatment of acute ischemic stroke: At present, three multi-dose phase II clinical trials of LT3001 are planned, including multi-dose administration combined with device thrombectomy and multiple doses alone, in Taiwan, the United States, Europe, and China. Start closing。

2.Estimated research and development expenses：

The company is committed to the field of innovative drugs for neurological, inflammatory and cancer diseases, and prepares research and development budgets year by year according to the progress of each new drug development project.

(IV)he impact of major domestic and foreign policy and legal changes on the company's financial business and corresponding measures

The company's business system follows relevant current domestic and foreign laws and regulations, and relevant personnel also pay attention to changes in laws and regulations at any time for reference by the management. Therefore, the company can immediately grasp and effectively respond to important domestic and foreign policy and legal changes. In the most recent year and up to the publication date of the annual report, domestic and foreign policy and legal changes have had no material adverse impact on the company's finances and business.

(V) Impact of technological changes and industrial changes on the company's financial business and countermeasures

The company's business system follows relevant current domestic and foreign laws and regulations, and relevant personnel also pay attention to changes in laws and regulations at any time

for reference by the management. Therefore, the company can immediately grasp and effectively respond to important domestic and foreign policy and legal changes. In 2020 and as of the publication date of the prospectus, changes in domestic and foreign policies and laws have no significant adverse effects on the company's finances and business.

(VI)The impact of corporate image changes on corporate crisis management and countermeasures

The company has always upheld the professional and sincere entrepreneurial spirit, and implemented it in the company's daily operations and management, so that the company's system and colleagues have sufficient ability to respond to possible corporate crises and reduce the impact of such risks on the company's operations. In the most recent year and up to the publication date of the annual report, the company has not had any negative impact on the company due to changes in corporate image.

(VII)Expected benefits, possible risks and countermeasures of mergers and acquisitions

As of the publication date of the annual report in 2011, the company had no mergers and acquisitions.

(VIII)Expected benefits, possible risks and countermeasures of plant expansion

The company's main source of profit is the authorization income obtained from product authorization. The LT1001 long-acting pain relief injection Natongjie® drug and the clinical trial drugs of various R&D projects are all entrusted to pharmaceutical factories that meet the international PIC/s GMP standard. The latest annual And as of the publication date of the prospectus, there is no plan to establish a factory building, so it is not applicable.

(IX)Risks and countermeasures in the concentration of purchases or sales

The company is mainly engaged in the development of new drugs, and the source of operating income is mainly the license fee income and the royalty income after the product is launched. The authorized or distribution partners are responsible for the sales in each region, so the company will not have the risk of sales concentration. The company's LT1001 long-acting analgesic injection Natongjie® raw materials and preparations are produced by a single pharmaceutical factory. In order to meet the supply needs of the drug market in various places in the future, the evaluation of the production plan of the second pharmaceutical factory has now started. There will be no concentration risk of purchase transactions.

(X) Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large number of equity transfers or replacements on the company

In the most recent year and as of the publication date of the annual report, none of the company's directors, supervisors, or major shareholders holding more than 10% of the company's shares has had a major impact on the company's operations due to a large number of equity transfers or replacements.

(XI)The impact of the change of management rights on the company, risks and countermeasures

As of the publication date of the annual report, the Company has not had any changes in its

management rights.

(XII)Litigation or non-litigation events

1.In case of litigation, non-litigation, or administrative disputes that have been determined by the company or are currently pending, the outcome of which may have a significant impact on shareholders' rights and interests or the price of securities, the company shall disclose the facts in dispute, the amount of the subject matter, the start date of the litigation, The main parties involved in the lawsuit and the current processing situation: None.

2.The company's directors, supervisors, general manager, actual person in charge, major shareholders holding more than 10% of the shares, and affiliated companies, the lawsuits that have been confirmed or are currently pending in the last two years and as of the date of publication of the annual report, Non-litigation or administrative disputes, the outcome of which may have a significant impact on the company's shareholders' equity or securities prices:

