stock code：4168

GlycoNex Inc.

2022 ANNUAL REPORT

Company Website： **http://www.glyconex.com.tw**

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Printed on MAY 20, 2023

GlycoNex Inc.

一、The name, title, contact number and email address of the company's spokesperson and acting spokesperson

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Job title：Deputy General Manager
Telephone：(02)2697-4168
E-mail：rogerlu@glyconex.com.tw
Acting Spokesperson's Name： Ti-Fen Wu
Job title：Finance Minister
Telephone：(02)2697-4168
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Name： Grand Fortune Securities Co., Ltd. Stock Agency Department
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四、The latest annual financial report visa accountant name, firm name, address,website and telephone number

Accountant name： Shu-Fen Yu Accountant、Yu-Fang Yen Accountant
Firm name：PricewaterhouseCoopers Taiwan
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Website： http://www.pwc.com/tw
Telephone：(02)2729-6666

五、The name of the trading place where overseas securities are listed and traded and the method of inquiring information about the overseas securities：none

六、Website： http://www.glyconex.com.tw

目　　　　　　錄

I. Letter to Shareholders

Dear Shareholders,

In 2022, GlycoNex.Inc recorded a total revenue of NT$30,085 thousand and an after-tax loss of NT$219,822 thousand. The company was unable to generate profit in 2022 mainly due to the capital investments made for the phase one clinical trial of the new antibody drug candidate, GNX102. Currently, GNX102 is actively engaged in licensing negotiations with global biopharmaceutical companies. Looking ahead to 2023, the company anticipates significant progress in new drug development and international collaborations. GNX102 is currently undergoing phase one clinical trials in humans. The biosimilar drug SPD has been developed in collaboration with MGC for the Japanese market. In addition, the company has introduced commissioned development projects using the antibody drug development platform and is simultaneously incorporating new antibody development technologies into the existing platform.

1. Results of the Implementation of the Business Plan in 2022

Important milestones for the company in 2022 include:

- The phase one clinical trial of GNX102 confirmed its safety and tolerability in cancer patients, and the company initiated the enrollment strategy for precision medicine.
- Collaborated with Japan's MGC to develop the biosimilar drug SPD, including the completion of drug preparation for clinical trials, PMDA consultations, and clinical trial preparations.
- Completed animal model evaluations and initial process development for the novel precursor antibody GNX201, and formulated the development strategy.
- Participated in various exhibitions such as BIO in the United States and BioEurope in Europe, engaging in continuous exchanges with global major companies and potential international partners to seek collaboration and explore future business opportunities.
- Successfully completed two commissioned antibody development projects.

2. Status of the Budget Execution

Unit: NT$ thousand

Conetent/Year	2022 (Budget Figure)	2022(Actual Figure)	Budget Variance
Operating Revenue	113,200	30,085	83,115
Operating Costs	(21,901)	(16,118)	(5,783)
Operating Margin (Loss)	91,299	13,967	77,332
Operating Expenses	(459,947)	(252,608)	(207,339)
Operating net profit (Loss)	(368,648)	(238,641)	(130,007)
None-operating Income and Expenses	20,350	18,819	1,531
Pre-taz Profit (Loss)	(348,298)	(219,822)	(128,476)
Explanation of the variance between actual and budget figures for the fourth quarter (January to December) of 2022: Due to delays in research and development progress, the technical service income and royalty income were lower than expected. As a result, the operating gross profit for the period was lower than the original budget. The operating expenses were lower than the budget due to the impact of the pandemic, which resulted in delayed progress of commissioned experiments and deferred payment of research and development expenses. Due to the unrealized royalty income, there was no operating net profit generated. The non-operating income and expenses were lower than the budget, primarily due to higher foreign exchange losses. As a result, there was still a net loss before tax in 2022.			

3. The Analysis of the Financial Income and Profitability

Item	Year	2021	2022
Finicial Structure	Debt-to-Asset Ratio (%)	2.59	15.80
	Long-term Capital to Fixed Assets Ratio (%)	133.84	168.95
Solvency	Current ratio (%)	1,318.42	1,603.11
	Quick ratio (%)	1,224.08	1,536.15

Leverage	Return on assets(%)	(11.62)	(14.13)
	Return on Equity (%)	(11.90)	(15.68)
	Net profit ratio(%)	(3,150.56)	(730.67)
	Earnings per share (元)	(1.78)	(2.21)

4. Status of the Development of R&D

Our company has transitioned from early-stage antibody drug development to clinical development. GNX102 initiated phase 1 clinical trials in the United States in 2020 and started clinical trials in Taiwan by the end of 2022. In addition to the successful conduct of phase 1 dose-escalation studies, we have simultaneously initiated in-depth analyses of the drug's mechanism of action, efficacy, and potential cancer indications to strengthen the design of the next phase of clinical trials. Furthermore, we have leveraged our expertise in antibody drug development to expand our product portfolio to include biosimilar products, which help mitigate the risks associated with new drug development. Our biosimilar product SPD8, for the treatment of osteoporosis, is being developed in collaboration with Mitsubishi Gas Chemical and has completed a consultation meeting with the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) in 2022. Clinical trials for SPD8 are set to commence in Japan soon. Each year, our company invests substantial resources in updating our existing technology platforms and developing novel antibodies to maintain our competitiveness in product development. Our projects on pro-antibodies and antibody-drug conjugates (ADCs) are currently undergoing optimization and efficacy testing, while actively seeking collaboration opportunities to expedite the development timeline. All of our product development plans are progressing smoot.

5. Summary of 2023 Operational Plan

In 2023, our company's operational strategy focuses on the dual-track approach and expanding international collaborations. We will continue with the development of proprietary antibody-based novel drugs and biosimilar products to establish international licensing partnerships and achieve breakthrough growth. Additionally, we will promote our international business in the field of technical services and diagnostic reagents to expand our revenue base:

- Continued development of novel antibody-based cancer drugs and international licensing negotiations. We will advance the clinical development of our lead antibody target, GNX102, through Phase 1 trials in the United States and Taiwan. Simultaneously, we will engage in information exchange with global pharmaceutical companies and negotiate international licensing details.
- Regarding biosimilars, the collaborative development of SPD8 with Mitsubishi Gas Chemical Co., Ltd. (MGC) in Japan marks an important milestone. This year, SPD8 will commence phase 1 clinical trials in Japan and discussions are underway with international biosimilar pharmaceutical companies to explore global business prospects. SEA will continue to pursue international licensing agreements. SEA will continue to negotiate international licensing agreements
- GNX201 leverages the advanced approach of "pre-targeting antibodies" and ADC (antibody-drug conjugate) technology to significantly improve the selectivity and effectiveness of antibodies against cancerous tissues. This year, the focus will be on manufacturing process development and conducting evaluations of both efficacy and safety.
- Application of the GlycoSH antibody library, we will screen suitable targets and seek collaboration with partners possessing unique technical platforms to jointly develop therapeutic and diagnostic products.
- Exploring new partnerships and opportunities: We will actively seek new collaboration partners through various channels, aiming to discover new technology service opportunities and international licensing opportunities for our proprietary antibody targets.

Projected operating revenue for 2023

Income Item	Description	Amount (Unit: NT$ thousand)
	License fees for biosimilar drugs	60,000
Technical service income	Antibody drug development Antibody production Analysis and testing	50,000
Total：		**$110,000**

Description of the Income

▪ Biosimilar Development and Licensing - Denosumab (Pralia):

The biosimilar drug Denosumab developed by our company has entered into a joint development agreement with MGC. Both parties will share 50% of the development costs to complete Phase 1 clinical trials. The primary target market for this biosimilar drug is Japan, and we anticipate obtaining market approval in Japan by 2027. We are currently in negotiations with potential licensing partners and aim to secure a licensing agreement by 2023. In addition to the Japanese market, we are actively seeking licensing partners in major pharmaceutical markets worldwide.

▪ New Antibody Licensing:

GlycoNex.Inc possesses over 50 monoclonal antibodies that recognize various glycan antigen structures. Considering the need for novel targets and corresponding antibodies in various immunotherapy treatments, we have publicly announced the completion of antibody characterization in 2021. We are seeking global companies with mature immunotherapy platforms for licensing or co-development partnerships to commercialize antibodies with potential. We have already reached preliminary cooperation agreements with domestic and international biotech companies for this project and will actively expand to more potential partners in the coming year.

▪ Technical Service Revenue:

GlycoNex.Inc has a comprehensive antibody drug development platform and expertise in analytical method development. With a GMP-compliant pilot plant capable of high-quality antibody manufacturing, along with our extensive development experience, we can provide customized antibody drug development services. We currently have ongoing commissioned projects and will actively pursue international opportunities in 2023.

6. The Future Developing Strategies of the Company

Looking ahead, the biotechnology industry is expected to move towards diversified technological development. While Taiwan GlycoSH has already entered or is about to enter clinical trials with GNX102 and biosimilar drugs, we are actively planning the next phase of new drug development. We continuously introduce new technologies into our existing platforms to overcome the bottlenecks currently faced in antibody drug development and expand the application scope of antibody drugs.

The advantages and value of pro-antibodies have been preliminarily confirmed, and in 2023, GlycoSH will further utilize TC mAb mice in combination with pro-antibody technology to develop products with potential in cancer treatment. In addition, we have been in discussions with several pharmaceutical companies and biotech companies to collaborate on the development of therapeutic products for various diseases using our proprietary antibody library, GlycoSH. We are currently in negotiations with potential partners and aim to further enrich our product portfolio through the utilization of complementary external technologies.

7. Influenced by External Competitive, Regulatory, and Overall Business Environments

Since the outbreak of the COVID-19 pandemic in early 2020, global industries have grappled with substantial disruptions. The biotech sector, compelled by the demand for diverse COVID-19 vaccines and treatments, has encountered severe resource scarcities. As a result, lead times for CMO production lines have considerably extended. Acknowledging this risk, GlycoNex has proactively planned and is gradually establishing key capabilities. Our objective for the upcoming year is to finalize the installation of a 200L antibody production line, ensuring a stable supply of investigational drugs for clinical trials and mitigating the adverse impact of external factors on our development timeline. Moreover, we have commenced clinical trials in Taiwan to minimize the potential for significant delays in the advancement of new drug development.

Chairman Tong-Hsuan Chang

II. Company Profile

1. Establishment Date
   Establishment and Registration Date: February 1, 2001
   Unified Business Number：12683520
2. Company History

Date	Important Events
February, 2001	The company was established and obtained the business license from the Ministry of Economic Affairs, with a paid-in capital of NT$10,000 thousand.
September, 2002	Signed a Patent License Agreement with The Biomembrane Institute.
January, 2003	Signed a collaboration agreement with Kirin Brewery Company in Japan for KM mice.
July, 2003	A capital increase of NT$90,000 thousand in cash (including NT$10,000 thousand valued at patent technology), and the paid-in capital is NT$100,00 thousand.
December, 2006	Completed the three-year industry-academic collaboration project "Development of Glycosphingolipid Antigen and Human Monoclonal Antibody Technologies for the Anti-Cancer Cells", which succeeded in developing six human monoclonal antibodies with anti-cancer activity.
June, 2008	Received the grant of "Small Business Innovation Research" from the Ministry of Economic Affairs.
May, 2009	Signed a technology licensing agreement with Kyowa Hakko Kirin, which was from Japan.
July, 2009	Approved by the Ministry of Economic Affairs as a "Biotech and Pharmaceutical Company" under the Act for the Development of Biotech and Pharmaceutical Industry.
July, 2009	Signed a new cancer drug licensing agreement with an international pharmaceutical company in Japan.
January, 2010	Received the SBIR's grant from the Ministry of Economic Affairs for the project "High-Yield Strain and Bioreactor Process Development of Antibody Drugs".
October, 2010	Signed a TTA with Mitsubishi Gas Chemical from Japan.
November, 2010	Chairman Zhang was invited to speak at the 2010 Pharmaceutical Sciences World Congress (PSWC2010), and the company had participated in the exhibition.
April, 2011	Held a press conference and corporate briefing at the World Trade Center for the signing ceremony with Mitsubishi Gas Chemical.
August, 2011	Signed a Memorandum of Understanding (MOU) with Mitsubishi Gas Chemical in Tokyo, Japan, witnessed by the Chairman of the Council for Economic Planning and Development.
September, 2011	The employee stock options were exercised and converted to common shares for a total of NT$ 25,000 thousand increasing the paid-in capital to NT$ 425,000 thousand.
November, 2011	Public offering.
December, 2011	Listed on the emerging market.
July, 2012	Issued 893,585 common shares through earnings and employee bonus capitalization, and the paid-in capital was NT$ 433,936 thousand.
December, 2012	Capital increase of 3,850,000 common shares through the issuance of cash, and the paid-in capital was NT$472,436 thousand.
December, 2012	Listed on the stock exchange
July, 2013	Issued the first secured convertible corporate bonds in Taiwan with a value of NT$ 300,000 thousand.
August, 2013	Increased capital through the capital reserve by issuing 4,724,358 common shares, increased capital through retained earnings by issuing 637,789 common shares, and issued 2,760,000 common shares through private placement, with a paid-in capital of NT$553,657 thousand.
September, 2013	Capital increase of 11,250,000 common shares through the issuance of cash, and the paid-in capital was NT$666,157 thousand.
October, 2013	Conversion of corporate bonds into common shares for 1,929,018 shares, and the paid-in capital was NT$ 685,447 thousand.
January, 2014	Conversion of corporate bonds into common shares for 1,270,258 shares, and the paid-in capital was NT$ 698,150 thousand.
March, 2014	Conversion of corporate bonds into common shares for 179,043 shares, and the paid-in capital is NT$ 699,940 thousand.
August, 2014	The Capital reserved by issuing 6,999,405 common shares, and the paid-in capital was NT$ 769,934 thousand.
October, 2014	Passed the Certificate of Corporate Governance System CG6009
October, 2015	The latest antibody drug had completed the first-stage animal safety testing.

November, 2016	The company had relocated the business address to the 8th floor, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., and its pilot plant for mass production was completed and officially operational.
June, 2017	Acquisition of a portion of the first floor of a building in the Oriental Science Park for office and factory use.
August, 2017	Issued new restricted employee shares for 790,000 shares, and the paid-in capital was NT$777,835 thousand.
September, 2017	Certified with ISO9001:2015
November, 2017	The cancellation of new restricted employee shares and treasury shares totaled 1,285,000 shares, and the paid-in capital was NT$ 764,985 thousand.
February, 2018	Signed a tripartite contract with Mitsubishi Gas Chemical and Cultivecs Inc. for the latest biosimilar drug.
May, 2018	Formed an immunotherapy CAR-T therapy development alliance with Taiwan Advanced Bio-Pharmaceutical and Hualien Tzu Chi Hospital.
May and August, 2018	Issued and canceled new restricted employee shares for 175,000 shares and 170,000 shares, respectively, and the paid-in capital was NT$765,035 thousand.
Februrary, 2019	Negotiated with Otsuka Pharmaceutical to terminate the patent license agreement and proceed with independent development.
September, 2019	The anti-cancer drug GNX102 had received IND approval in the United States and would proceed with Phase I clinical trials on humans.
January, 2020	Capital increase of 5,000,000 common shares through the issuance of cash, and the paid-in capital was NT$ 811,610 thousand.
March, 2020	Issued new restricted employee shares for 750,000 shares, and the paid-in capital was NT$ 819,110 thousand.
December, 2020	The company was developing GlycoSH anti-glycan antibodies and was in talks with international pharmaceutical companies for potential collaborations.
July, 2020	Signed a partnership agreement with Mitsubishi Gas Chemical from Japan to jointly conducted clinical trials of a biosimilar drug for osteoporosis.
July, 2021	The anti-cancer drug GNX102 had been granted a patent in the United States.
September, 2022	Capital increase of 4,500,000 common shares through the issuance of cash, and the paid-in capital was NT$ 1,019,728 thousand.

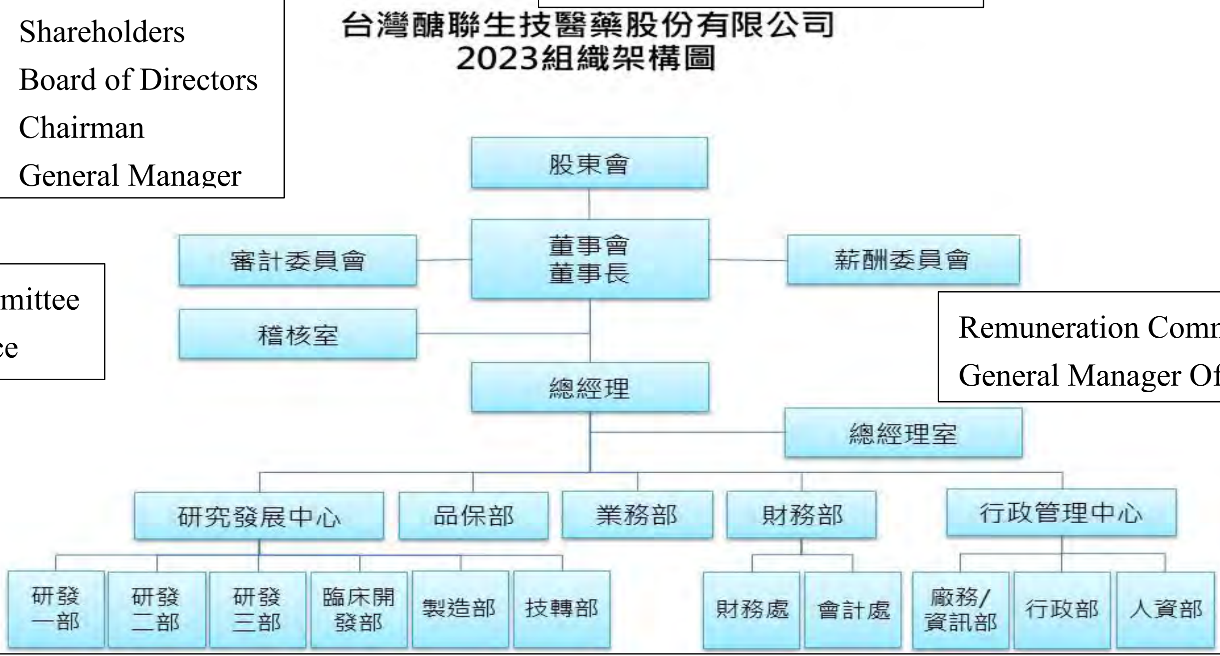
III. Corporate Governance Report

1. Organization System

（1）Organization Structure

GlycoNex.Inc
2023 Organizational Charts

Shareholders
Board of Directors
Chairman
General Manager



Audit Committee
Audit Office

Remuneration Committee
General Manager Office

R&D Center/ Quality Assurance (QA) Dept. /Sales Dept./Finance Dept./Administration and Management Dept.
R&D I Dept./ R&D II Dept./ R&D III Dept./Clinical Development Dept./Manufacturing Dept./ Technology Transfer Dept./Finance Office/ Accounting Office/ Factory/Inforamtion Dept./ Administrative Department/Human Resources Dept.