litigant	Proceedings start date	Target amount	case content	Handling status as of the publication date of the annual report
Shengde Pharmaceutical Co., Ltd.	Shengde Company filed a lawsuit on July 1, 2016.	The confirmation benefit of confirming the existence of the entrusted development contract is NT$20 million.	Shengde Company invested 20 million yuan in 2010 to entrust Dongyang Company to develop the generic drug PLGA of Risperidone. The two parties signed a commissioned development contract, agreeing that the product rights are owned by Shengde Company, and agreed that Dongyang Company can share the rights of the American market. After signing the contract, Shengde Company will pay according to the progress of Dongyang Company's research and development work. In May 2016, Dongyang Company claimed that Risperidone PLGA was its product, and repeatedly denied the validity of the entrusted development contract. In	On March 1, 2018, the Taipei District Court in Taiwan ruled in favor of Shengde Company in the first instance, confirming the existence of a contractual relationship between Shengde Company and Dongyang Company in the commissioned development agreement. Shengde Company owns the relevant rights of Risperidone PLGA products and has the right to require Dongyang to continue to perform the contract. Dongyang Company filed an appeal on March 22, 2018, and the Taiwan High Court ruled in favor of Shengde Company in the second instance on March 11, 2020. Dongyang Company filed a third-instance

litigant	Proceedings start date	Target amount	case content	Handling status as of the publication date of the annual report
			order to protect the interests of Shengde Company and the interests of investors, Shengde Company filed a lawsuit on July 1, 2016, requesting the court to confirm the effectiveness of the entrusted development contract opened above.	appeal on April 10, 2020 in the Republic of China, and on May 24, 2021, the Supreme Court of Taiwan sent back the judgment of the third instance. After the trial of the first instance, the High Court ruled on November 15, 2022 that the contractual relationship does not exist. Shengde intends to recover the consideration paid for compliance with the contract after receiving the court judgment.

This case is only to confirm the existing legal relationship between Shengde Pharmaceutical Factory and Dongyang Company. The company is not the defendant in the criminal lawsuit, and the result will not affect the company's financial business.

litigant	Proceedings start date	Target amount	case content	Handling status as of the publication date of the annual report
Director, General Manager and CEO of the Company Mr. Lin Rongjin	Prosecutors indicted in June 2015.	none. This case does not involve the company's finances or business.	Taiwan Dongyang Pharmaceutical Industry Co., Ltd. (hereinafter referred to as "Dongyang Company") filed a criminal complaint against Lin Rongjin, the chairman of the company, alleging that when Mr. Lin Rongjin was the chairman of Dongyang Company, in 2008 and 2009 in the Republic of China (the same below), he and Inopha AG, a Swiss company, signed an authorization and joint development contract for	On September 1, 2017, Taiwan's Taipei District Court ruled that the chairman of the company was guilty of the first instance and sentenced to 10 years in prison. The case was appealed by Mr. Lin Rongjin, and the Taiwan High Court ruled that Mr. Lin Rongjin was not guilty after the trial on May 27, 2020; It was remanded for retrial after the Supreme Court's

litigant	Proceedings start date	Target amount	case content	Handling status as of the publication date of the annual report
			four drugs, Caelyx II, Lipo-AB, Risperidone, and Leuprorelin, without the resolution of the board of directors of Toyo Corporation, and Inopha AG obtained benefits from these contracts, thus harming Toyo The company's rights and interests were investigated by the District Prosecutor's Office and prosecuted for the crimes of Article 171, Item 1, Subparagraph 2 (unconventional transactions) and Subparagraph 3 (special breach of trust) of the Securities and Exchange Act. The company's business will not be affected by its personal judicial cases.	third-instance judgment. Dongyang Company also filed a criminal incidental civil lawsuit against Mr. Lin Rongjin and other co-defendants, which is currently under trial in the Taipei District Court.

The procedure above is only concerned with the clarification of Mr. Lin Rongjin's personal legal liability, and does not involve the company's finances or business. The company is not the defendant in the criminal lawsuit, and the result will not have a significant impact on the company's shareholders' rights or securities prices. Mr. Lin Rongjin has appointed Lawyers handle matters related to subsequent litigation to defend innocence.

(XIII)Other important risks and countermeasures

1.Information Security Risk Assessment and Countermeasures

In order to implement information security, the company has formulated the "Information Security Management Operation Method", and the staff of the information unit of the general management office are responsible for information security matters, and conduct appropriate information security education and training on a regular basis to establish the concept of "information security is everyone's responsibility". Strengthen the good information security awareness of colleagues, make them comply with information security regulations, reduce the risk of information security, and ensure the goal of continuous operation.

The company regularly assesses information security risks and reports to the board of directors

on a regular basis. Its information security assessment focuses on (1) information architecture review, (2) network activity review, (3) network equipment, servers and terminals and other equipment testing , (4) Website security testing, (5) Security setting review, (6) Email social engineering drills and other operational items.

2.Specific management plan

(1)Personnel safety management and education and training: Users are required to really understand the conditions and requirements of system access, and they can only access system resources within the scope of authorization. Users should be responsible for keeping and changing their personal passwords regularly, maintaining the confidentiality of passwords, and enabling two-stage verification (multi-factor verification) to reduce password cracking.