（2）Business Operations of the Major Departments

Unit	Functions
General Manager	In charge of the overall business management of the company
Audit Office	1. Review and verify the implementation of the internal control system. 2. Ensure that all operations of the company comply with legal and regulatory requirements. 3. Evaluate and measure the improvement of the company's operational efficiency. 4. Identify the reliability of the financial statements. 5. Assist in completing external audits.
R&D Center	Oversee the management of the R&D/Clinical Development/Manufacturing Depts.
R&D Dept.	1. Plans and execute the company's overall R &D project. 2. Coordinate and revise the plan in accordance with the company's operational direction.
Clinical Development Dept.	Coordinate the clinical development trials and outsourcing work of new drugs and biosimilars for the company.
Manufacturing Dept.	Produce products that meet relevant regulations and comply with cGMP guidelines.
Technology Transfer Dept.	Handle the technology transfer affairs of the company's external cooperation.
Quality Assurance (QA) Dept.	1. Develop/revise/supervise the implementation of manufacturing and quality control SOPs. 2. Provide education and training on manufacturing and quality control SOPs, review documents, and conduct internal audits. 3. Review calibration documents for analytical instruments and manufacturing equipment, manage verification schedules, and maintain control. 4. Implement quality control for the factory's water system and monitor the factory environment. 5. Ensure the effectiveness and implementation of protein drug-related sample testing methods. 6. Develop and release specifications for raw materials, intermediates, and finished products of protein drugs. 7. Responsible for tracking and verifying corrective actions for factory and quality control/supplier evaluation and prevention of non-conformities. 8. Handle external audits and customer complaints, track and verify corrective actions, and ensure prevention effectiveness.
Sales Dept.	1. Participate in domestic and international business promotion activities and customer development. 2. Conduct market research, analysis and develop sales plans. 3. Handle customer service and related business processes. 4. Coordinate with other departments to facilitate the progress of the business.
Fiance Dept.	1. Record and preserve accounting transactions, vouchers, and accounting books and records, and prepare financial statements. 2. Control the company's receipts and disbursements, safeguard cash, negotiable instruments, and securities, and sign and record receipts and disbursements. 3. Analyze financial operation plans and prepare financial budgets, raise and allocate funds, and manage cash flows. 4. Handle various tax filings and regularly disclose the company's financial status. 5. Cooperate with external accountants. 6. Organize and operate shareholder meetings, Board of Directors meetings, and functional committee meetings.

Unit	Functions
	7. Manage matters related to stock affairs.
Administration and Management Center	1. Lead and manage of Audit, HR, IT, Procurement, Warehouse, and General Affairs departments. 2. Legal and patent affairs. 3. Spokesperson and public relations affairs. 4. Contact with foreign suppliers.
Factory/ Information Dept.	1. Environmental maintenance and monitoring related to factory operations. 2. Maintenance of internal company information software, hardware, servers, information systems, network systems, email, databases, etc. 3. Engage in system software development, data management and maintenance. 4. Assist in resolving technical issues related to information equipment and system usage.
Administrative Dept.	1. Maintain inventory accuracy and levels of laboratory consumables. 2. Execute import and export logistics. 3. Repair and maintain company equipment and assets. 4. Maintain plant environment conditions and handle abnormal alerts. 5. Ensure security and access control management. 6. Maintain cleanliness of company environment. 7. Fire prevention management, hazardous material disaster prevention, waste management, and air pollution declaration. 8. Develop and execute procurement plans and manage suppliers.
Human Resources Dept.	1. Employee recruitment and selection. 2. Personnel training and development. 3. Attendance and salary management. 4. Employee performance management. 5. Labor relations and health management.

2. The information of the Management Team

（1）The Information of the Board of Directors：

1. Name, nationality or place of registration, education background, shareholding, and types.

Date: 22 April, 2023

Unit：Share-holding ratio：%

Job title	Nationality or place of registration	Name	Gender, Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work exper- ience and academic qualifications	Positions held concur- rently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 4)
							No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio			Job title	Name	Relation ship	
Chairman	ROC	Tong-Hsuan Chang	Male 75~80	7.9.2021	3	02.01.2001	4,154,948	4.26	4,309,092	3.97	2,204,489	2.03	0	0	Ph.D. in Pharmacy from the University of Tokyo, Japan. Director/Acting CEO of the Cell Biology and Immunology Division, Development Center for Biotechnology. Visiting professor at the National Taiwan University College of Medicine, Department of Clinical Medicine.	Chairman and Legal Representative of GlycoNex.Inc	Director	Hsiu E. Su	Spouse	—
Director	ROC	Kao - Chung Tsai	Male 60~65	7.9.2021	3	5.25.2002	600,843	0.62	423,133	0.39	0	0	0	0	Department of Economics, Soochow University. Assistant General Manager of Capital Markets Department at Barits Securities Corporation.	Independent director of Microbio Co., Ltd. Independent director of Sonix Technology Co.,Ltd. Independent director of HHoly Stone Healthcare Co., Ltd. Independent director of Double Bond Chemical Ind. Co., Ltd. Director of AcadeMab Biomedical Inc. Vice chairman of Champion Microelectronic Corp.	—	—	—	—
Director	ROC	Hsiu E. Su	Female 70~75	7.9. 2021	3	6.29.2008	2,140,094	2.19	2,204,489	2.03	4,309,092	3.97	0	0	Department of Sociology, National Chung Hsing University. Director of Chinese Yuan Shan Painting Association. Executive Secretary of the Taipei Branch of the Japan Figurative Association. Director of the Post-Formalism Art Association of the Republic of China.	Chinese Yuan Shan Painting Association Director	Director	Tong-Hsuan Chang	Spouse	—
Director	ROC	Cai - Qing Hong	Female 56~60	7.9. 2021	3	6.29.2008	1,279,035	1.31	1,326,485	1.22	44,125	0.04	0	0	National Taipei Institute of Technology. Chang Lu Investment Co., Ltd. Tou Yo Sya Corp.	Head of Chang Lu Investment Co., Ltd. Head of Shiny Rise Textile&Chemical International Ltd.	—	—	—	—
Independent Director	ROC	Ling-Chun Tsai	Female 57~60	7.9.2021	3	5.25.2002	0	0	0	0	0	0	0	0	Accounting Department at Chinese Culture University. Assistant Manager at Barits Securities Corporation. Special Assistant at Holy	Director of Alcor Micro, Corp. Director of Alcor Micro Technology, Inc. Director of Qunsheng Technology (Shenzhen) Co.,	—	—	—	—

Job title	Nationality or place of registration	Name	Gender, Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 4)
							No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio			Job title	Name	Relationship	
															Stone Enterprise Co., Ltd. COO at Alcor Micro, Corp. General Manager at Syncomm Technology Corp.	Ltd. Director of Alcor Micro Technology (HK) Limited. Corporate Supervisor of Huaqi Venture Capital Co., Ltd. Chairman and Representative of Syncomm Technology Corp. Director of Qunfeng Investment Co., Ltd. Director of KooData Inc. Director of PwC Venture Capital Inc.				
Independent Director	ROC	Zong-Zheng Wu	Male 70~75	7.9.2021	3	6.24.2009	280,221	0.29	292,691	0.27	0	0	0	0	Ph.D. in Agricultural Chemistry Biochemical Group from National Taiwan University. Professor of Department of Life Sciences/Biotechnology Institute from National Dong Hwa University . Researcher of the Development Center for Biotechnology. Principal Researcher, Forward-looking Plan Research Group, Electronics and Optoelectronics. Research Laboratories, Industrial Technology Research Institute (ITRI).		–	–	–	–
Independent Director	ROC	Johnson Lin	Male 62~66	7.9.2021	3	7.9.2021	0	0	0	0	0	0	0	0	Lecturer in the Department of Medicine, Taipei Medical University. Attending physician in the Department of Hematology and Oncology, Taipei Mackay Memorial Hospital. Researcher and visiting internist in the Organ Transplantation and Cryobiology, Department at Fred Hutchinson Cancer Research Center in the United States.	Attending physician in the Department of Hematology and Oncology, Taipei Mackay Memorial Hospital.	–	–	–	–

Note 1：The percentage of shareholding held at the time of appointment was calculated based on the total number of issued shares by the Japanese company as of the record date of April 13, 2021, which was 97,507,810 shares. (New restricted employee shares repurchase accounts for 26,000 shares, and the outstanding shares in circulation account for 97,481,810).

Note 2：The current shareholding ratio is calculated based on the total number of issued shares by the Japanese company, which is 108,640,133 shares, as of the transfer record date of April 22, 2023. (The number of shares outstanding is 108,640,133 shares.)

Note 3：Our company has established an audit committee consisting of all independent directors in accordance with Article 14-4 of the Securities and Exchange Act to replace the supervisor.

2. The major shareholder of the corporate shareholder: None

3.Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence

April 30, 2023

Criteria / Name	Professional Qualification and Experiences (Note 1)	Status of Independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Tong-Hsuan Chang	Chairman Tong-Hsuan Chang graduated with a Ph.D. in Pharmacy from the University of Tokyo in Japan. He previously served as the Head of the Cell Biology and Immunology Department and Acting Executive Director of the Foundation of Biotechnology Development Center. He was also a visiting professor and adjunct professor at Taichung Clinical Medicine Research Institute and has extensive experience in the field of bioscience. There are no circumstances listed under Article 30 of the Company Act.	(6)(7)(8)(9)(11)(12)	0
Kao -Chung Tsai (Note 3)	Director Kao-Chung Tsai graduated from the Graduate Institute of Economics at Soochow University. He previously held positions as Manager of the Underwriting Department at Taiwan International Securities Co., Ltd., Assistant General Manager of the Capital Markets Division at Barits Securities Corporation, Independent Director at Microbio Co., Ltd., Independent Director at Sonix Technology Co., Ltd., Independent Director at Holy Stone Healthcare Co., Ltd., and Independent Director at Double Bond Chemical Ind. Co., Ltd. Currently, he is Vice Chairman of Champion Microelectronic Corp. He has rich experience in the financial and biotechnology industries and related technologies and information. There are no circumstances under Article 30 of the Company Act.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	4
siu E. Su	Hsiu E. Su graduated from the Department of Sociology of National Chung Hsing University. In the past, she served as the Executive Secretary of the Taipei Branch of the Japan Figurative Association and a Director of the Post-Formalism Art Association of the Republic of China. Currently, she is a Director of Chinese Yuan Shan Painting Association. In addition to her management experience, she also utilizes her professional knowledge to promote the complementary relationship between the biotechnology industry and cultural cultivation to enhance the cultural and artistic aspects of the company's biotechnology industry. There are no circumstances under Article 30 of the Company Act.	(1)(2)(5)(6)(7)(8)(9)(11)(12)	0
Cai -Qing Hong	Cai -Qing Hong graduated from the National Taipei Institute of Technology. She used to work at Tou Yo Sya Corp. and currently serves as the head of Chang Lu Investment Co., Ltd. Based on her experience as a former Director of GlycoNex Inc, she places great importance on the company's operations and risk management and actively provides suggestions for operational risk management. There are no circumstances under Article 30 of the Company Act.	(1)(2)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Ling-Chun Tsai	Ling-Chun Tsai has been serving as the COO at Alcor Micro, Corp. since 2004, possessing rich practical experience in finance, accounting, and operational management.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0

Criteria / Name	Professional Qualification and Experiences (Note 1)	Status of Independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Zong -Zheng Wu	Dr. Wu Chung-Cheng was a professor of Life Science Department in 2014. He has an academic background in the field and possesses knowledge of the industry and an international market perspective.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Johnson Lin	Dr. Lin Chung-Sen has been attending physician at Mackay Memorial Hospital since 1998, with a rich background in medical expertise. He provides professional knowledge in biotechnology and possesses industrial and crisis management capabilities for the company.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0

Note 1：Our company has established an Audit Committee composed of all independent directors in accordance with Article 14-4 of the Securities and Exchange Act to replace the supervisor.

Note 2：Please mark "✓" below of each condition code if it applies to the director during the two years before their appointment and during their term of office.

Note 3：Director Kao -Chung Tsai held positions as Independent Director at Microbio Co., Ltd., Independent Director at Sonix Technology Co., Ltd., Independent Director at Holy Stone Healthcare Co., Ltd., and Independent Director at Double Bond Chemical Ind. Co., Ltd.

Note 4：Johnson Lin was assigned as the independent director on July 9, 2022.

(1) Not an employee of the company or its affiliated enterprises.

(2) Not a director or supervisor of the company or its affiliated enterprises (except for independent directors established in accordance with this law or local laws and regulations who concurrently serve as independent directors of the company's parent company, subsidiary, or subsidiary of the same parent company).

(3) Not the individual, his/her spouse, minor children, or any natural person shareholder who holds 1% or more of the total issued shares of the company or is among the top ten shareholders holding shares through nominees.

(4) Not (1) the managers listed above or spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship of the personnel listed in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, is among the top five shareholders, or appoints a representative to serve as a Director or Supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (However, this shall not apply to Independent directors established in accordance with the Company Act or local laws and regulations who concurrently serve as directors of or supervisors to the company's parent company, subsidiary, or subsidiary of the same parent company.)

(6) Not a director, supervisor, or employee of another company, where more than half of the seats or voting rights on the board of directors of the company are controlled by the same person. (However, this shall not apply to independent directors established in accordance with this Act or local laws and regulations who concurrently serve as directors of or supervisors to the company's parent company, subsidiary, or subsidiary of the same parent company.)

(7) Not a chairman, general manager, or personnel of equivalent position of the company or the director (supervisor), supervisor (governor), or employee of another company or organization in which the spouse is served. (However, this shall not apply to independent directors established in accordance with this Act or local laws and regulations who concurrently serve as directors of or supervisors to the company's parent company, subsidiary, or subsidiary of the same parent company.)

(8) Not a director, supervisor, managerial personnel, or shareholder owning 5% or more of the issued shares of any specific company or organization that has financial or business transactions with the company. (However, if a specific company or organization holds 20% or more but no more than 50% of the total issued shares of the company, and if it is an independent director appointed by the company, its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Act or local laws, this restriction shall not apply.

(9) Professional individuals, sole proprietorship, joint venture, companies, or organizations, as well as their spouses, who have provided professional services related to business, legal affairs, finance, accounting, etc. to the company or its related enterprises and whose accumulated remuneration for the past two years has not exceeded NT$ 500 thousand are not subject to this restriction. However, this does not apply to members of the remuneration committee, public tender offer review committee, or special merger committee who perform their duties in accordance with the Securities and Exchange Act or related laws on corporate mergers and acquisitions.

(10) Not having a spouse or a relative within the second degree of kinship with any other director.

(11) There are no circumstances listed under Article 30 of the Company Act.

(12)Not elected under Article 27 of the Company Act as a representative of the government, legal entity or its representative.

4. Diversity and Independence of the Board of Directors

A. Dirversity of the Board of Directors：

In the "Corporate Governance Best-Practice Principles" of our company, Article 3 "Strengthening the Function of the Board of Directors" outlines a policy of diversification. The nomination and selection of members of our company's Board of Directors follow the provisions of the company's articles of association and adopt a candidate nomination system. In addition to evaluating the qualifications and experience of each candidate, we also consider the opinions of stakeholders and adhere to the "Procedures for Election of Directors" and "Corporate Governance Best-Practice Principles" to ensure the diversity and independence of the board members.

The specific management goals and achievement of the board of directors diversity policy are as follows: ：

Management Goals	Achievement Status
A director who concurrently serves as a company executive should not exceed one-third of the total number of directors.	Achieved
At least one female director should be included in the board of directors.	Achieved
At least one member of the board shall have a financial professional background, and the convener of the audit committee shall have a financial and accounting background.	Achieved
Possess professional expertise in business management and leadership decision-making	Achieved
Possess industry knowledge and environmental safety expertise.	Achieved

B. Independence of the Board of Directors: The current Board of Directors of our company consists of seven directors, including four directors and three independent directors. There are also 3 female directors, accounting for a high percentage of 43%.

C. All members of the 9th Board of Directors of our company do not have any circumstances under Article 30 of the Company Act.

（2）Information of the Management Team

April 30, 2023

Job Title	Name	Gender	Nationality	Date of appointment to the position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work exper- ience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			The status of managers obtaining employee stock option certificates	Remarks
					No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio			Job title	Name	Relationship		
General Manager	Mei-Chun Yang	Female	ROC	108.01.01	631,029	0.58	—	—	—	—	Doctor of Pharmacy from Taipei Medical University.	—	—	—	—	—	—
Assistant General Manager and Spokesperson/ Corporate Governance Officer	Roger Lu	Male	ROC	101.11.12	21,164	0.02	—	—	—	—	Bachelor of Economics from National Taiwan University Master of Management from Purdue University, USA	Representative Director of Taiwan Advanced Bio-Pharmaceutical Inc.	—	—	—	—	—
R＆D Vice President	Liang-Yrin Liu	Female	ROC	109.01.01	174,460	0.16	—	—	—	—	Master of Physiology from Yang-Ming University.	—	—	—	—	—	—
Financial and Accounting Manager	Ti-Fen Wu	Female	ROC	99.01.01	195,702	0.18	1,037	0.001	—	—	Kaohsiung International Business College Taiwan Advanced Bio-Pharmaceutical Inc. (TABP) Financial Accountant	—	—	—	—	—	—

Note: The shareholding ratio is calculated based on the total number of issued shares by the Japanese company, which is 108,640,133 shares, as of the transfer record date of April 22, 2023. (Includes the shares that are publicly traded, which amounts to 108,640,133 shares.)

Note: On March 16, 2023, the Board of Directors appointed Roger Lu as the Deputy General Manager and the "Corporate Governance Officer" of the company.

3.. The Remuneration Paid to Directors (including Independent Directors), General Manager, and Assistant General Managers in the Recent Year.

(1) Remuneration paid to the general and independent directors for the recent year (2022):

December 31, 2022；Unit：NT$ thousand；%；thousand shares

Job Title	Name	Director Remuneration								Sum of A+B+C+D and ratio to net income (Note 10)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Basic Remuneration(A) (Note 2)		Retirement pay and pension (B)		Director profit-shring remuneration (C) Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing remuneration (G) (Note 6)						
																The Compant		All consolidated companies (Note 7)				
		The Compant	All consolidated companies (Note 7)	The Compant	All consolidated companies (Note 7)	The Compant	All consolidated companies (Note 7)	The Compant	All consolidated companies (Note 7)	The Compant	All consolidated companies (Note 7)	The Compant	All consolidated companies (Note 7)	The Compant	All consolidated companies (Note 7)	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Compant	All consolidated companies (Note 7)	
Chairman	Tong-Hsuan Chang	—	—	—	—	—	—	30	30	(0.014)	(0.014)	4,173	4,173	—	—	—	—	—	—	(1.91)	(1.91)	None
Director	Kao - Chung Tsai	—	—	—	—	—	—	35	35	(0.016)	(0.016)	—	—	—	—	—	—	—	—	(0.016)	(0.016)	None
Director	Hsiu E. Su	—	—	—	—	—	—	35	35	(0.016)	(0.016)	—	—	—	—	—	—	—	—	(0.016)	(0.016)	None
Director	Cai -Qing Hong	—	—	—	—	—	—	35	35	(0.016)	(0.016)	—	—	—	—	—	—	—	—	(0.016)	(0.016)	None
Independent Director	Ling-Chun Tsai	240	240	—	—	—	—	56	56	(0.135)	(0.135)	—	—	—	—	—	—	—	—	(0.135)	(0.135)	None
Independent Director	Zong - Zheng Wu	240	240	—	—	—	—	56	56	(0.135)	(0.135)	—	—	—	—	—	—	—	—	(0.135)	(0.135)	None
Independent Director	Johnson Lin	240	240	—	—	—	—	56	56	(0.135)	(0.135)									(0.135)	(0.135)	None

1. Please describe the policy, system, standards, and structure for the payment of independent director remuneration, and explain the correlation between the responsibilities, risks, input time, etc., and the amount of remuneration paid: Based on the overall operating status of the company and taking into account the level of participation and contribution value to the company's operations, as well as the annual achievement rate, it is used as a reference basis for salary adjustments.
2. In addition to the disclosure in the table above, the remuneration paid to the directors of the company who provided services to all companies in the financial report in the recent year (such as serving as consultants but not for the employees, etc.): None.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Name of Director			
	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$ 1,000,000	Tong-Hsuan Chang/ Kao -Chung Tsai /Hsiu E. Su/ Cai -Qing Hong / Ling-Chun Tsai / Zong -Zheng Wu/ Johnson Lin	Tong-Hsuan Chang/ Kao -Chung Tsai /Hsiu E. Su/ Cai -Qing Hong / Ling-Chun Tsai / Zong -Zheng Wu/ Johnson Lin	~~Tong-Hsuan Chang/~~ Kao -Chung Tsai /Hsiu E. Su/ Cai -Qing Hong / Ling-Chun Tsai / Zong -Zheng Wu/ Johnson Lin	~~Tong-Hsuan Chang/~~ Kao -Chung Tsai /Hsiu E. Su/ Cai -Qing Hong / Ling-Chun Tsai / Zong -Zheng Wu/ Johnson Lin
NT$1,000,000 (incl.)~NT$2,000,000 (excl.)	－	－		
NT$ 2,000,000 (incl.)～NT$ 3,500,000 (excl.)				
NT$ 3,500,000 (incl.)～NT$ 5,000,000 (excl.)			Tong-Hsuan Chang	Tong-Hsuan Chang
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	7 people	7 people	7 people	7 people

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 remuneration 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 remuneration 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 remuneration 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 remuneration 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 remuneration (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 remuneration 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 remuneration, profit-sharing remuneration (including employee, director, and supervisor profit-sharing remuneration) 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.

(2) The Remuneration to Supervisors: N/A. The Company has resolved to establish an Audit Committee to replace the function of supervisor on June 11, 2012, during the 6th Board of Directors' second meeting.

(3) Remuneration to General Manager and Assistant General Manager ：

December 31, 2022；Unit: NT$ thousand；%；thousand shares

Job Title	Name	Salary(A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing remuneration (D) (Note 4)				Sum of A+B+C 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 (Note 5)	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Mei-Chun Yang	3,490	3,490	108	108	490	490	0	0	0	0	(1.86)	(1.86)	None
R&D Viece President	Liang-Yrin Liu	2,547	2,547	108	108	228	228	0	0	0	0	(1.31)	(1.31)	None
Assiatant General Manager	Roger Lu	1,772	1,772	95	95	57	57	0	0	0	0	(0.88)	(0.88)	20

＊ Disclosures must be made for all persons in positions equivalent to general manager or assistant general manager, regardless of job title (e.g., president, chief executive officer, chief administrative officer...etc.)

Renumeration 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
NT$ 1,000,000 (incl.) ～NT$ 2,000,000 (excl.)	Roger Lu	Roger Lu
NT$ 2,000,000 (incl.)～NT$ 3,500,000 (excl.)	Liang-Yrin Liu	Liang-Yrin Liu
NT$ 3,500,000 (incl.)～NT$ 5,000,000 (excl.)	Mei-Chun Yang	Mei-Chun Yang
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	3 people	3 people

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 remuneration 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 remuneration 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 remuneration (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 remuneration, profit-sharing remuneration (including employee, director, and supervisor profit-sharing remuneration) 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.

(4) Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company ：

December 31, 2022；Unit: NT$ thousand；%；thousand shares

Job Title	Name	Salary(A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing remuneration (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Have there been any remuneration received from investee companies or parent company outside of the subsidiary? (Note 7)
		The company	The consolidated Company entities (Note 5)	The company	The consolidated Company entities (Note 5)	The company	The consolidated Company entities (Note 5)	The company		The consolidated Company entities (Note 5)		The company	The consolidated Company entities (Note 5)	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
Chairman	Tong-Hsuan Chang	4,173	4,173	0	0	0	0	0	0	0	0	(1.90)	(1.90)	None
General Manager	Mei-Chun Yang	3,490	3,490	108	108	490	490	0	0	0	0	(1.86)	(1.86)	None
R&D Vice President	Liang-Yrin Liu	2,547	2,547	108	108	228	228	0	0	0	0	(1.31)	(1.31)	None
Assistant General Manager	Roger Lu	1,772	1,772	95	95	57	57	0	0	0	0	(0.88)	(0.88)	20
Financial and Accounting Manager	Ti-Fen Wu	1,649	1,649	83	83	228	228	0	0	0	0	(0.89)	(0.89)	None

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 remuneration (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 remuneration 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 remuneration (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 remuneration, profit-sharing remuneration (including employee, director, and supervisor profit-sharing remuneration) 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.

（5）Name and Distribution of Employee Remuneration to the Managerial Officers: None

（6）Comparison and explanation of the total amount of remuneration paid to the directors, general manager, and assistant general manager of the company, as well as all companies in the consolidated financial statements in the past two years, in relation to the net profit after-tax of the individual or individual financial reports. The analysis should also include an explanation of the policy, standards, and composition of remuneration, the process of determining remuneration, and the relationship between business performance and future risks.

1.The remuneration paid by the company and all companies included in the consolidated financial statements to this company's directors, general manager, and assistant general manager in the past two years.

Analysis of the proportion of total remuneration to the individual or individual financial report net profit after-tax：

Unit: NT$ thousand; %

Job Title	Total remuneration amount accounts for net profit after-tax in 2021 (%)（Note1）		Total remuneration amount accounts for net profit after-tax in 2022 (%)	
	The comany	All the companies within the financial reports	The company	All the companies within the financial reports
Director	(0.61)	(0.61)	(2.36)	(2.36)
General Manager ans Assistant General Manager	(4.68)	(4.68)	(4.05)	(4.05)

Note 1：This company had a net loss after tax in 2021 and 2022.

2. The policy, standards and sets, payment of remuneration, procedures for determining remuneration, and the correlation between business performance and future risks.：

In the past two years, the company did not generate profits and therefore no director's remuneration was distributed in accordance with the Company's Articles of Association. The remuneration payment was made based on the "Board of Directors Performance Evaluation Method" and the "Executive Performance Evaluation Method" established by the Company's Remuneration Committee, except that non-independent directors did not receive remuneration. The business expenses were paid on a fixed basis, which is not related to business performance and does not have any risk correlation.

The remuneration of the general manager and assistant general manager includes salary, bonuses, employee remuneration, etc., which are determined based on their positions and responsibilities, with reference to the industry standards for similar positions.

4.. Corporate Governance Operation Situation

（1）The Operation Situation of the Board of Directors：

There were 7 meetings of the Board of Directors in 2022【A】, the attendance of directors was as follows：

Job Title	Name（Note 1）	No. of actual attendance【B】	No. of attendances by proxy	Actual attendance rate (%)【B/A】（Note 2）	Remarks
Chairman	Tong-Hsuan Chang	6	1	86%	Re-elected on 7 September 2021
Director	Kao -Chung Tsai	7	0	100%	Re-elected on 7 September 2021
Director	Hsiu E. Su	7	0	100%	Re-elected on 7 September 2021
Director	Cai -Qing Hong	7	0	100%	Re-elected on 7 September 2021
Independent Director	Ling-Chun Tsai	7	0	100%	Re-elected on 7 September 2021
Independent Director	Zong -Zheng Wu	7	0	100%	Re-elected on 7 September 2021
Independent Director	Johnson Lin	7	0	100%	Newly-elected on 7 September 2021

Other items required to be disclosed：

1. If any of the following situations occur in the operation of the Board of Directors, the the board meeting date, meeting session number, content of the motion(s), and the content of any dissenting or qualified opinion or significant recommendation of the independent directors should be disclosed.：

(1) The items listed in Article 14-3 of the Securities and Exchange Act.

Board of Directors Period/Date	Content of the Agenda
The 5th Meeting of the 9th Board of Directors March 17, 2022	1. The case of "Assessment of the Effectiveness of Internal Control System for the Year 2021" and "Internal Control System Statement for the Year 2021". 2. The case of issuing new common stocks through cash capital increase in 2022. 3. The case of issuing the third domestic secured convertible corporate bonds. 4. The case of applying for bank guarantee for the third domestically secured convertible corporate bonds. 5. The case of appointing, remunerating, and ensuring the independence of the certified public accountant. 6. The case of applying for a financing line from financial institutions with real estate as collateral.
The 11th Meeting of the 9th Board of Directors December 22, 2022	1. The case of appointment, remuneration, and Independence of the accountant.
Independent director(s) with opposing or reserved opinions: None. ◦	
The action taken by the company with regard to the opinions of independent directors: None.	
Resolution result: The motion was passed unanimously by all attending directors.	

(2) Other board resolutions that were opposed or withheld by independent directors and have records or written statements: None.

The implementation of directors' recusal from interested party transactions should include the following information: the name of the director, the content of the motion, the reason for recusal, and the voting situation.：

Name of the Directors	Board of Directors Period/Date	The Content of the Agenda	Reasons for Recusal due to Conflicts of Interest.	Participation in Voting
All Attending Directors	The 11th Meeting of the 9th Board of Directors December 22,	The case of the remuneration and remuneration for directors and managers for the year	Directors recused themselves from discussions related to their own personal remuneration.	Director Hsiu E. Su, Independent Director Ling-Chun Tsai, Independent Director Zong -Zheng Wu, and

	2022	2023		Independent Director Johnson Lin have each recused themselves from discussion and voting on their personal remuneration due to their own conflicts of interest.
All Attending Directors	The 11th Meeting of the 9th Board of Directors December 22, 2022	The case of the distribution of the 2022 year-end performance bonus for managers.	Have personal interests involved and recused themselves from voting on the issue related to their personal interests.	Director Hsiu E. Su recused herself from the discussion and voting due to a conflict of interest.

(3) As an OTC-listed company, the company should disclose information on the self-evaluation of the board of directors, including the evaluation cycle and period, evaluation scope, methods, and evaluation content：

The Cycle of the Evaluaiton (Note 1)	The Period of the Evaluaiton (Note 2)	The Scale of the Evaluation (Note 3)	The way of Evaluation (Note 4)	The Content of the Evaluation (Note 5)
Once a year	January 1, 2022 to December 31, 2022	The Board of directors as a whole, individual directors, and functional committees.	Self-evaluation of the Board of Directors, self-evaluation of individual directors, and self-evaluation of each functional committee.	(1) Board performance evaluation: 44 measurement items were evaluated on aspects such as participation in company operations, improving the quality of board decisions, board composition and structure, selection and continuous education of directors, and internal control. Overall board performance evaluation result: Excellent. (2) Director performance evaluation: 23 measurement items were evaluated on aspects such as understanding of company goals and missions, recognition of director responsibilities, participation in company operations, internal relationship management and communication, professional expertise and continuous education of directors, and internal control. Individual director performance evaluation result: Excellent. (3) Functional committee performance evaluation: 22 measurement items were evaluated on aspects such as participation in company operations, recognition of functional committee responsibilities, improving the quality of functional committee decisions, composition and selection of functional committee members, and internal control. Functional committee performance evaluation result: Excellent.

Note 1: Fill in the evaluation cycle for the board of directors. For example: once a year.

Note 2: Fill in the coverage period of the board of directors' evaluation. For example: evaluating the performance of the board of directors from January 1, 2019 to December 31, 2019.

Note 3: The evaluation scope includes the performance evaluation of the board of directors, individual directors, and functional committees.

Note 4: The evaluation methods include internal evaluation by the board of directors, self-evaluation by individual directors, peer evaluation, appointment of external professional institutions, experts, or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items depending on the evaluation scope:

(1) Board of Directors' performance evaluation: including at least the degree of participation in company operations, quality of board decision-making, board composition and structure, selection and continuing education of directors, internal control, etc.

(2) Individual director performance evaluation: including at least understanding of company goals and tasks, awareness of director responsibilities, degree of participation in company operations, management of internal relationships and communication, professionalism and continuing education of directors, internal control, etc.

(3) Functional committee performance evaluation: degree of participation in company operations, understanding of functional committee responsibilities, quality of functional committee decision-making, functional committee composition and member selection, internal control, etc.

IV. Evaluation of the goals and implementation of enhancing the functions of the board of directors in the current and recent years. (such as establishing an audit committee, improving information transparency, etc.)：

(1) Goals to strengthen the functions of the Board of Directors：

1. Prior to each board meeting, the general manager reports on the current operational performance, industry changes, and future directions. The directors provide valuable opinions on the company's management.
2. The auditor explains the results of each audit and the differences between the audited and self-reported financial statements to all directors before issuing financial reports.
3. The company has established a Remuneration Committee and an Audit Committee in accordance with relevant laws and regulations. They evaluate the company's director and executive remuneration policies and systems from a professional and objective perspective, and provide recommendations for the board's decision-making reference.
4. The company has purchased Directors and Officers Liability Insurance for 2022 to mitigate legal liability risks for directors and executives, and to enhance corporate governance capabilities.

(2) Evaluaiton of implementation status:

1. The implementation status of the resolutions and financial operations from the previous meeting is reported to the directors at each subsequent meeting, enabling them to fully grasp the progress of implementation and decisions. The board held a total of 9 meetings in 2022 and 2023 as of the date of this report.
2. The company upholds the principle of operational transparency. Significant resolutions are immediately disclosed on the Market Observation Post System after each board meeting, and the meeting records are posted on the company's website to protect shareholder rights.

Note 1: For directors who are legal persons, the names of their shareholders and their representatives should be disclosed.

Note 2: (1) If a director resigns before the end of the fiscal year, the resignation date should be noted in the remarks column, and the actual attendance rate (%) should be calculated based on the number of meetings attended during his/her tenure and the number of actual attendances.

(2) If there are changes in directors before the end of the fiscal year, both the outgoing and incoming directors should be listed, and the remarks column should indicate whether the director is an outgoing, incoming, or re-elected director, as well as the date of the change. The actual attendance rate (%) should be calculated based on the number of meetings attended during his/her tenure and the number of actual attendances.

（2）Operation of the Audit Committee：

The Operation Situation of the Audit Committee：

The number of audit committee meetings held in 2022 was : 5 【A】

The attendance by the directors was as follows:

Job Title	Name	No. of meetings attended in person 【B】	No. meetings attended by proxy	In-person attendance rate (%)【B/A】（Note1and 2）	Remarks
Independent Director	Ling-Chun Tsai	5	0	100%	Re-elected on 7 September 2021
Independent Director	Zong -Zheng Wu	5	0	100%	Re-elected on 7 September 2021
Independent Director	Johnson Lin	5	0	100%	Newly-elected on 7 September 2021

Other items 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), and the content of any dissenting or qualified opinion or significant recommendation of the independent directors should be disclosed :：

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

Audit Committee Period/Date	The Content of the Agenda
The 3th Meeting of the 4th Audit Committee March 17, 2022	1. Operating and Financial Report for the year 2021. 2. Assessment of the Effectiveness of Internal Control System and Declaration of Internal Control System for the year 2021. 3. Issuance of Common Stocks through Cash Capital Increase for the year 2022. 4. Issuance of the Third Secured Convertible Corporate Bonds in the Domestic Market. 5. Application for Bank Guarantee for the Issuance of the Third Secured Convertible Corporate Bonds in the Domestic Market. 6. Appointment, Remuneration, and Independence of the Auditing Firm. 7. Application for Financing Limit from Financial Institution by Setting Real Estate Mortgage.
The 4th Meeting of the 4th Audit Committee May 12, 2022	1. Consolidated financial statements for the first quarter of 2022.
The 5th Meeting of the 4th Audit Committee August 11, 2022	1. Consolidated financial statements for the second quarter of 2022.
The 6th Meeting of the 4th Audit Committee Novemebr 10, 2022	1. Consolidated financial statements for the thirdt quarter of 2022.
The 7th Meeting of the 4th Audit Committee December 22, 2022	1. The case of the evaluation and independence of the auditor (CPAs).
Independent director(s) with opposing or reserved opinions: None. 。	
The action taken by the company with regard to the opinions of independent directors: None.	
Resolution result: The motion was passed unanimously by all attending directors.	

(2) Except the items mentioned above, there were items not approved by the Audit Committee but were approved by over two-thirds of the Board of Directors: None.

2. The execution status of independent directors' recusal from interested-party transactions should be described, including the names of independent directors, the contents of the agenda, the reasons for recusal, and their voting participation: None.

3. The communication between independent directors and internal audit director and accountant (including significant issues, methods, and results regarding the company's finance and business status) is as follows: ：

1. After the audit supervisor reviews and tracks the audit report and tracking report and submits their opinions to senior management for approval, the audit report and tracking report are delivered to each independent director for review. The

independent directors are promptly informed of their opinions on the audit report, and internal control execution and assessment issues are discussed at each quarterly audit committee meeting. If any special situations arise, the audit committee members will be informed immediately. There were no such special circumstances during 2022, and the audit business execution and results have been well communicated.