(2)Host computer security management: computer host and server operating procedures, information units should ensure correct and safe operation and use of users. For computer hosts or servers storing confidential and sensitive data, in addition to the existing security settings of the operating system, the security mechanism for identification should be strengthened to prevent unauthorized users from being Peeping or intercepting login passwords, and preventing counterfeit legal user identities from logging in to the host for theft or destruction.

(3)Data security management: According to the business nature and duties of the user, different data access rights are granted, and the access records of important files or sensitive data are kept for future reference, so as to prevent important information from being exposed or inadvertently changed. Regular backup operations and off-site backup operations for computer media should be implemented so that normal operations can be restored quickly in the event of a disaster or storage media failure.

(4)Network security and virus prevention management: Establish a computer virus prevention mechanism, and computer virus codes and antivirus software should be updated regularly. The network equipment is managed by a dedicated person to monitor the network status at any time; each host server used in the network system should have a backup host in case the main host server fails to operate normally.

(5)Security control of network equipment access: shared network system, establish network routing control to ensure that computer connection operations and information flow will not affect the access policy of the application system.

(6)Security management of outsourced information units: When outsourced service operations are required, sign an outsourced service contract with the manufacturer, and sign a written confidentiality contract to ensure that the manufacturer's personnel understand and follow the relevant safety management regulations.

(7)Physical environment safety management: Personnel entering and leaving the computer room

should be properly controlled and recorded, and unauthorized personnel are not allowed to enter. Set up an automatic notification system for fire alarms, air conditioning, temperature and humidity, power supply and other warnings in the computer room, and monitor the operation of the computer room around the clock to ensure the safety of the computer room facilities. The equipment and media used for backup operations should be stored away from the computer room at a safe distance to avoid losses when the computer room is damaged.

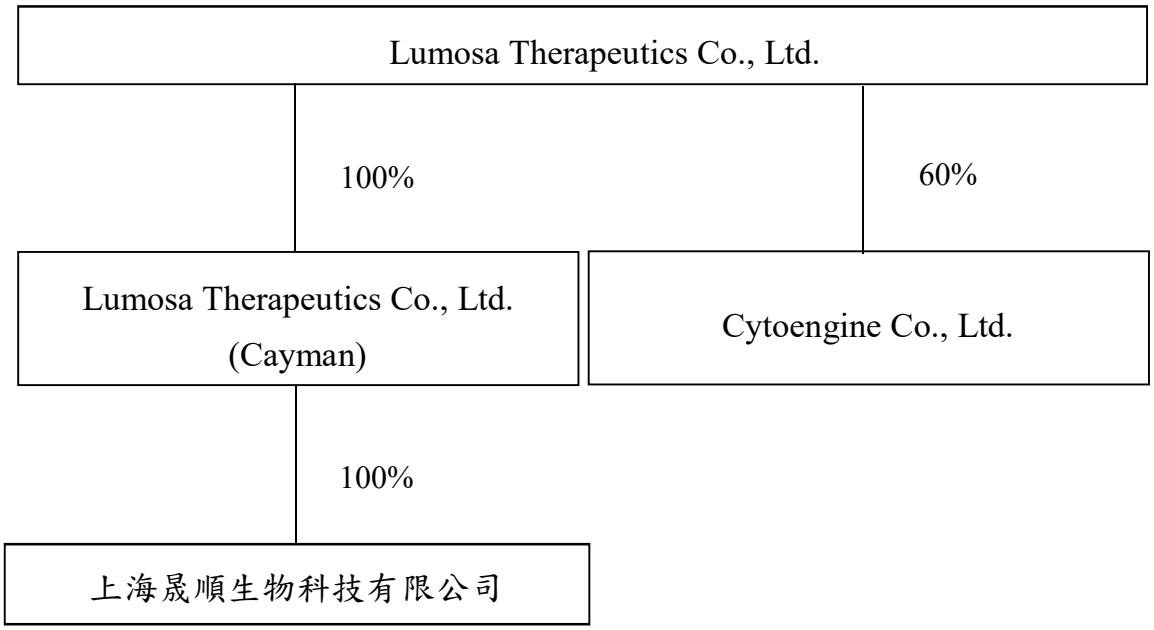
VII.Other important matters：None.