2. The company arranges regular face-to-face meetings between independent directors and the signing accountant every year to discuss the company's financial and business conditions. The accountant also provides legal and tax information and their impact on operations in writing to independent directors. In addition, independent directors may at any time request that the signing accountant report and communicate to them on matters related to the results of the financial statement audit and other related legal requirements. As of the printing date of the annual report, a total of 7 meetings were held.

3. The focus of the Audit Committee’s work in the 2022 is summarized as follows:：

The company's Audit Committee is composed of three independent directors and held 5 meetings in 2022. The main items reviewed include：

1. Evaluation of the effectiveness of the internal control system.
2. Modification of the handling procedures for the acquisition or disposal of assets.
3. Fundraising, issuance, or private placement of securities.
4. Appointment, dismissal, or remuneration of signing accountants.
5. Annual financial reports and semi-annual financial reports.
6. Other significant matters as stipulated by the company or competent authorities.

● Review of Financial Reports

The Board of Directors has prepared the company's business report, financial statements, and proposal for deficit appropriation. The financial statements have been audited and completed by PricewaterhouseCoopers Taiwan, and an audit report has been issued. The aforementioned business report, financial statements, and proposal for deficit appropriation have been reviewed by the Audit Committee and found to be in compliance.

● Evaluation of the Effectiveness of Internal Control Systems

The Audit Committee evaluates the effectiveness of the company's internal control systems, policies, and procedures (including financial, operational, risk management, information security, and compliance control measures) and reviews the periodic reports of the audit department, the auditor (CPAs), and management. The committee also reviews the company's annual self-assessment results to confirm the effectiveness of the internal control system.

● Appointment of Auditor (CPAs)

Appointment of Auditor (CPAs): To ensure the independence of auditor (CPAs), the Audit Committee evaluates their independence, professionalism, and qualifications, and assesses whether they have any relationships or financial interests with the company. The selection of the auditor (CPAs), for the year 2023 has been reviewed and approved by the Audit Committee and the Board of Directors and found to be in compliance with the independence evaluation criteria.

Note: The Audit Committee was established to replace the role of the supervisory board in the 2nd meeting of the 6th Board.

Note: (1) In case of any independent director leaves the post before the end of the fiscal year, the resignation date should be indicated in the remarks column, and the actual attendance rate (%) should be calculated based on the number of Audit Committee meetings held during their tenure and their actual attendance.

(2) In case of any independent director being re-elected or newly elected before the end of the fiscal year, both the new and old independent directors should be listed, and the remarks column should indicate whether they are newly elected, re-elected, or continuing their term, as well as the election date. The actual attendance rate (%) should be calculated based on the number of Audit Committee meetings held during their tenure and their actual attendance.

（3）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 (Note)			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?	✓		The Comapany has established Corporate Governance Best-Practice Principles and disclosed on the Public Information Observation Platform and our company website."	No Significant Differences
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes, and litigation matters.	✓		The Company has established Internal Operation Procedures and has appointed the spokesperson proxy spokesperson to cope with the shareholders' suggestions, concerns, disputes and litigation matters in time.	No Significant Differences
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		Our company regularly obtains the latest shareholder roster from the stock transfer agent, which enables us to contro; the major shareholders and the ultimate controllers of such major shareholders. We also timely report their shareholding status in accordance with regulatory requirements.	No Significant Differences
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		Our company and each related enterprise operate independently in terms of finance and business. We have established 'Supervision and Management Procedures for Subsidiaries,' 'Procedures for Handling Transactions with Related Parties, Designated Companies, and Group Enterprises,' and 'Procedures for Financial and Business Operations Among Related Parties,' as the basis for our management and operations."	No Significant Differences
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		Our company has established 'Rules for Preventing Insider Trading,' 'Code of Ethics,' and 'Integrity Management Guidelines,' which stipulate that internal personnel may not engage in insider trading or disclose undisclosed information	No Significant Differences

			to others that they have learned.	
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		1.Our company has established 'Practical Guidelines for Corporate Governance' and 'Procedures for Director Election,' which not only consider the professional background of directors, but also specify that the composition of the Board of Directors should be diversified to enhance its strategic guidance function. In order to develop appropriate diversification policies based on our own operations, business model, and development needs, we should set standards in at least the following two dimensions: (1) "Basic Conditions and Values"(including gender, age, nationality, and culture). (2) "Professional Knowledge and Skills"(including professional background, professional skills, and industry experience) are the two main criteria. Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the overall capabilities that the board of directors should possess are as follows: (1) Operational judgment. (2) Accounting and financial analysis skills. (3) Management and leadership capabilities. (4) Crisis management skills. (5) Industry knowledge. (6) Understanding of international markets. (7) Leadership skills. (8) Decision-making skills. 2. Implementation and Achievement of Goals Our company has seven directors, with three over 70 years old, two between 60 and 69 years old, and two under 60 years old. The percentage of employee directors is 0%, while independent directors account for 42.8% (with one independent director serving for more than nine years). Female members account for 42.8%, with backgrounds in	No Significant Differences

			management, finance, science and technology, medicine, and biotechnology. Chairman Tong-Hsuan Chang, director Kao -Chung Tsai, and independent directors Zong -Zheng Wu and Johnson Lin possess industry knowledge and management abilities. Independent director Ling-Chun Tsai has expertise in finance and management. Director Hsiu E. Su and Cai-Qing Hong focus on corporate social responsibility and administrative management. Our company discloses our policy on diversified board composition on our website.	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓		In addition to the Remuneration Committee and Audit Committee established in accordance with the law, our company will set up other functional committees in accordance with legal regulations and in response to development needs in the future.	No Significant Differences
(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/remuneration for individual directors and their nomination and additional office terms?	✓		Our company has formulated the "Board of Directors Performance Evaluation Method" and conducts annual assessments at the end of December each year. Directors assess their own performance using evaluation forms, and the evaluation criteria include an assessment of the overall operation of the board of directors, as well as the participation of individual directors. The criteria for evaluating the performance of the board members: 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. The evaluation result is 4.88 points. The criteria for evaluating the performance of the board members: 1. Alignment of the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication;	No Significant Differences

			5. The director's professionalism and continuing education; and 6. Internal control. The evaluation result is 4.94 points. The performance evaluation criteria for the functional committees are: 1.Degree of participation in the company's operations. 2.Improving the quality of decision-making of the remuneration committee. 3.Composition and structure of the audit/remuneration committee. 4.Selection of audit/remuneration committee members. Evaluation results: Audit committee 5.00 points, Remuneration committee 4.94 points. In the 2022 director performance evaluation, the overall operation was excellent (with an average score of 97.57), and the results were reported to the board of directors on March 16, 2023. The company will appropriately consider the director performance evaluation as a reference for individual director's remuneration, benefits, and reappointment.	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		Before renewing the engagement of the auditors at the annual board meeting, our company follows the "Audit Firm Selection and Review Procedures" and the "Audit Firm Evaluation Form" established by the company to evaluate the quality indicators of the auditors' work, such as Audit Quality Indicators (AQI) and statements, to ensure their independence and suitability. This serves as a requirement for the appointment of auditors and is submitted to the board for approval.	No Significant Differences
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	✓		The company has established the position of Corporate Governance Officer, who also serves as the Deputy General Manager of the Administrative Management Center. The Corporate Governance Officer is responsible for handling matters related to corporate governance. The scope of responsibilities of the Corporate Governance Officer includes	No Significant Differences

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)?			assisting the directors in complying with laws and obtaining necessary business information, supporting the directors in their appointment and continuous education, conducting meetings of the Board of Directors and shareholders' meetings in accordance with the law, preparing meeting minutes, and assisting the Board of Directors in enhancing its functions.	
5. Has the Company established channels for communicating with its stakeholders and created a stakeholder section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		Our company has established a stakeholder engagement section on our website, which identifies our stakeholders, their concerns, communication channels, and response methods. This is to facilitate communication and exchange with stakeholders on their corporate social responsibility concerns.	No Significant Differences
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		Our company has appointed a professional shareholder services agent, "Fubon Securities Co., Ltd.," to handle matters related to the shareholders' meeting, to safeguard the rights and interests of our shareholders.	No Significant Differences
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (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.)? (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?	 ✓ ✓ ✓		 The financial and corporate governance-related information of our company is fully disclosed on our website at: (http://www.glyconex.com.tw/index.php/zh/)。 Our company has established both Chinese and English websites and assigned dedicated personnel to collect and disclose company information. We have also appointed a spokesperson and implemented a spokesperson system. In addition, we provide materials such as corporate briefings on our website for investors to access at any time. After the end of each accounting year, our company announces and files the annual financial report within the specified deadline according to relevant regulations. We also announce and file the first, second, and third quarterly financial reports within the required period. The revenue figures for each month are also announced and filed within the specified deadline.	 No Significant Differences No Significant Differences No Significant Differences
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,	✓		1. Employee benefits: In addition to statutory protections, our company provides excellent welfare measures for employee benefits. 2. Employee care: Our company has smooth, interactive, and diverse communication and complaint channels. We hold	No Significant Differences

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)?			labor-management meetings every quarter for face-to-face communication and related measures for employee care. 3. Investor relations: Investors can learn about the company's operations through the Public Information Observation Station and our company's website, and communicate through the shareholder meeting, spokesperson, and audit committee mailbox. 4. Supplier relations: Our company focuses on the stability of procurement quality and the reasonableness of prices. We conduct regular supplier assessments every year and update and verify supplier information irregularly. Suppliers can also provide their problems to our company for coordination at any time. 5. Rights of stakeholders: Our company has a spokesperson, proxy spokesperson, and audit committee mailbox as communication channels with stakeholders. Stakeholders can communicate with the company and provide suggestions to protect their interests. 6. Our company actively encourages directors to participate in further education and provides information on corporate governance issues. We also assist directors in registering for continuing education courses. 7. Advanced study for managers: Our company actively encourages managers to participate in further education and international seminars to absorb new knowledge. 8. Implementation of risk management policies and risk measurement Standards: Our company establishes internal regulations based on relevant laws and management needs. We conduct internal control assessments for each department regularly every year and ensure effective risk control and goal achievement through the internal audit system, annual audit plan, and functional committee meetings. 9. Implementation of customer policies: Our company maintains good interaction with customers and has dedicated units to respond to customer needs, providing customized and high-quality services. 10. Purchase of directors' liability insurance: In 2022, our	

			company purchased liability insurance for all directors and managers.	

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.

The results of the 9th annual corporate governance evaluation for our company in 2022 is 54.8 points, ranking in the 51% to 65% percentile among TWSE/TPEx Listed companies.：

(1)The improvements made in the results of the 9th annual corporate governance evaluation for our company in 2022 are as follows:

The Evaluation Indicators	Improvement Status
2.2 Has the company established a policy for board member diversity and disclosed the specific management objectives and implementation status of the diversity policy on the company's website and annual report?	Published on pages 12-13 of the annual report. The company website: http://www.glyconex.com.tw/index.php/zh/ 。
2.7 Is the number of independent directors in the company's board of directors more than one-third of the total board seats?	Published on page 13 of the annual report. The company website: http://www.glyconex.com.tw/index.php/zh/
2.24 Has the company established a cybersecurity risk management framework, formulated cybersecurity policies, specific management plans, and allocated resources for cybersecurity management, and disclosed them on the company's website or annual report?	Published on page77-78 of the annual report. Published on the Company’s Website http://www.glyconex.com.tw/index.php/zh/ 。
4.2 Has the company established a dedicated position (full-time or part-time) to promote corporate integrity, responsible for formulating integrity policies and prevention measures, as well as overseeing their implementation? Does the company disclose the operation and implementation of this position on its website and annual report, and report to the board of directors at least once a year?	Published on page 42-43of the annual report. Published on the Company’s Website http://www.glyconex.com.tw/index.php/zh/ 。
4.15 Does the company's website or annual report disclose the approved corporate integrity policy by the board of directors, which includes specific measures and preventive actions against unethical behavior, and provides information on its implementation?	Published on page 42-43of the annual report. Published on the Company’s Website http://www.glyconex.com.tw/index.php/zh/ 。

(2) For the 9th annual corporate governance evaluation in 2022, the items and measures that have not been improved and require priority strengthening is: continuous enhancement and reinforcement for items that did not meet the evaluation standards.

The Evaluation Indicators	The Improved Items and Measuements
2.15 Does the company disclose on its website the communication between independent directors and the internal audit chief, as well as the auditor, including the method, matters, and results of communication regarding the company's financial reports and financial operational conditions?	The company discloses the separate communication status between independent directors, internal audit executives, and accountants on its website.
2.18 Does the company conduct regular internal performance evaluations of its functional committees (including, at least, the Audit Committee and Remuneration Committee) each year, and disclose the implementation status and evaluation results on its website or in the annual report?	The company conducts regular internal performance evaluations of its functional committees (including the Audit Committee and Remuneration Committee) and discloses the implementation status and evaluation results on its website or in the annual report every year.
2.21 Does the company have a Corporate Governance Officer responsible for governance-related matters, and does it disclose the scope of responsibilities and professional development in its website and annual report?	The company has established a Corporate Governance Officer who is responsible for governance-related matters. The responsibilities and professional development of the Corporate Governance Officer are described on the company's website and in the annual report.

The Continuing Education Taken by the Directors in 2022：

Job Title	Name	Date	The Organizer	Course Title	Period
Director	Tong-Hsuan Chang	September 11, 2022	Accounting Research and Development Foundation	Trends in the development of Internet technology and new ways of thinking for internal auditors.	6H
Director	Kao - Chung Tsai	September 14, 2022	Taiwan Institue of Directors	Legal responsibilities and preventive measures for the risks of directors and supervisors	3H
		September 14, 2022	Taiwan Institue of Directors	The Developing Trends of ESG	3H
Director	Hsiu E. Su	September 13, 2022	Accounting Research and Development Foundation	Trends in the development of Internet technology and new ways of thinking for internal auditors.	6H
Director	Cai - Qing Hong	September 13, 2022	Accounting Research and Development Foundation	Trends in the development of Internet technology and new ways of thinking for internal auditors.	6H
Independent Director	Ling-Chun Tsai	September 7, 2022	Securities and Futures Institute	Discussion on Employee and Director Remuneration Issues	3H
		October 4, 2022	Securities and Futures Institute	Challenges and Opportunities on the Path to Sustainable Development and Introduction to Greenhouse Gas Inventory	3H
Independent Director	Zong - Zheng Wu	September 2, 2022	Accounting Research and Development Foundation	The Latest Revision of Internal Control Handling Guidelines and Practical Approaches to Compliance and Anti-Fraud Measures under Information Security Laws	6H
Independent Director	Johnson Lin	September 8, 2022	Accounting Research and Development Foundation	The Latest Revision of Internal Control Handling Guidelines and Practical Approaches to Compliance and Anti-Fraud Measures under Information Security Laws	6H

The Continuing Education Taken by the Manager in 2022：

Job Title	Name	Course Title	Period
Financial and Accounting Manager	Ti-Fen Wu	Practical Measures for Enhancing the "Three Lines of Defense" for Internal Control	6H
		Common Deficiencies in "Financial Statement Audit" and Practical Analysis of Important Internal Control Regulations.	6H

（4）Disclose the Composition, Responsibilities, and Operation of the Remuneration Committee.：

1、Information of Remuneration Committee Members：

Capacity	Name / Qualification	Professional Qualification and Experience	Independence Analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Convenor	Ling-Chun Tsai	Please refer to pages 11 to 12 of the annual report for information on “Disclosure of Directors' Professional Qualifications and Independence of Independent Directors”		0
Independent Director	Zong -Zheng Wu			0
Independent Director	Johnson Lin			0

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 9, 2021 to July 8, 2024. The number of remuneration committee meetings held in the most recent fiscal year was: 2. The attendance by the members was as follows:

Job Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (**B** / **A**) (Note1 and Note 2)	Remarks
Convenor	Ling-Chun Tsai	2	0	100%	Re-elected on 7 September 2021
Independent Director	Zong-Zheng Wu	2	0	100%	Re-elected on 7 September 2021
Independent Director	Johnson Lin	2	0	100%	Newly-elected on 7 September 2021

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: None
2. 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: None
3. Duties of Remuneration Committee are as follows:
   1. Periodically review this regulation and propose amendments.
   2. Develop and periodically review the performance evaluation criteria for the company's directors and managers, annual and long-term performance goals, as well as policies, systems, standards, and structures for salary and remuneration.
   3. Regularly evaluate the performance goals achieved by the company's directors and managers, and based on the evaluation results obtained from the performance evaluation criteria, determine the content and amount of individual salary and remuneration.

Note：(1) In the event that a member of the Remuneration Committee resigns before the end of the fiscal year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) should be calculated based on the number of Remuneration Committee meetings held during their tenure and their actual attendance.
(2) If there is a change in the membership of the Remuneration Committee before the end of the fiscal year, both the outgoing and incoming members of the committee should be listed, and the remarks column should indicate whether the member is an outgoing, incoming, or re-elected member and the date of the change. The actual attendance rate (%) should be calculated based on the number of Remuneration Committee meetings held during their tenure and their actual attendance.

3、Topics and resolutions discussed by the Remuneration Committee:：

Remuneration Committee Term/Date	Content of the proposals and follow-up actions	Resolution	Company's resolutions for the opinions from the Compansation Committee
The 3rd term of the 5th period July 30, 2022	1. Allocating plan for the issuance of new shares through cash capital increase in 2022 and the grant of employee stock options to management. 2. Review of the policies, systems, standards, and structures of the performance evaluation and remuneration for the directors and executives of the company.	Approved by all members from the Remuneration Committee.	Submitted to the 11th board meeting of the 9th term and approved by all attending directors.
The 4th term of the 5th period December 22, 2022	1.Director and executive remuneration plan for the year 2023. 2.Distribution of year-end performance bonuses for executives in the year 2022.	Approved by all members from the Remuneration Committee. 1.(During the discussion of the proposal, each committee member voluntarily recused themselves from discussing and voting on their individual remuneration.)	Submitted to the 11th board meeting of the 9th term and approved by all attending directors.

（5）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?	✓		1. Our company has not established the governance framework for promoting sustainable development and established an exclusively dedicated unit. We currently cooperate to execute the plan with the managers from different departments.	No Significant Differences
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?	✓		2. The company integrates and manages various strategies, operations, financial, and potential risks that may affect its operations and profitability. Emphasis is placed on comprehensive risk management by all employees, implementing layered prevention measures during normal times, to effectively manage risks.	No Significant Differences
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		(1) The company belongs to the biotech R&D industry and is not a manufacturing company, therefore ISO14001 is not applicable. Regarding the waste and solvents generated from experiments, the company follows environmental regulations and entrusts qualified waste disposal contractors to handle them properly.	No Significant Differences
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(2) The company belongs to the biotech R&D industry and does not use resources that are highly environmentally burdensome. The company advocates for double-sided printing and reuses paper, and is committed to classifying various resources and regularly recycling iron and aluminum cans, plastic bottles, and paper to implement environmental protection in daily environmental management.	No Significant Differences
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		(3) The company regards greenhouse gas reduction and adjustment work as part of its sustainable management. It implements corresponding measures for greenhouse gas management and daily operations, actively reduces environmental burden, and fulfills its corporate social	No Significant Differences

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			responsibility.	
(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?	✓		(4) The company has not established policies for energy conservation, carbon reduction, greenhouse gas reduction, or waste management. The company conducted a voluntary audit (for both the headquarters and subsidiaries) and found that the total greenhouse gas emissions for the year 2021 were 707,084 kg CO2e, the water usage was 405 kg, and the total waste generated was 3,126.2 kg (hazardous waste 128.6 kg, non-hazardous waste 2,997.6 kg). For the year 2022, the total greenhouse gas emissions were 581,552 kg CO2e, the water usage was 371 kg, and the total waste generated was 1,960 kg (hazardous waste 131 kg, non-hazardous waste 1,829 kg). To reduce the environmental impact caused by the company's operational emissions of greenhouse gases, the company will continue to promote strategies for energy conservation, carbon reduction, and reducing greenhouse gas emissions, including specific measures such as water conservation, energy saving, and pollution prevention and control improvement targets tracking.	We will evaluate and establish the need accordingly.
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?	✓		(1) According to the annual education and training plan, our company strengthens the professional and management skills that employees need in their work based on individual differences, so that colleagues can fully utilize their expertise in their existing positions.	No Significant Differences
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/remuneration, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/remuneration?	✓		(2) Our company's products and services target the biotech industry. Before providing commissioned services, we evaluate whether there are any issues related to other parties' patent rights. Regarding the experimental stage and subsequent waste disposal, we ensure that we have the capability to carry out hazardous waste removal operations and comply with relevant environmental regulations. Currently, we do not have finished products for sale, so there are no labeling requirements for drug labels. However, for the semi-finished products produced from academic institutions or commissioned services from the	No Significant Differences

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			industry, we label them with necessary information to avoid risks arising from unclear labeling. We have also established a stakeholder section on our website. When consumer rights are violated, relevant departments handle complaints, and stakeholders can also provide feedback through spokespersons, proxy spokespersons, and audit committee mailboxes for our company's improvement.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(3) Our company has established procedures for supplier evaluation and management. Before trading with new suppliers, we evaluate them to select qualified suppliers with no bad records. We conduct regular supplier evaluations every year, and suppliers must comply with our company's sustainable development policy. If there are any violations that significantly impact the environment and society, we will terminate or cancel the contract at any time.	No Significant Differences
(4) Has the Company established effective career development training programs for employees?	✓		(4)In accordance with the annual education and training plan, the company strengthens employees' professional and management skills based on individual needs, allowing colleagues to leverage their expertise in their current positions.	No Significant Differences
(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?	✓		(5) The company's products and services are targeted towards the biotechnology industry. Before providing commissioned services, an evaluation is conducted to assess whether there are any patent rights issues involved. In addition, during the experimental stage and subsequent waste disposal, the company ensures the capability to handle and transport toxic waste in compliance with relevant environmental regulations. Currently, the company does not have finished products for sale, and therefore there is no requirement to label pharmaceuticals. However, semi-finished products generated from commissioned services by academic institutions or industry peers are appropriately labeled with necessary information to mitigate risks associated with unclear labeling. Furthermore, the company has established a stakeholder section on its website. In cases where	No Significant Differences

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
.	✓		consumer rights are infringed upon, complaints are handled by the relevant department. Additionally, stakeholders can provide feedback through the spokesperson, proxy spokesperson, or the audit committee's mailbox, enabling the company to make improvements.	
(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?			(6) The company has established procedures for supplier evaluation and management. Prior to engaging with new suppliers, an evaluation process is conducted to select qualified suppliers with no adverse records. Regular supplier assessments are conducted annually, and suppliers are required to comply with the company's sustainable development policy. In cases where suppliers are found to be in violation of the policy and have a significant impact on the environment and society, contracts may be terminated or dissolved at any time.表	No Significant Differences
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?		✓	5. The company has disclosed the relevant policies on its website, annual report, and the Public Information Observation Station.	Our company has not yet prepared a sustainability report. We will prepare it in the future based on the company's development needs and regulations.
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: Our company has referred to the "Practical Guidelines for Sustainable Development of Listed and Over-the-counter Companies" to establish the "Practical Guidelines for Sustainable Development". The actual operation is consistent with the established content.				
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: None.				

(6) 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 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				
(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?	✓		(1) Our company has established the "Code of Conduct" and "Code of Conduct Procedures and Behavioral Guidelines" to demonstrate our policies and practices for conducting business with integrity. The board of directors and management team are committed to implementing these policies and procedures, which are overseen and enforced by the Administrative Management Center. A report is submitted to the board of directors once a year.	No Significant Differences
(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; 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?	✓		(2) The "Code of Conduct" and "Code of Conduct Procedures and Behavioral Guidelines" clearly prohibit our directors, managers, and all employees from engaging in any business activities that carry a higher risk of unethical behavior within the scope of the "Code of Conduct for Listed and Over-the-Counter Companies" Article 7, Paragraph 2, or any other relevant business activities.	No Significant Differences
(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?	✓		(3) Our "Code of Conduct" specifies guidelines for behavior, disciplinary measures for violations, and a complaint system, which are effectively enforced. A specialized unit is responsible for developing and overseeing the implementation of our policies and prevention plans for conducting business with integrity. We constantly monitor the development of relevant national and international regulations on conducting business with integrity	No Significant Differences

Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			to review and improve our policies and measures, in order to enhance the effectiveness of our company's commitment to integrity in business operations.	
2. Ethical Management Practice (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?	✓		1. The company conducts assessments of its business partners before engaging in any transactions, and regularly evaluates its suppliers at least once a year. If any business partners engage in dishonest behavior, the company will immediately cease doing business with them.	No Significant Differences
(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?	✓		2. To ensure the integrity of its operations, the company has established a dedicated administrative management center responsible for developing and supervising the implementation of its integrity policies and prevention plans. The center reports to the board of directors at least once a year.	No Significant Differences
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		3. The company has established provisions to prevent conflicts of interest, including mechanisms for avoiding conflicts and appropriate procedures for handling them. It also has an appropriate reporting mechanism and ensures confidentiality during the investigation process.	No Significant Differences
(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?	✓		4. The company has established accounting and internal control systems, which are audited annually by the internal audit unit. The unit reports quarterly to the audit committee and the board of directors. The company also complies with relevant laws and regulations and has its financial statements audited by certified public accountants.	No Significant Differences
(5) Does the company provide internal and external ethical	✓		5. The company regularly conducts internal education	No Significant Differences

Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
corporate management training programs on a regular basis?			and training on integrity management and occasionally sends employees to attend external seminars to reinforce its commitment to integrity management.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and rewardprocedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specificallyresponsible 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?	✓ ✓ ✓		(1) The Company has established a complaint system in the "Integrity Management Guidelines" and "Code of Ethics". The system is disclosed on the company website, and complaints can be received by the spokesperson, authorized spokesperson, and the Audit Committee mailbox. Internally, the audit unit, internal mailbox, or the HR system's opinion proposal platform can receive complaints and process them according to established procedures. (2) The Company has established a "Handling Procedure for Reporting Cases of Illegal, Unethical, or Dishonest Behaviors". All investigations related to reported issues are conducted according to standard operating procedures and related confidentiality mechanisms. Managers and relevant investigators are responsible for maintaining confidentiality. (3) The Company employs confidentiality measures for individuals involved in reported cases and protects whistleblowers from retaliatory actions.	No Significant Differences No Significant Differences No Significant Differences
4. Strengthening Information Disclosure (1)Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System	✓		(1) The contents of the company's code of ethics have been disclosed on the company's website and on the Public Information Observation System.	No Significant Differences

Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
(MOPS)?			Information on the implementation of the company's ethical business practices has also been disclosed in the annual report.	
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: Our company has referred to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to establish the "Corporate Governance Best-Practice Principles." The actual operation of the principles is not significantly different from the established content.				
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's "Code of Ethics" clearly states that the company abides by the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Conflict of Interest Avoidance Act for Public Officials, and other relevant commercial laws and regulations, as the basis for implementing ethical management. The "Code of Ethics Operations and Conduct Guidelines" is also established to list behaviors that violate the company's ethical management principles and the disciplinary measures for handling unethical behavior, which are implemented from top to bottom to promote ethical management. (2) The company's "Insider Trading Prevention Management Measures" clearly state that directors, managers, and employees are prohibited from disclosing internal significant information to others or inquiring or collecting information unrelated to their job duties from persons who have knowledge of the company's internal significant information. They are also prohibited from disclosing non-public internal significant information to others. (3) The company's "Board of Directors Meeting Procedures" clearly state that if a director has a conflict of interest with the meeting agenda that could harm the company's interests, they may provide statements and respond to inquiries but are not allowed to participate in discussions or voting. During discussions and voting, they must recuse themselves and cannot act as a proxy for other directors to exercise their voting rights.				

(7) If there are corporate governance codes and related regulations in place, their query methods should be disclosed: The company has placed the relevant regulations on corporate governance under the "Corporate Governance" section of the Taiwan Stock Exchange's website and set up an "Investor Relations" section on its website (http://www.glyconex.com.tw/index.php/zh/) to facilitate full disclosure and inquiry of information.

(8) Other important information that can enhance understanding of the company's governance operation may also be disclosed: The company continues to strengthen its governance operations and has established corporate governance-related information for investors to inquire on its website's investor relations section. It also promptly discloses major announcements and corporate governance information on the Taiwan Stock Exchange's website.

(9) The following should be disclosed regarding the implementation of the internal control system:

1. Internal Control Statement: Please refer to page 45.

2. Auditor's review report on the internal control project review: None.

GlycoNex Incorporation
Statement on Internal Control

Date: March 16, 2023

The Company states the following with regard to its internal control system during 2022, based on the findings of its self-assessment:

1. The Companyis fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company (the Exchange) has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company (the Exchange) contains self-monitoring mechanisms, however, and the Company (the Exchange) takes corrective actions as soon as a deficiency is identified.
3. The Company (the Exchange) judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company (the Exchange) has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company (the Exchange) believes that as of December 31, 2022 its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is—with the exception of the matters, if any, specifically listed in the Appendix—effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. The statement will become the main content of our company's annual report and public disclosure document, and will be made public. If the above disclosed content contains false or hidden illegal information, it may incur legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company (the Exchange) held on March 16, 2023, where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

GlycoNex Incorporation

Chairman：Tong-Hsuan Chang

General Manager：Mei-Chun Yang

(10) In the past fiscal year and up to the date of printing of this annual report, the company and its internal personnel have not been punished by law, or the company has not punished its internal personnel for violating internal control system regulations, the punishment results of which may have a significant impact on shareholder equity or security prices. Any such punishment, main omissions, and improvement status should be disclosed.

(11) Important resolutions of the shareholders' meeting and the board of directors up to the date of printing of this annual report.

1.The Important Resolution of the Shareholders’ Meeting

Name of the Meeting	Date	Resolution	Execution Status
General Shareholders’ Meeting	June 23, 2022	1. Approval of the operating report and financial statements for 2022.	Approved by the vote.
		2. Approval of the deficit remuneration plan for 2021.	
		3. Approval of the amendment to the company bylaws.	Reported to the Taiwan Stock Exchange's Market Observation Post System in accordance with regulations and disclosed on the company's website.s
		4. Approval of the amendment to the handling procedure for lending funds to others.	
		5. Approval of the amendment to the handling procedure for the acquisition or disposition of assets.	

2. The Important Resolution of the Board of the Directors

Name of the Meeting	Date	Resolution
Board of Directors	March, 17, 2022	1. Business report and financial report for the year 110. 2. Loss remuneration plan for the year 110. 3. "Assessment of the Effectiveness of the Internal Control System" and "Statement of the Internal Control System" for the year 110. 4. Cash capital increase and issuance of common shares for 2022. 5. Issuance of the third domestic secured convertible corporate bonds. 6. Submission of a sound operational plan for the company. 7. Application for bank guarantee for the issuance of the third domestic secured convertible corporate bonds. 8. Appointment, remuneration, and independence of the visa accountant. 9. Amendment of the company's articles of incorporation. 10. Amendment of the "Method for Acquiring or Disposing of Assets". 11. Amendment of the "Practical Guidelines for Corporate Social Responsibility". 12. Amendment of the "Practical Guidelines for Corporate Governance". 13. Matters related to the convening of the 2022 shareholders' meeting. 14. Application to financial institutions for mortgage on real estate and financing, and request for resolution.
	May 12, 2022	1. Consolidated financial report for the first quarter of 2022. 2. Establishment of the date for reducing capital by canceling shares issued for restricted employee stock rights that have been repurchased by the company. 3. Change of the location for the convening of the 2022 shareholders' meeting of the company.
	June 16, 2022	1.Establishment of the cash capital increase price and related matters for 2022.
	June 20, 2022	1. Distribution of the allocation of employee stock options for 2022 cash capital increase and issuance of new shares to the management. 2. Discussion of the Remuneration Committee's review of the company's policies, systems, standards, and structures for evaluating the performance and remuneration of directors and managers.
	August 11, 2022	1. Consolidated financial report for the second quarter of 2022.
	November 10, 2022	1. Consolidated financial report for the third quarter of 2022 2. Establishment of the record date for the conversion and issuance of new shares for the third secured convertible corporate bond issued domestically in 2022. 3. Establishment of the date for reducing capital by canceling shares issued for

		restricted employee stock rights that have been repurchased by the company. 4. Audit operation verification plan for 2023. 5. Amendment to the "Operating Procedures for Handling Significant Internal Information".
	December 22, 2022	1. Operational plan and budget for 2023. 2. Appointment of visa accountant and assessment of independence. 3. Salary and remuneration payment for directors and executives in 2023. 4. Distribution of year-end performance bonuses for executives in 2022.
	March 16, 2023	1. The 2022 annual business report and financial statement proposal. 2. The 2022 deficit appropriation proposal. 3. The general principles of the company's non-assured service policy. 4. The 2022 assessment of the effectiveness of the internal control system and the internal control system statement. 5. The establishment of the criteria for the third domestic secured convertible corporate bonds to issue new shares in 2022. 6. The establishment of a "Corporate Governance Officer" position. 7. The revision of the "Rules of Shareholders' Meetings". 8. The revision of the "Rules of Board of Directors' Meetings". 9. The revision of the "Regulations on Handling Loans to Others". 10. The revision of the "Corporate Governance Best-Practices Principles". 11. The revision of the "Sustainable Development Best Practices". 12. The revision of the "Operating Procedures for Financial Business among Related Companies". 13. The establishment of the period and venue for shareholders to propose motions at the 2023 annual general meeting. 14. Matters related to the convening of the 2023 annual general meeting of shareholders.

(12) In the most recent fiscal year and up to the date of printing the annual report, there were no dissenting opinions recorded or written statements made by directors regarding important decisions passed by the board.

(13) Summary of the resignation and dismissal of the company's chairman, general manager, accounting manager, finance manager, internal audit manager, corporate governance manager, and R&D manager in the most recent fiscal year and up to the date of printing the annual report: None.

5.Information on the Auditor’s Fees：

Information on the Auditor’s Fees

Unit：NT$ thousands

Name of the Accounting Firm	Name of the Audtor	Period Covered by the Auditor	Audit Fees	None-Audit Fees	Total	Remarks
PwC Taiwan	Shu-Fen, You Yu-Fang, Yan	January 1, 2022~December 31, 2022	2,000	100	2,100	
De-Wei Accounting Company	Yong-Fang, Huang	January 1, 2022~December 31, 2022		158	158	

6. Information on changing auditors: None.

7. The Chairman, General Manager, or manager responsible for finance or accounting of the company has worked for the auditor's affiliated accounting firm or its related companies in the past year: None

8. Directors, managers, and shareholders holding more than 10% of the equity transfer and equity pledge changes:

（1）Changes in equity of directors, managers and major shareholders:

Job title	Name	2022		April 22, 2023	
		Number of shares held increased (decreased)	Number of pledged shares increased (decreased)	Number of shares held increased (decreased)	Number of pledged shares increased (decreased)
Chairman	Tong-Hsuan Chang	154,144	0	0	0
Director	Kao -Chung Tsai	(77,710)	0	(100,000)	0
Director	siu E. Su	64,395	0	0	0
Director	Cai -Qing Hong	47,450	0	0	0
Independent Director	Ling-Chun Tsai	0	0	0	0
Independent Director	Zong -Zheng Wu	10,470	0	0	0
Independent Director	Johnson Lin	0	0	0	0
General Manager	Mei-Chun Yang	(45,646)	0	(6,000)	0
R＆D Vice President	Liang-Yrin Liu	(16,901)	0	0	0
Assistant General Manager	Roger Lu	(5,000)	0	0	0
Financial and Accounting Manager	Ti-Fen Wu	(31,819)	0	(4,000)	0

（2）The relative person of the equity transfer is a related party: None

（3）The relative person of the equity pledge is a related party: None

9. Relationship among the Top Ten Shareholders:

April 22, 2023；Unit: share

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Tong-Hsuan Chang	4,309,092	3.97%	2,204,489	2.03%	0	0	Hsiu E. Su	Spouse	
The investment portfolios of Otsuka Pharmaceutical Co., Ltd. entrust and manage by Mega International Commercial Bank	3,036,000	2.80%	0	0	0	0	—	—	
The representative of Taiwan Advanced Biopharma Inc.: Wen-Long, Su	2,373,919 800,271	2.19% 0.74%	0 0	0 0	0	0	—	—	
Hsiu E. Su	2,204,489	2.03%	4,309,092	3.97%	0	0	Tong-Hsuan Chang	Spouse	
Kun-Chang, Li	2,065,000	1.90%	0	0	0	0	—	—	
Cai -Qing Hong	1,326,485	1.22%	44,125	0.04%	0	0	—	—	
The representative of Rong Jing Development Investment Co., Ltd.: Shu-Fen, Jiang	1,152,000 187,000	1.06% 0.17%	640,000	0.59%	0	0	—	—	
The investment portfolios of Sui Feng Co., Ltd. entrust and manage byBANK SINOPAC COMPANY LIMITEDk	1,122,256	1.03%	0	0	0	0	—	—	
Jia-Hong, Zhu	1,121,755	1.03%	84,051	0.08%	0	0	—	—	
Jing-Yang, Chen	832,000	0.77%	0	0	0	0	—	—	

Note 1：All the top ten shareholders should be listed, and those who are legal person shareholders should list the name of the legal person shareholder and the name of the representative separately.