Chapter 8.Special Disclosure

I. Summary of affiliated companies

(I) Affiliates Consolidated Business Report:

1.Organizational chart of the affiliates



2.Affiliated Companies

April 2,2023；Unit: NT$ thousand

Name of the enterprise	Date of incorporation	Address	Paid-in capital	Principal business activities
Lumosa Therapeutics Co., Ltd.(Cayman)	2013.04.22	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O.BOX32052, Grand Cayman KY1-1208, Cayman	USD1,145	nvestment
上海晟順生物科技有限公司	2015.03.17	中國(上海)自由貿易試驗奧納路 55 號 1 幢 12 層 1262 室	CNY1,000	Technical consultation, service and transfer
Cytoengine Co., Ltd.	2022.01.28	4F., No. 3-2, Yuanqu St., Nangang Dist., Taipei City 115603 , Taiwan (R.O.C.)	125,000	new drug development

3.The entity meets the elements provided in the Law for presumption of a relationship of control or subordination: None.

4.The business of the overall affiliated enterprise is mainly the development and research of new drugs.

5.Information on directors, supervisors and general managers of affiliated companies

April 2,2023

Name of the enterprise	Title	Name or representative:	Number of shares held	
			No. of shares held	%
Lumosa Therapeutics Co., Ltd.(Cayman)	Director	Cheng, Wann- Lai	1,145,188	100%
上海晟順生物科技有限公司	Director	Cheng, Wann- Lai	not applicable	100%
	Supervisor	Guo Huiyuan		
Cytoengine Co., Ltd.	Chairman	Lin Rongjin, representative of Lumosa Therapeuti Co., Ltd.	7,500,000	60%
	Director	Ye Shengwen, representative of Lumosa Therapeutics Co., Ltd.	7,500,000	60%
	Director	Representative of Center Laboratories, Inc.Lin Jialing	5,000,000	40%
	Supervisor	Yang Jiaqi		

6.Operational overview of affiliated companies

December 31,2022；Unit: NT$ thousand

Name of the enterprise	Shareholder capital	Total assets	Total liabilities	Net asset	Net revenue	Income (Loss) from operations	Total consolidated profit/loss for the current period	EPS (NT$)
LumosaTherapeuticsCo., Ltd. (Cayman)	34,009	27,472	－	27,472	－	(219)	2,434	2.13
上海晟順生物科技有限公司	4,459	1,483	－	1,483	－	(85)	(85)	not applicable
Cytoengine Co., Ltd.	125,000	109,743	9,294	100,449	－	(24,601)	(24,551)	(1.96)

(II)Consolidated Financial statements of the Affiliates: Please refer to audited consolidated financial statements for the most recent year (P148~P210)

In 2022 (from 2022/1/1 to 2022/12/31), the company should be included in the preparation of affiliated companies' consolidated financial statements and According to the Financial Accounting Standards Bulletin No. 7, the companies that should be included in the preparation of the parent-subsidiary consolidated financial statements are the same, and the relevant information that should be disclosed in the parent-subsidiary consolidated financial statements has been disclosed in the previously disclosed parent-subsidiary consolidated financial statements, and will not be prepared separately Consolidated financial statements of affiliated companies.

(III)Relationship report：not applicable

II. Private placement securities in the most recent years

Item	1st Private Placement of 2020 (Note 1) Issue date: ：2020/12/24					2nd Private Placement of 2020 (Note 1) Issue date：2021/4/29				
Types of Private Equity Securities	common stock					common stock				
Shareholders' meeting approval date and amount	Shareholders' approval date：2020/6/9 Total number of private equity shares：70,000,000 shares is the upper limit					Shareholders' approval date：2020/6/9 Total number of private equity shares：70,000,000 shares is the upper limit				
Basis and Reasonability of Price Setting	The subscription price of ordinary shares in this private placement is based on the fact that it is not lower than 80% of the reference price.					The subscription price of ordinary shares in this private placement is based on the fact that it is not lower than 80% of the reference price.				
The method selected by a specific person (Note 2)	The targets of this private placement of common stock shall be those listed in Subparagraph 2 of Article 4 of "Public Offering Companies Handling Private Placement of Securities".					The targets of this private placement of common stock shall be those listed in Subparagraph 2 of Article 4 of "Public Offering Companies Handling Private Placement of Securities".				
Necessary reasons for private placement	Considering factors such as the relative timeliness and convenience of the private placement method, and the regulation that private placement securities cannot be freely transferred within three years will further ensure the long-term relationship between the company and investment partners; in addition, by authorizing the board of directors to handle private placement according to the actual needs of the company's operations, It will also effectively improve the mobility and flexibility of the company's fundraising, so it is necessary to handle it through private placement.					Considering factors such as the relative timeliness and convenience of the private placement method, and the regulation that private placement securities cannot be freely transferred within three years will further ensure the long-term relationship between the company and investment partners; in addition, by authorizing the board of directors to handle private placement according to the actual needs of the company's operations, It will also effectively improve the mobility and flexibility of the company's fundraising, so it is necessary to handle it through private placement.				
Number of shares (or number of corporate bonds)	29,500,000 shares					3,448,000 shares				
Price payment completion date and declaration date	Payment completion date:2020/11/23 filing date:2020/11/30					Payment completion date 2021/03/19 filing date:2021/03/24				
delivery date	109/12/24					110/04/29				
Applicant Information	Private placement object (Note 3)	qualifications condition (Note 4)	Subscription quantity	with the company relation	Participating companies business situation	Private placement object (Note 3)	qualifications condition (Note 4)	Subscription quantity	with the company relation	Participating companies business situation
	Cai Changhai	Paragraph 3	500,000	Chairman	YES	Farglory Life Insurance Co., Ltd.	first set	3,448,000	no relationship	NO