Note2：The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, spouse, minor children or in the name of others.

Note3：The shareholders listed above include legal persons and natural persons, and shall disclose the relationship between them in accordance with the provisions of the issuer's financial report relation.

10. The number of shares held by the company, directors, managers, and businesses directly or indirectly controlled by the company in the same invested enterprise, and the comprehensive shareholding ratio calculated by consolidation:

April 30, 2023；Unit: share

Invested Company	Company's Investment		Directors, Managers, and Directly or Indirectly Controlled Enterprises' Investment		Comprehensive Investment	
	Shareholdings	Shareholdings Propotion	Shareholdings	Shareholdings Propotion	Shareholdings	Shareholdings Propotion
GlycoNex Incorporation	2,000,000	100%	0	0%	2,000,000	100%

IV. The Status of Fundrasing:

1. Capital and Shares

(1) Source of the Share Capital

1. The Process of Capital Stock Formation

Unit: thousand shares; NT$thousand

Year. Month	Issue Price	Approved Capital		Paid-in Capital		Reamrks		
		Number of Shares	Value	Number of Shares	Value	Source of the Share Capital	Capital Increased by Assets Other than Cash	Remark
2001.2	10	1,000	10,000	1,000	10,000	Initiate Capital	–	Note1
2003.7	10	10,000	100,000	10,000	100,000	Capital increase of NT$80,000 thousand in cash	NT$10,000 thousand valued at patent technology	Note2
2007.8	10	40,000	400,000	12,600	126,000	Capital increase of NT26,000 thousand in cash	0	Note3
2008.4	10	40,000	400,000	15,000	150,000	Capital increase of NT$24,000 thousand in cash	0	Note 4
2009.6	10	40,000	400,000	20,000	200,000	Capital increase of NT$50,000 thousand in cash	0	Note 5
2011.1	10	40,000	400,000	25,000	250,000	Capital increase of NT$50,000 thousand in cash	0	Note 6
2011.8	10	40,000	400,000	40,000	400,000	Capital increase of NT$150,000 thousand in cash	0	Note 7
2011.9	10	100,000	1,000,000	42,500	425,000	Performed employee stock options for NT$ 25,000 thousand, and	0	Note 8
2012.7	10	100,000	1,000,000	43,394	433,936	Increased capital through retained earnings for NT$ 8,936 thousand,	0	Note 9
2012.12	10	100,000	1,000,000	47,244	472,436	Private placement before listing on the over-the-counter market for NT$ 38,500 thouand.	0	Note 10
2013.8	10	100,000	1,000,000	55,366	553,657	Increase the capital through Capital reserve for NT$ 47,243 thousand, increase the capital through retained earnings for NT$ 6,378 thousand, and private placement for NT$ 27,600 thousand	0	Note 11
2013.9	10	100,000	1,000,000	66,616	666,157	Capital increase of NT$112,500 thousand in cash	0	Note 12
2013.10	10	100,000	1,000,000	68,544	685,447	Conversion of corporate bonds for NT$ 19,290 thousand	0	Note 13
2014.1	10	100,000	1,000,000	69,815	698,150	Conversion of corporate bonds for NT$ 12,703 thousand	0	Note 14
2014.3	10	100,000	1,000,000	69,994	699,940	Conversion of corporate bonds for NT$ 1,790 thousand	0	Note 15
2014.8	10	100,000	1,000,000	76,993	769,934	Issuance of restricted employee stock rights for NT$ 1,750 thousand and canceled restricted employee stock rights and reduced NT$ 755 thousand in capital	0	Note 16
2017.8	10	100,000	1,000,000	77,783	777,834	Issuance of restricted employee stock rights for NT$ 7,900 thousand	0	Note 17
2017.11	10	100,000	1,000,000	76,498	764,984	Canceled treasury stocks, restricted employee stock rights, and reduced NT$ 12,850 thousand in capital	0	Note 18
2018.5	10	100,000	1,000,000	76,598	765,980	Issuance of restricted employee stock rights for NT$ 1,750 thousand, restricted employee stock rights and reduced NT$ 755 thousand in capital	0	Note 19
2018.8	10	100,000	1,000,000	76,503	765,035	Restricted employee stock rights and reduced NT$ 945 thousand in capital	0	Note 20
2019.8	10	200,000	2,000,000	76,424	764,245	Restricted employee stock rights and reduced NT$ 790 thousand in capitala and re-elect the independent directors	0	Note 21
2019.11	10	200,000	2,000,000	76,161	761,610	Restricted employee stock rights and reduced NT$ 595 thousand in capital and canceled treasury stocks for NT$ 2,040 thousand	0	Note 22
2020.01	10	200,000	2,000,000	81,161	811,610	Capital increase of NT$50,000 thousand in cash	0	Note 23
2020.03	10	200,000	2,000,000	81,911	819,110	Issuance of restricted employee stock rights for NT$ 7,500 thousand	0	Note 24
2020.07	10	200,000	2,000,000	81,729	817,290	Restricted employee stock rights and reduced NT$ 1,820 thousand in capital	0	Note 25
2020.09	10	200,000	2,000,000	95,913	959,131	Conversion of corporate bonds for NT$ 141,841 thousand	0	Note 26

2020.11	10	200,000	2,000,000	97,508	975,078	Conversion of corporate bonds for NT$ 15,947 thousand	0	Note 27
2021.08	10	200,000	2,000,000	97,482	974,818	Amended the Articles, and re-elect the director. Restricted employee stock rights and reduction of NT$ 260 million in capital.	0	Note 28
2022.07	10	200,000	2,000,000	97,473	974,728	Amended, restricted employee stock rights, and reduction of NT$ 90 million in capital	0	Note 29
2022.09	10	200,000	2,000,000	101,973	1,019,728	Capital increase of NT$45,000 thousand in cash	0	Note 30
2022.11	10	200,000	2,000,000	107,098	1,070,980	Conversion of corporate bonds for NT$ 51,282 thousand	0	Note 31
2023.03	10	200,000	2,000,000	108,267	1,082,665	Conversion of corporate bonds for NT$ 11,685 thousand	0	Note 32

Note 1：Approval of the stablishment registration through the letter of Taipei City Government No. 90254670 on February 1, 2001.
Note 2：Approval of the capital increase and change through the letter of Taipei City Government No. 09213612500 dated July 30, 2003.
Note 3：Approval of the capital increase and change through the letter of Taipei City Government No. 09687608420 dated August 13, 2007.
Note 4：Approval of the capital increase and change through the letter of Taipei City Government No. 09783022200 dated April 3, 2008.
Note 5：Approval of the capital increase and change through the letter of Taipei City Government No. 09884484110 dated June 1, 2009.
Note 6：Approval of the capital increase and change through the letter of New Taipei City Government No. 1005002740 dated January 20, 2011.
Note 7：Approval of the capital increase and change through the letter of New Taipei City Government No. 1005048139 dated August 4, 2011.
Note8：Approval of the capital increase and change through the letter of New Taipei City Government No. 1005060451 dated September 28, 2011.
Note 9：Approval of the capital increase and change through the letter of New Taipei City Government No. 1015043078 dated July 11, 2012.
Note 10：Approval of the capital increase and change through the letter of New Taipei City Government No. 1015082910 dated December 27, 2012.
Note 11：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10201176550 dated August 28, 2013.
Note 12：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10201184680 dated September 9, 2013.
Note 13： Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10201212270 dated October 16, 2013.
Note 14：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10301008360 dated January 20, 2014.
Note 15：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10301052700 dated March 25, 2014.
Note 16：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10301177150 dated August 25, 2014.
Note 17：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10601122610 dated August 30, 2017.
Note 18：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10601156910 dated November 27, 2017.
Note 19： Approval of the capital decrease and change through the letter of Ministry of Economic Affairs No. 10701058850 dated May 29, 2018.
Note 20：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10701107440 dated August 30, 2018.
Note 21：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10801100780 dated August 1, 2019.
Note 22： Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10801163910 dated November 14, 2019.
Note 23：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10901011410 dated January 20, 2020.
Note 24：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10901032830 dated March 10, 2020.
Note 25：Approval of the capital decrease and change through the letter of Ministry of Economic Affairs No. 10901119270 dated July 14, 2020.
Note 26：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10901161320 dated September 14, 2020.
Note 27：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 10901218350 dated November 19, 2021.
Note 28：Approval of the capital decrease and change through the letter of Ministry of Economic Affairs No. 11001126900 dated August 27, 2021.
Note 29：Approval of the capital decrease and change through the letter of Ministry of Economic Affairs No. 11101122320 dated July 21, 2022.
Note 30：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 11101165700 dated September 5, 2022.
Note 31：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 11101225520 dated November 28, 2022.
Note 32：Approval of the capital increase and change through the letter of Ministry of Economic Affairs No. 11230051770 dated March 31, 2023.

2.Types of the shares

Unit: share

Kinds \ Shares	Approved Capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	108,640,133	91,359,867	200,000,000	

Note 1: The total number of issued shares by the company is 108,266,507, including 373,626 shares resulting from converting convertible bonds into common shares. The number of outstanding shares is 108,640,133.

Note 2: Out of the outstanding shares of 108,640,133, 105,604,133 shares are listed on the over-the-counter market, while the remaining 3,036,000 shares are privately placed common shares that have not yet undergone public issuance.

3. Summary of the reporting system: None.

(2) Shareholder Composition

April 22, 2023(book closure date)

Quantity \ Shareholder Composition	Government agencies	Financial institutions	Other legal entities	Foreign institutions and foreign individuals	Individuals	Total
No. of shareholders	0	2	200	39	33,788	34,029
No. of shares held	0	434,200	5,494,156	5,361,289	97,350,488	108,640,133
Shareholding ratio	0.00%	0.40%	5.06%	4.93%	89.61%	100.00%

(3) Distribution of Shareholding (Face value per share is NT $10.)

April 22, 2023 (book closure date)

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	20,565	385,231	0.36%
1,000 to 5,000	10,616	21,220,312	19.53%
5,001 to 10,000	1,449	11,464,313	10.55%
10,001 to 15,000	459	5,733,321	5.28%
15,001 to 20,000	278	5,111,722	4.71%
20,001 to 30,000	242	6,138,056	5.65%
30,001 to 40,000	117	4,147,978	3.82%
40,001 to 50,000	71	3,276,667	3.02%
50,001 to 100,000	125	8,836,951	8.13%
100,001 to 200,000	55	7,291,027	6.71%
200,001 to 400,000	27	7,286,273	6.71%
400,001 to 600,000	9	4,097,708	3.77%
600,001 to 800,000	5	3,307,307	3.04%
800,001 to 1,000,000	2	1,632,271	1.50%
Above 1,000,001	9	18,710,996	17.22%
Total	34,029	108,640,133	100.00%

Note: The company has not issued any preferred shares.

(4) List of Major Shareholders

April 22, 2023 (book closure date)

Name of major shareholders \ Shares	Shareholding	Shareholding (%)
Tong-Hsuan Chang	4,309,092	3.97%
The investment portfolios of Otsuka Pharmaceutical Co., Ltd. entrust and manage by Mega International Commercial Bank	3,036,000	2.80%
TAIWAN ADVANCE BIO-PHARMACEUTICAL INC.)	2,373,919	2.19%
Hsiu E. Su	2,204,489	2.03%
Kun-Chang, Li	2,065,000	1.90%
Cai -Qing Hong	1,326,485	1.22%
Rong Jing Development Investment Co., Ltd.	1,152,000	1.06%
The investment portfolios of Sui Feng Co., Ltd. entrust and manage byBANK SINOPAC COMPANY LIMITEDk	1,122,256	1.03%
Jia-Hong, Zhu	1,121,755	1.03%
Jing-Yang, Chen	832,000	0.77%

(5) The per share market price, net worth, earnings, dividends, and related information for the most recent two fiscal years

Item \ Year			2021(Note)	2022(Note)	As of the year-end on March 31, 2023
Market price per share	The highest		43.90	46.90	34.80
	The lowest		23.20	24.25	29.60
	Average		32.32	35.05	32.76
Net Value per share (Note)	Pre-distribution		13.94	13.50	12.91
	Post-distribution		13.94	13.50	(Undistributed)
Earnings oer share	Weighted average number of shares (thousand share)		97,038	99,456	106,861
	Earning Per share		(1.78)	(2.21)	(0.55)
Per Share Dividend	Cash Dividend		0	0	(Undistributed)
	Free Stock Divid end	Earnings Retained Stock Dividend	0	0	(Undistributed)
		Capital Surplus Stock Dividend	0	0	(Undistributed)
	Accumulated Unpaid Dividends		0	0	0
Investmen t return analysis	Price / Dividend ratio		0	0	0
	Price / Dividend ratio		0	0	0
	Cash dividend yield rate		0	0	0

Note: The company had a net loss after tax in 2021 and 2022, and there were no cases of profit distribution.

（6）Company Dividend Policy and Execution Status:

1. Dividend policy as stipulated in the company's articles of incorporation:

   If the company has profits in its annual financial statements, after payment of taxes and donations and offsetting accumulated losses, a statutory surplus reserve of 10% shall be set aside. However, when the statutory surplus reserve reaches the total paid-in capital, this requirement is not applicable. If necessary, additional provisions or reversals shall be made according to laws, regulations, or regulatory authorities requirements. If there is a remaining balance, it shall be combined with undistributed profits from previous years, and the Board of Directors shall propose a dividend distribution proposal to the shareholders' meeting for approval.

   The company's business is currently in the growth stage, and in response to the investment environment, long-term capital budgeting and future operational growth and funding needs both domestically and internationally, a low cash dividend with additional stock dividends policy is implemented at this stage. The distribution of profits shall not be less than 10% of the distributable profits for the current year. However, if the distributable profits are less than 1% of the paid-in capital, the resolution may be made to transfer the entire amount to retained earnings without distribution. When distributing profits, the cash dividend shall not be less than 10% of the dividend distribution for the current year to meet shareholders' cash flow requirements. However, if the cash dividend per share is less than NT$1, it may be fully converted to stock dividends.
2. Execution status: The company had a net loss after tax in the 111th fiscal year, and there were no cases of profit distribution.

（7）Impact of the proposed free share issue on the company's business performance and earnings per share: Not applicable.

（8）The Remuneration of Employee and Director :

1. Percentage or range of employee and director remuneration as stated in the company's articles of incorporation:

   When the company is profitable in a fiscal year, it should allocate not less than 5% as employee remuneration and not more than 3% as director's remuneration. However, if the company has accumulated losses, an amount for offsetting the losses should be reserved in advance.

   The remuneration of employees, whether in the form of stock or cash, may include employees of subsidiary companies who meet certain conditions set by the Board of Directors.
2. Basis for estimating the amount of employee and director remuneration for the current period, calculation basis for employee remuneration in the form of stock dividends, and accounting treatment in case of differences between actual distribution amounts and estimated amounts: Not applicable.
3. Approval of remuneration distribution by the Board of Directors: None.
4. Actual distribution of employee and director remuneration in the previous year: None.

（9）Repurchase of company shares: The company did not repurchase its own shares in 2022 up to the date of printing the annual report.

2.Issuance of Corporate Bonds:

Type of corporate bonds (Note 2)		GlycoNex Incorporation Domestic Third Secured Convertible（Note 5）
Issue (transaction) date		June 27, 2022
Face value		NT$100,000
Place of issue and trading (Note 3) Issue price		Not Applicable
Issue amount		Issued at 105.16% of the bond's par value
Coupon rate		NT$ 400 milllion
Term		The coupon rate is 0%
Guarantor		Three years, and the maturity date is June 27, 2025
Trustee		Taishin International Bank
Underwriter		Hua Nan Commercial Bank, Ltd.
Attesting lawyer		Taishin Securities Co.,Ltd.
Attesting CPA		Handsome Attorneys -AT-LAW Lawyer Ya-Wen, Qiu
Redemption method		PricewaterhouseCoopers Taiwan Auditor Shu-Fen, You, Auditor Yu-Fang, Yan
Unredeemed balance		Except for the conversion of the convertible bonds into ordinary shares by bondholders under Article 10 of these regulations, the exercise of the put option under Article 19 of these regulations, the early redemption by the company under Article 18 of these regulations, or the repurchase and cancellation by the securities dealers' business offices under these regulations, the company shall repay the convertible bonds in cash in full at their face value upon the maturity of the convertible bonds.
Conditions for redemption or early redemption		The details of the issuance and conversion procedure for the convertible bonds
Restrictive covenants (Note 4)		The details of the issuance and conversion procedure for the convertible bonds
Name of rating agency, date and result of rating		Not Applicable
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	As of April 30, 2023, the converted amount of the convertible bonds is NT$182,100 thousand.
	The issuance and conversion, exchange, or subscription rules	According to the "Domestic Third Secured Convertible Bond Issuance and Conversion Rules" set by the company
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance		As of April 30, 2023, the outstanding balance of the convertible bonds issued by the company and not yet converted is NT$217,900,000. The latest conversion price is NT$27.3. Assuming all bondholders convert their bonds at the conversion price, a total of 14,652,014 ordinary shares of the company (NT$400,000,000/NT$27.3) can be converted. Considering the existing issued and outstanding shares of 101,969,810 up to the start of the conversion, the issuance of convertible bonds will have a certain dilution effect on the existing shareholders' holdings. However, the dilution effect on earnings per share is gradual and relatively mild when using the method of issuing convertible bonds.
Name of the custodian institution of the exchangeable underlyings		Not Appicable

Note 1: Corporate bonds included publicly offered and privately placed corporate bonds. Publicly offered corporate bonds are those that have been effectively registered (or approved) by the FSC; privately placed corporate bonds are those that have been approved by a resolution of the board of directors.
Note 2: Adjust the number of columns according to the actual number of issues.
Note 3: Fill in this item if the bonds are overseas corporate bonds.
Note 4: E.g., restrictions on the payment of cash dividends, investment abroad, or requirement to maintain a certain asset ratio, etc.
Note 5: If it is a private placement, the fact that it is a private placement should be prominently indicated.
Note 6: For convertible corporate bonds, exchangeable corporate bonds, shelf registered corporate bonds, or corporate bonds with warrants, further disclose the information for each type of bond in table format according to the features of each.

Convertible Corporate Bonds

<table>
<tr><td colspan="2">Type of corporate bonds (Note1)</td><td>Domestic Third Convertible Corporate Bonds with Guarantee</td></tr>
<tr><td colspan="2">Fiscal Year / Item</td><td>As of April 30, 2023 (Note 4)</td></tr>
<tr><td rowspan="3">Market price of convertible corporate bonds (Note 2)</td><td>Maximum</td><td>130.00</td></tr>
<tr><td>Mininum</td><td>115.00</td></tr>
<tr><td>Average</td><td>121.70</td></tr>
<tr><td colspan="2">Conversion Price</td><td>NT$ 27.3</td></tr>
<tr><td colspan="2">Issue (transaction) date and conversion price at issuance</td><td>June 27, 2022
NT$27.30</td></tr>
<tr><td colspan="2">Method for performance of conversion obligations (Note 3)</td><td>Issuing new shares</td></tr>
</table>

Note 1: The number of fields may vary depending on the actual number of transactions.

Note 2: For overseas corporate bonds traded in multiple locations, it should be listed separately by trading location.

Note 3: Delivery of already issued shares or issuance of new shares.

Note 4: Data should be provided for the current year up to the date of printing the annual report.

3. Special Shares Handling: None.

4. Handling of Overseas Depositary Receipts: None.

5. The Condition of Handling Employee Stock Options and Restricted Employee Share Rights:
   (1) The Condition of Handling Employee Stock Options:
      1. Handling of Employee Stock Options: The company did not handle any employee stock options in 2022.
      2. Managers who acquired employee stock options and the top ten employees in terms of the number of options and subscription amounts reaching NT$30 million or more: None.

(2) The Condition of Handling the Restricted Employee Share Rights：

1.The Condition of Handling the Restricted Employee Share Rights

A.The Condition of Handling the Restricted Employee Share Rights in 2019：

April 30, 2023

Type of new restricted employee shares	The 1st new restricted employee shares in 2019
Effective registration date and total number of shares	April 12, 2019
Issue Date	April 1, 2020
Number of new restricted employee shares issued	750,000 shares
Number of new restricted employee shares still available for issuance	NT$ 0
Issue price	0.92%
Ratio of the number of new restricted employee shares issued to the total number of issued shares	1. Regarding the antibody drug GNX102 obtaining the Investigational New Drug (IND) for clinical trials: Employees who are still employed and have achieved a performance rating of A or above in the year when GNX102 obtains the IND will be eligible to receive 40% of the vested shares in the following year. 2. Regarding the antibody drug GNX102 signing external contracts and generating operating revenue: Employees who are still employed and have achieved a performance rating of A or above in the year when GNX102 signs external contracts and generates operating revenue will be eligible to receive 60% of the vested shares in the following year.
Vesting conditions of the new restricted employee shares	(1) The restricted employee share rights issued under this policy will be delivered to the employees in the form of stock trust custody. Until the vesting conditions are met, employees who have been allocated new shares will have the following restricted rights: 1.Employees who have been allocated new shares are restricted from selling, pledging, transferring, gifting, establishing encumbrances, or disposing of the restricted employee share rights in any other way until the vesting conditions are met. 2.Attendance, proposal submission, speech, and voting rights at shareholders' meetings will be executed by the trust custodian according to the agreement. (2) In addition to the restrictions imposed by the trust agreement, employees who are allocated restricted employee share rights under this policy will not have the rights to receive dividends, bonuses, capital surplus distributions, or participate in cash increases until the vesting conditions are met.
Restrictions on rights in the new restricted employee shares	Deliver 750,000 shares to the trust custodian.
Custody of the new restricted employee shares	If an employee who has been granted restricted employee share rights fails to meet the vesting conditions, the company will, in accordance with the law, reclaim the shares granted to them that have not yet met the vesting conditions and proceed with their cancellation without any remuneration.
Number of new restricted employee shares that have been retired or bought back	20,000 shares
Number of new restricted shares that have vested	298,000 shares
Number of unvested new restricted shares	432,000 shares
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0.40%

The effect on shareholders' equity	Based on the total issued shares of 81,910,956 shares for the year, the ratio of restricted employee share rights to the total issued shares is 0.92%. According to the actuarial report, the annual recognized service cost is as follows: 2020: NT$8,309 million 2021: NT$2,929 million 2022: NT$2,929 million The diluted earnings per share impact are approximately NT$0.101, NT$0.036, and NT$0.036 for the respective years. The dilution of earnings per share for the company is still limited; therefore, it is not expected to significantly impact shareholders' equity.

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

A.The first issuance in 2019

April 30, 2022

<table>
<tr><th rowspan="2"></th><th rowspan="2">Job Title</th><th rowspan="2">Name</th><th rowspan="2">Number of Restricted Stock Units Granted to Employees</th><th rowspan="2">Ratio of Restricted Stock Units Granted to Employees to the Total Issued Shares</th><th colspan="4">Vested Rights</th><th colspan="4">Unvested Rights</th></tr>
<tr><th>Number of Vested Shares</th><th>Issue Price</th><th>Total Purchase Price</th><th>The ratio of the number of Vested Shares to Total Issued Shares</th><th>Nu,ber of Unvested Shares</th><th>Issue Price</th><th>Total Purchase Price</th><th>The ratio of the number of Unvested Shares to Total Issued Shares</th></tr>
<tr><td rowspan="4">Managerial Officers</td><td>General Manager</td><td>Mei-Chun Yang</td><td rowspan="4">540,000 shares</td><td rowspan="4">0.55%</td><td rowspan="4">216,000 shares</td><td rowspan="4">NT$0</td><td rowspan="4">NT$2,160,000</td><td rowspan="4">0.22%</td><td rowspan="4">324,000 shares</td><td rowspan="4">0 元</td><td rowspan="4">NT$3,240,000</td><td rowspan="4">0.33%</td></tr>
<tr><td>Deputy General Manager</td><td>Roger Lu</td></tr>
<tr><td>Deputy General Manager</td><td>Liang-Yrin Liu</td></tr>
<tr><td>Finacial Manager</td><td>Ti-Fen Wu</td></tr>
<tr><td rowspan="10">Employees</td><td>R&D Manager</td><td>Shu-Yan, Zhang</td><td rowspan="10">175,000 shares</td><td rowspan="10">0.18%</td><td rowspan="10">70,000 shares</td><td rowspan="10">NT$0</td><td rowspan="10">NT$700,000</td><td rowspan="10">0.07%</td><td rowspan="10">96,000 shares</td><td rowspan="10">0 元</td><td rowspan="10">NT$960,000</td><td rowspan="10">0.098%</td></tr>
<tr><td>R&D Manager</td><td>Yan-Yin, Chen</td></tr>
<tr><td>R&D Manager</td><td>Pei-Heng, Chen</td></tr>
<tr><td>R&D Deputy Manager</td><td>Jun-Fu, Lin</td></tr>
<tr><td>R&D Deputy Manager</td><td>Jie-Xin, Chen</td></tr>
<tr><td>Director of R&D</td><td>Jia-Jun, Zhang</td></tr>
<tr><td>Associate Researcher</td><td>Yu-Ting, Lin</td></tr>
<tr><td>Associate Researcher</td><td>Wen-Han, Li</td></tr>
<tr><td>Assistant Quality Manager</td><td>Yu-Qin, Qiu</td></tr>
<tr><td>Director of R&D</td><td>Liang-Xin, Lin</td></tr>
</table>

Note 1: The top ten employees who acquired restricted employee share rights refer to employees other than managers.

Note 2: The total issued shares refer to the number of shares listed in the registration data as of April 30, 2023, as amended by the Ministry of Economic Affairs, which is 97,481,810 shares.

Note 3: Shu-Yan, Zhang resigned from the company on March 31, 2023.

6. Merger or Acquisition of Other Company Shares through New Stock Issuance: None.

7. Execution Status of Fund Utilization Plan:

■ Cash Capital Increase and Domestic Second Secured Convertible Corporate Bond Issuance in 2019

1. Plan Details

(1) Approval date and document number by the competent authority: October 31, 2019, FSC issuance letter no. 1080332870, 10803328701.

(2) Total planned funding for this project: NT$406,135 million.

(3) Funding sources:

A. Capital increase in cash by issuing 5,000 million shares of common stock, with a par value of NT$10 per share and an issue price of NT$20 per share, totaling NT$100,000 million.

B. Issuance of 3,000 domestic second-secured convertible corporate bonds, with a face value of NT$100,000 per bond, a maturity period of 3 years, and a zero percent coupon rate. The total issuance amount is NT$300,000 million, and the issuance price is based on the face value.

C. The remaining NT$6,135 million will be funded through self-owned funds, bank loans, or other means.

(4) Planned items and scheduled fund utilization progress:

Unit: NT$ thousand

Item	Expected completion date	Total funding required	Scheduled fund utilization progress								
			2019	2020				2021			
			4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
R&D expenses GNX102	2021 4Q	406,135	36,880	44,262	38,226	42,581	33,896	51,005	54,703	52,252	52,330
Total		406,135	36,880	44,262	38,226	42,581	33,896	51,005	54,703	52,252	52,330

(5) The expected benefits are as follows:

The funds raised in this fundraising plan are intended for the R&D expenses of GNX102, amounting to NT$406,135 million. The R&D plan includes expenses for pre-clinical, Phase 1, and Phase 2 clinical trials, as well as the procurement of research trial drugs. The company has already passed the IND review for GNX102 pre-clinical trials in September 2019 and is expected to enter Phase 1 clinical trials in the fourth quarter of 2019. As the development progresses into the clinical trial phase, it is expected to enhance the commercial value of GNX102. The company plans to complete international licensing in the second phase of clinical trials in the fiscal year 2021 and expects to receive a licensing contract fee of approximately NT$994,528 million in the fourth quarter of 2021. This will contribute to the improvement of the company's revenue and profitability.

2.Execution Status

Unit: NT$ thusand

<table>
<tr><th>Planning Project</th><th colspan="2">Execution Condition</th><th>As of the first quarter of 2022</th><th>Reasons for being ahead or behind schedule and improvement plans</th></tr>
<tr><td rowspan="4">R&D Expense GNX102</td><td rowspan="2">Disbursement amount</td><td>Planned</td><td>406,135</td><td rowspan="8">Our company officially initiated Phase 1 clinical trials on August 24, 2020, in US time. In the process of new drug development, it is inevitable that new variables arise, leading to discrepancies between actual and anticipated progress. From the fourth quarter of 2019 to the first half of 2020, our company communicated and coordinated the Phase 1 clinical trial plan with clinical medical institutions, delaying fund utilization. Starting from the second quarter of 2020, the COVID-19 pandemic in the United States has escalated, causing healthcare resources to be focused on COVID-19-related medical care and research. Consequently, patient enrollment for our GNX102 clinical trial did not meet expectations, delaying the Phase 1 trial progress in the United States. Currently, we are conducting the highest tolerated dose testing in the first stage, and the trial has progressed to the fifth dose level. We will continue to increase the dosages within the safe range until we find the maximum tolerated dose. Subsequently, the target patient population will be administered with that dose. We anticipate completing the Phase 1 clinical trial by the end of 2023. To mitigate the impact on the trial progress, we have concurrently initiated preparations for Phase 1 clinical trials in Taiwan. We will proceed with the clinical trials according to the planned protocol, and based on our evaluation, there are no significant abnormalities.</td></tr>
<tr><td>Actual</td><td>258,207</td></tr>
<tr><td rowspan="2">Execution Prograss</td><td>Planned</td><td>100.00%</td></tr>
<tr><td>Actual</td><td>63.58%</td></tr>
<tr><td rowspan="4">Total</td><td rowspan="2">Disbursement amount</td><td>Planned</td><td>406,135</td></tr>
<tr><td>Actual</td><td>166,142</td></tr>
<tr><td rowspan="2">Execution Prograss</td><td>Planned</td><td>100.00%</td></tr>
<tr><td>Actual</td><td>40.91%</td></tr>
</table>

During 2019, the company conducted a cash capital increase and issued new shares, as well as a second domestic secured convertible corporate bond. As of the first quarter of 2023, the projected R&D expenses for GNX102 were expected to be NT$406,135 thousand, while the actual expenses amounted to NT$258,207 thousand, resulting in an actual execution progress of 63.58%, which is behind the planned progress of 100.00%. This delay was mainly caused by the impact of the COVID-19 pandemic, which forced a postponement of the planned Phase I clinical trial in the United States. The company officially initiated the Phase I clinical trial on August 24, 2020 (based on U.S. time), and is currently conducting the highest tolerated dose testing in the first stage. The trial has now reached the fifth dose level, and the company will continue to increase the dosage within the safe range until the maximum tolerated dose is identified. The target indication patients will then be administered with that dose. Currently, there is a delay in patient enrollment for dose testing, and to minimize the impact on the trial progress, a parallel Phase I clinical trial is being conducted in Taiwan. The company will proceed with various clinical trials according to the actual planned experimental protocol, and no significant abnormalities have been identified so far.

■ First Capital Increase in Cash and Third Domestic Secured Convertible Corporate Bonds in 2022

1. Project Details

(1) Approval Date and Document Number by the Regulatory Authority: May 31, 2022, in the letters numbered 1110342115 and 11103421151 from the Financial Supervisory Commission.

(2) Total Project Funding: NT$ 524,130 thousand

(3) Funding Sources:

A. Capital increase in cash by issuing 4,500 thousand ordinary shares with a par value of NT$ 10 per share and an issuance price of NT$ 23 per share. The total amount is NT$ 103,500 thousand.

B. Issuance of the Third Domestic Secured Convertible Corporate Bonds with 4,000 bonds, each with a face value of NT100 thousand. The bonds have a 3-year term and a coupon rate of 0%. The total issuance amount is NT$ 400,000 thousand. The issuance price is set at 105.16% of the face value, and the actual amount raised is NT$ 420,630 thousand.

(4) Project Items and Planned Funding Utilization Progress:

Unit: NT$ thousand

Item	Expected ompletion date	Total funding required	Scheduled fund utilization progress											
			2022				2023				2024			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
R&D Denosumab	2024 4Q	379,178	9,725	28,105	37,633	28,481	42,930	49,079	20,000	82,500	36,200	17,220	18,250	9,055
Strengthening Working Capital	2023 4Q	144,952	-	-	25,977	23,920	24,434	25,212	24,180	21,229	-	-	-	-
Total		524,130	9,725	28,105	63,610	52,401	67,364	74,291	44,180	103,729	36,200	17,220	18,250	9,055

(5) Expected Benefits:

The total amount of funds allocated for this project by the company is expected to be NT$ 524,130 thousand, primarily for research and development expenses (Denosumab) and strengthening of working capital. The anticipated benefits are outlined as follows:

A.Research and Development Expenses for Denosumab:

For the current project, an estimated NT$ 379,178 thousand will be allocated for the research and development of the biosimilar drug Denosumab for osteoporosis. The research plan includes expenses for preclinical, Phase I, and Phase III clinical trials, as well as testing for mass production of raw materials. The company has already signed a cooperation agreement with MITSUBISHI GAS CHEMICAL COMPANY, INC. on July 12, 2021, to jointly invest and develop the biosimilar drug for osteoporosis. Preclinical trial preparations for the drug have been initiated in the second half of 2021. Additionally, there are ongoing negotiations with pharmaceutical companies in Japan for potential licensing of this technology. It is expected that licensing revenue will be recognized starting from 2023 and will accumulate to NT$ 402,346 thousand by the end of 2020.

B. Strengthening of Working Capital:

For this project, an estimated NT$ 144,952 will be allocated for strengthening working capital. This is primarily to meet operational requirements. If we consider the borrowing interest rate negotiated by the company with financial institutions to be approximately 1.5%, it is estimated that in the fiscal year 111, an interest expense reduction of approximately NT$ 1,087 thousand can be achieved (NT$ 144,952 thousand × 1.5% × 6/12). In the following years, it is estimated that the interest expense can be reduced by approximately NT$ 2,174 thousand annually. This will reduce dependence on bank borrowings, increase flexibility in capital management, lower financial risks, and contribute to the overall operational development and competitiveness of the company.

2. Execution Condition

Unit: NT$ thousand

Planning Project	Execution Condition		As of the first quarter of 2023	Reasons for being ahead or behind schedule and improvement plans
R&D for Denosumab	Disbursement amount	Planned	146,874	Currently, the preparations for the Phase I clinical trial are progressing according to the experimental schedule. However, due to discussions with Mitsubishi Gas Company of Japan, the decision was made to change the formulation filling method and switch suppliers. Additionally, some tests will now be conducted in-house by our company. As a result, there is a slight delay in the progress compared to the original plan, which has led to a lag in the utilization of funds.
		Actual	38,930	
	Execution Progress	Planned	38.73%	
		Actual	10.27%	
Strengthening Working Capital	Disbursement amount	Planned	74,331	Execute the project according to the original plan and schedule.
		Actual	74,331	
	Execution Progress	Planned	51.28%	
		Actual	51.28%	
Total	Disbursement amount	Planned	221,205	
		Actual	113,261	
	Execution Progress	Planned	42.20%	
		Actual	21.61%	

The company's 2022 first capital increase in cash and issuance of new shares, as well as the third domestically secured convertible corporate bonds, have been approved and documented by the Financial Supervisory Commission on May 31, 2022, with the approval letters numbered 1110342115 and 11103421151, respectively. The utilization of funds for research and development expenses of Denosumab and strengthening of working capital is described as follows:

(1) Research and Development Expenditure for Denosumab

As of the first quarter of 2023, the projected expenditure for Denosumab research and development by our company was expected to be NT$ 146,874 thousand. However, the actual expenditure amounted to 38,930 million NT dollars, indicating an actual execution progress of 10.27%. This is a deviation of 38.73% from the planned progress, mainly due to changes in formulation filling methods and supplier replacements. Additionally, some tests were conducted in-house by the company, leading to a slightly delayed R&D progress compared to the original plan. Consequently, the utilization of funds lagged behind. The company will proceed with various clinical trials based on the actual experimental plans.

(2) Strengthening Working Capital

The main purpose is to cover expenses such as salaries, commissioned research fees, R&D consumables, and laboratory equipment. As of the first quarter of 2023, the actual amount of working capital strengthened by the company was NT$ 74,331 thousand. The utilization of funds for strengthening working capital has been completed according to the planned progress, without any significant abnormalities.