Item	1st Private Placement of 2020 (Note 1) Issue date: ：2020/12/24					2nd Private Placement of 2020 (Note 1) Issue date：2021/4/29				
	Center Laboratories,	Paragraph 3	17,200,000	Director	YES					
	順天堂藥廠股份有限公司	Paragraph 2	1,000,000	本公司股東	NO					
	Lin Rongjin	Paragraph 3	710,000	本公司總經理/本公司法人董事代表人	YES					
	Yuanta One Venture Capital Co., Ltd.	Paragraph 2	2,060,000	no relationship	NO					
	Xinyu Investment Co., Ltd.	Paragraph 2	6,890,000	no relationship	NO					
	Hexshire	Paragraph 2	500,000	no relationship	NO					
	Shedev	Paragraph 3	150,000	Director	YES					
	Wang Xueling	Paragraph 3	140,000	Supervisor	NO					
	Huang Zhihong	Paragraph 2	100,000	no relationship	NO					
	Xu Ziqiang	Paragraph 2	100,000	no relationship	NO					
	Zhao Wenyu	Paragraph 2	150,000	no relationship	NO					
Actual subscription (or conversion) price (Note 5)	NT$29					NT$29				
The difference between the actual subscription (or conversion) price and the reference price	The actual subscription price is 82.01% of the reference price					The actual subscription price is 82.20% of the reference price				
The impact of handling private equity on shareholders' equity (such as: resulting in an increase in accumulated losses...)	One-time or two-time use of private equity funds can strengthen the company's competitiveness, improve operational efficiency, and improve the financial structure. It also has positive benefits for shareholders' rights and interests.					One-time or two-time use of private equity funds can strengthen the company's competitiveness, improve operational efficiency, and improve the financial structure. It also has positive benefits for shareholders' rights and interests.				
Use of private equity funds and plan	554,389,000 yuan invested in research and development activities, and 301,111,000 yuan of unused funds were deposited in bank accounts					Sufficient working capital				

Item	1st Private Placement of 2020 (Note 1) Issue date: ：2020/12/24	2nd Private Placement of 2020 (Note 1) Issue date：2021/4/29
implementation progress		
Benefits of private placements	Sufficient working capital and sound financial structure	Sufficient working capital and sound financial structure
Subscribed (converted) shares payment certificate (bond exchange rights certificate), shares, shares for free allotment	None	Subscribed (converted) shares payment certificate (bond exchange rights certificate), shares, shares for free allotment

Note 1: Adjust the number of columns according to the actual number of private placements conducted. If there were multiple private placements of securities, fill in all the required information separately for each.

Note 2: If the placees for a private placement case have already been arranged, the relationship between the placees and the Company should also be described.

Note 3: Adjust the number of cells to match the actual number of the counterparties.

Note 4: Specify whether the counterparty is qualified under subparagraph 1, 2, or 3 of paragraph 1 of Article 43-6 of the Securities and Exchange Act.

Note 5: The actual subscription (or conversion) price refers to the subscription (or conversion) price set at the time of actual issuance of the private placement securities.

III.Acquisition or disposal of the company's shares by subsidiaries: None.

IV.Other necessary supplementary notes: None.

V. In recent years and as of the publication date of the annual report, matters that have a significant impact on shareholders' equity or securities prices in accordance with Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act：None.

順天醫藥生技股份有限公司

Lumosa Therapeutics Co., Ltd.

Chairman：Jung Chin Lin