V. Operational Overview

1. Business Scope

(1) Scope of Operations

1. Main business activities of the company: The company's operations mainly consist of two business segments:
   - Development of proprietary products: Anti- cancer drugs, antibody biosimilars, GlycoSH antibody licensing.
   - Customer services: Antibody drug development services.
2. Revenue Composition

Unit: NTD (thousands); %

Year / Item	2021		2022	
	Amount	Revenue Composition	Amount	Revenue Composition
Customer services	5,475	100.00%	30,085	100.00%
Total	5,475	100.00%	30,085	100.00%

3. Current Products:
   - GNX102 (Anti-cancer drug)
   - SPD (Biosimilar)
   - SEA (Biosimilar)
   - Antibody drug development services
4. New Products (Services) in development:

   A. Novel Antibody Development
   - Pro-antibody
   - Antibody Drug Conjugate

   B. Establishment and Licensing of anti-glycan antibody Library.

(2) Industry Overview

1. Current Status and Development of the Industry

The global biopharmaceutical industry has undergone significant shifts in recent years due to the COVID-19 pandemic. However, cancer remains a major focus in the industry, ranking third globally as a leading cause of death, following cardiovascular and infectious diseases. The global oncology drug market reached $1.35 trillion in 2020, and it is projected to reach $2.74 trillion by 2030. The introduction of immunotherapy has led to the development of numerous novel drugs, such as immune checkpoint inhibitors, antibody-drug conjugates, CAR-T therapies, and other targeted therapies, opening up limitless possibilities in cancer treatment. Pharmaceutical companies worldwide are actively searching for effective antibody targets to develop new drugs.

Antibody drugs continue to be one of the main drivers in the development of new pharmaceuticals. They are extensively used in the field of cancer treatment and show potential in other disease areas such as autoimmune diseases, macular degeneration, and osteoporosis. However, the industry has recognized certain limitations that impede antibody drug development. To overcome these challenges and expand the applications of antibodies, various technologies are being rapidly developed. Among them, antibody-drug conjugates (ADCs) have emerged as a mature technology, combining specific antibodies, cytotoxic drugs, and linkers to enhance the therapeutic efficacy of antibodies and meet the demands of cancer treatment. As of March 2022, the U.S. FDA has approved 12 ADC drugs, and the global ADC market is expected to reach $9.3 billion by 2027, with a compound annual growth rate of 13.7% from 2022 to 2027.

In addition to ADC technology, there has been significant progress in the development of pro-antibody technologies, which enhance the selectivity of antibodies towards target sites. Novel antibody drugs such as ADCs, bispecific antibodies, and immune modulating antibodies have become mainstream in clinical practice. However, these drugs often exhibit high toxicity and potential side effects. To address this, pro-antibody strategies have emerged, leveraging the overexpression of proteases in diseased areas to selectively kill tumor cells without harming normal tissues, thereby increasing the safety of the drugs. Pro-antibody drugs provide patients with more options and safer treatment choices, potentially revolutionizing the development of antibody-based therapeutics.

Furthermore, according to estimates by MarketsandMarkets, the global biosimilars market is expected to reach $35.6 billion by 2025, with a compound annual growth rate of 24.6%. Biosimilars are priced lower than their reference biologics, offering significant cost savings in healthcare expenditure and alleviating the financial burden on governments and patients' families, providing an alternative treatment option for patients.

2. Interconnectivity in the Industry Value Chain

The company primarily focuses on antibody drug development, covering a wide range of activities from antibody screening to process development. It operates in the early stage of the entire new drug development industry value chain. Currently, numerous pharmaceutical companies are actively seeking early-stage seed targets for in-licensing to continue clinical development. They aim to identify the potential early-stage targets and design strategies for clinical development to enhance the success rate. Consequently, GlycoNex's pipeline includes GNX201 in the preclinical stage and GNX102 in the Phase I clinical trial, both of which have garnered attention from multiple pharmaceutical companies for potential collaboration or licensing opportunities.

3. Development Trends and Competitive Landscape of the Products

A.Development Trends of the Products

The biotechnology industry has gained significant global attention. Since the FDA's approval of the first monoclonal antibody drug in 1986, a total of 79 antibody-based drugs, including 30 monoclonal antibody drugs for cancer treatment, have been granted FDA approval for commercialization as of 2019. Global Market Insights Inc. estimates that the global antibody drugs market will reach $44.5 billion by 2028. Concurrently, governments worldwide are actively prioritizing the development of biosimilar drugs to enhance healthcare accessibility and reduce medical costs.

B. Competitive Landscape of the Products

Competition in the market for glycan-targeting antibody drugs is gradually intensifying, with an increasing number of pharmaceutical companies investing in research and development in this field. Notably, biotechnology companies like GlycoNex, with their extensive expertise, are actively involved in the development of a series of new drugs.

The competitive landscape for ADC drug development utilizing glycan-targeting antibodies is constantly evolving. Glycan-targeting antibodies specifically target certain carbohydrate structures, enhancing the anti-tumor effects of ADC drugs.

Key characteristics of market competition in ADC drug development include:

(1) Technological leaders possess advanced glycan structure recognition and binding technologies, along with years of research experience and patent protection, enabling them to provide high-quality and highly efficient glycan-targeting antibodies as components for ADC drugs.

(2) As the market potential expands, an increasing number of companies are entering the competition to develop ADC drugs using glycan-targeting antibodies. These competitors possess different technological platforms and research strategies, focusing

on developing unique glycan-targeting antibodies to address the therapeutic needs of specific tumor types or carbohydrate structures.

Therefore, in this field, partnerships and collaborations play an important role. GlycoNex's strategy involves collaborating with academic research institutions or other pharmaceutical companies to share technologies and resources, accelerating the development and commercialization of ADC drugs with broad application potential.

In such a fiercely competitive market environment, companies need to possess advanced technological platforms, extensive research and development experience, and strong collaborative abilities to gain a competitive edge in the development of ADC drugs using glycan-targeting antibodies. Additionally, continuous innovation and ongoing improvement in product quality and efficacy will help attract partners and meet market demands, enabling companies to stand out in the highly competitive market.

(3) Overview of Technology and Development

1. Technological Level of Business Operations Our company possesses a leading technological advantage in the development of glycan monoclonal antibodies and has established a key technology platform that covers antibody optimization to large-scale production. This allows us to have complete control over antibody drug development and incorporate suitable new technologies based on antibody characteristics, making our new drug products more competitive.

Key technologies of GlycoNex include glycan antigen analysis, antibody development and optimization, high-yield production cell line development, process development for large-scale antibody production, antibody characterization and quality control technology development and validation, evaluation of antibody pharmacological mechanisms, biosimilar drug development, antibody drug pharmacokinetic analysis, and pro-antibody technology.

To stay at the forefront of the global industry, our company updates specific key technologies annually, including production cell line manufacturing technology, antibody glycosylation modification technology, and various analytical technologies. Since 2020, we have actively introduced pro-antibody technology for the development of novel antibody drugs, which has overcome development bottlenecks for numerous antibodies and expanded the application of our existing antibody library.

Starting from 2021, our company has planned the development of antibody-drug conjugates (ADC) and evaluated the main technologies currently adopted in the field while selecting suitable partners for collaboration.

2. Research Development Overview

A. Antibody Drug Development

- GNX102: This is a monoclonal antibody drug targeting complex glycan antigens. Based on experimental investigations, these glycan antigens have been found to occur in 13 types of solid tumors. Therefore, the ongoing Phase I clinical trial focuses on enrolling patients with these 13 types of solid tumors, with completion expected in 2023. GNX102 has demonstrated significant tumor growth inhibition in gastric cancer and colorectal cancer at very low doses in earlier animal experiments, showing great therapeutic potential. Apart from the ongoing clinical trial, GlycoNex has recently initiated the development of a precision medicine strategy for GNX102. This strategy involves leveraging advanced domestic and international technological platforms and conducting large-scale human tumor sample analysis using next-generation gene sequencing to comprehensively understand the interaction patterns between GNX102 and colorectal cancer and gastric cancer cells. The goal is to identify key molecules and important pathways that GNX102 effectively targets to inhibit tumors. Such precision medicine development for GNX102 is expected to be significantly beneficial in clinical practice. GNX102 has already obtained patents in the United States and South Korea, with 11 other patents pending. To evaluate therapeutic efficacy early and effectively identify target populations suitable for GNX102, efficacy assessments were conducted using PDX models in 2022. The results of this trial hold promising significance as indicators, and further analysis of the PDX model data will be performed in 2023, aiming to identify patients who respond effectively to GNX102.

- GNX-201: This is a pro-antibody drug designed to enhance the specificity of antibodies for tumors and combine with ADC technology to strengthen drug efficacy. The aim is to develop an effective and safe pro-antibody drug complex, thereby increasing the success rate of clinical drug development. Currently in the preclinical trial stage, an IND application is expected in 2025.
- GNX202: This is a novel antibody drug developed using pro-antibody technology to enhance the specificity of the antibody at the tumor site. Currently in the preclinical trial stage.

B. Biosimilar

SPD: SPD is a biosimilar of Denosumab developed jointly with Mitsubishi Gas Chemical in Japan for the treatment of osteoporosis. It has obtained approval from the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) to conduct Phase I clinical trials. The trial will recruit postmenopausal healthy women for pharmacokinetic and safety evaluations using a double-blind design with comparison to the reference product. Manufacturing and supply for the Japanese market will be conducted in Japan.

C. Collaborative Partner in Antibody development

GlycoNex has established a comprehensive technical platform for antibody drug development and actively evaluates suitable collaboration partners for the development of novel antibody drugs. We are also planning to provide Phase I clinical drugs through a newly established GMP-compliant production facility.

With excellent antibody production technology and a complete platform for evaluating anti-cancer drugs, our technical capabilities meet European and American standards. We are capable of efficiently assessing candidate targets and accelerating the drug development timeline, reducing the risk of development failure. In comparison to European and American manufacturers, we offer cost competitiveness advantages.

3. Annual Research and Development Expenditure in the Last Five Years

Unit: NTD (thousands); %

Item \ Year	2018	2019	2020	2021	2022
R & D costs	269,642	218,911	156,991	145,007	197,407
net revenue	926	734	451	5,475	30,085
of net revenue%	29,119.01%	29,824.39%	34,809.53%	2,648.53%	656.16%

4.Technologies or Products Successfully Developed in the Last Five Years

Year	R&D Achievements
2018	●Upgrade of The Technology of Stable Cell Line Generation ●Upgrade of Antibody Structural Simulation Technology ●Improvement of Manufacturing Efficiency And Cost Optimization in Production Facilities

	●Completion of GMP Production for The Antibody Drug
2019	●Completion of US FDA IND Review for The Antibody Drug GNX102 ●Completion of Feasibility Assessment for The Novel Antibody ●Precess Dvelopment for Biosimilars (SPD And SEA) ●Optimization of Stable Cell Line
2020	●Initiation of Clinical Trials for GNX102 in the United States ●Establishment of SPD Master Cell Bank ●Completion of quality assessment for three batches SEA at 50L-scale.
2021	●Establishment of Pro-Ab Technology ●Establishment of Glycoengineered Cell Lines。
2022	●Establishment of GMP-compliant Quality Control Laboratory ●Establishment of Characterization Platform for Biosimilars

(4) Long and Short-term Business Development Plans

1. Short-term Business Development Plan

A. Continued Development of Biosimilar Drugs for Short-term Profit Generation

The company has completed the preclinical development of two biosimilar drugs. One of them is for the treatment of osteoporosis (Denosumab), and it is being developed in collaboration with Mitsubishi Gas Chemical and Cultivecs Inc. for the Japanese market. Discussions for cooperation and licensing agreements with pharmaceutical companies in Europe and the United States are also underway. The other biosimilar drug under development (Aflibercept) is among the top ten best-selling drugs. The manufacturing process for this drug has been completed, and discussions regarding licensing conditions with pharmaceutical companies are in progress. It is expected that licensing royalties or other forms of profit will be obtained upon completion.

B. Expansion of Technical Services Market Utilizing Established Platforms

The company utilizes the platforms established for the development of novel antibody drugs and its unique technologies to provide customized services to domestic and international clients. By offering professional assessments and tailored solutions, the company aims to provide products and services that best meet the specific needs of its customers

2. Long-term Business Development Plan

A. Expansion of Existing Business

The company aims to further utilize its diverse library of monoclonal antibodies targeting various indications. In addition to promoting established business activities, systematic testing and evaluation will be conducted to enhance the value of the antibody library. Collaborations with companies or research institutions possessing novel technology platforms will be pursued to jointly develop therapeutic or diagnostic products.

B. Development of New Business

The company has initiated Phase I clinical trials for GNX102 in the United States and commenced clinical trials in Taiwan in 2022. Simultaneously, active discussions for licensing and joint development projects with global pharmaceutical companies are underway. Furthermore, by leveraging the existing antibody drug development platform and antibody library, the company aims to explore new fields such as next-generation antibodies and cell therapy, developing effective anti-cancer drugs and expanding into the global arena of new drug development.

2.Overview of Market and Production/Sales

(1) Market Analysis

1. Sales Regions for Main Products/Services

Unit: NTD (thousands); %

Item \ Year	2021		2022	
	金額	%	金額	%
Domestic sales	2,352	42.96	468	1.55
Export - Asia	3,123	57.04	29,617	98.45
Total	5,475	100.00	30,085	100.00

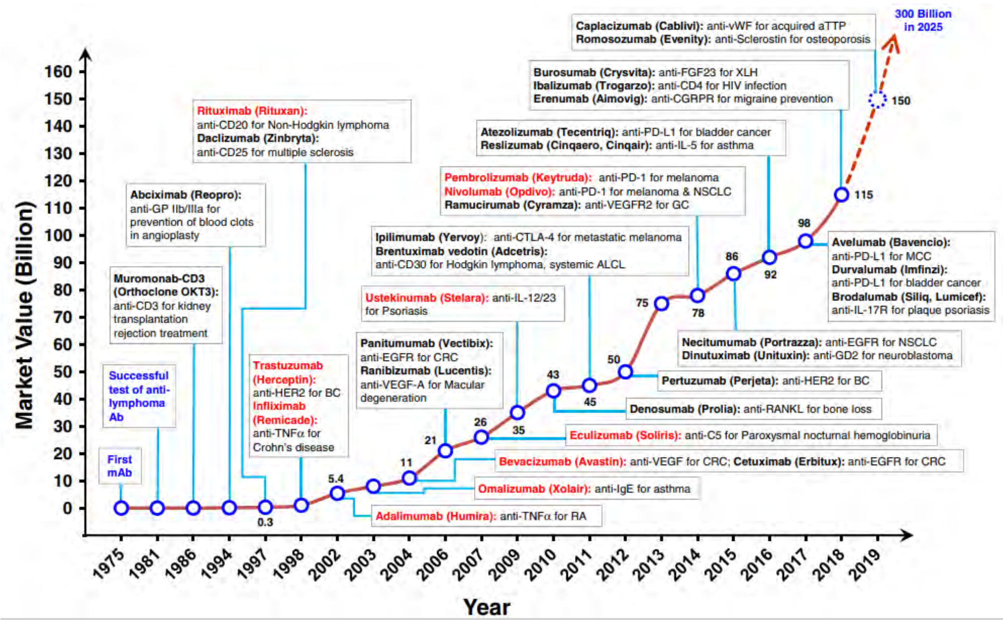
2. Market Share

The global monoclonal antibody market reached a value of $150 billion in 2019, and with ongoing advancements in the research and development of new antibodies, it is expected to continue growing rapidly. Continuous development of effective and usable antibodies will be the primary driving force for the company's business growth in the future. Currently, the market for licensed antibody targets and mid-stage antibody development services, in which the company specializes, is relatively closed. It is challenging to obtain sales statistics until the products are approved for commercial production and market launch. However, the company has successfully signed strategic alliances and cooperation agreements with Japan's Mitsubishi Gas Chemical and other international manufacturers, indicating a commitment to ongoing external technology licensing and contract service businesses. With continuous upgrading of research and development technologies, the company aims to establish a significant presence in the future pharmaceutical market.

3. Future Market Supply and Demand Situation

According to a survey, the global pharmaceutical market achieved sales of $1.13 trillion in 2017. Factors such as increasing usage of medications for cancer, cardiovascular diseases, mental disorders, and the continuous growth of the elderly population are expected to contribute to the market's growth. Based on estimates by IQVIA, the market is projected to experience a compound annual growth rate (CAGR) of 3% to 6% over the next five years, reaching $1.6 trillion by 2025.

Specifically in the monoclonal antibody market, based on statistics and projections, the cancer drug market reached $150 billion in 2019. It is anticipated that by 2025, it will reach $300 billion.



Regardless of the cancer drug market or the antibody market, significant development and growth are expected in the future. Particularly, monoclonal antibodies have become a mainstream therapeutic option. With the current antibody technology, they not only expedite drug development but also reduce side effects, lower manufacturing costs, and improve efficacy.

However, monoclonal antibodies come with a high price tag, and their accessibility is positively correlated with the economic capacity of countries and individuals. Currently, the market is highly concentrated in advanced countries such as the United States, Japan, and Western Europe. It is anticipated that in emerging markets with increasing economic strength and healthcare expenditure, including China, India, Brazil, Russia, and Mexico, the growth rate will gradually surpass that of developed countries, leading to a new wave of demand for monoclonal antibody drugs.

With the unmet medical needs in an aging population, tumors, and cancer, there are significant business opportunities for monoclonal antibody drugs. According to the 2020 ranking of the top five bestselling biologic drugs globally, four of them are monoclonal antibodies used in cancer treatment. This highlights the importance of monoclonal antibody drugs in the future cancer market.

4. Competitive Advantages

A. Overall Perspective:

(a) Technical Team Composition To ensure comprehensive and competent research and development, our technical team consists of professionals and consultants from various specialized fields. This enables us to oversee antibody development, production, various analytical methods establishment, and clinical trials efficiently and effectively.

(b) Advantage of International Collaboration GlycoLink possesses over 50 monoclonal antibodies capable of recognizing various glycan antigen structures. Given the current demand for novel targets and corresponding antibodies in various immunotherapy-related treatments, we have publicly disclosed antibodies that have undergone characterization. We are actively seeking global companies with mature immunotherapy platforms for licensing or co-development opportunities to commercialize antibodies with potential. This initiative has already reached preliminary cooperation agreements with biotech companies both domestically and internationally, and we aim to expand our partnerships to more potential collaborators in the coming year.

(c) Strong Government Support and Promotion The biotechnology industry is considered a star industry of the 21st century, and as such, it has been a key focus of government support and promotion in recent years.

B. Technology:

The monoclonal antibody drugs developed by GlycoNex are highly regarded in the biotechnology industry. Monoclonal antibody drugs offer targeted therapy and have the advantage of low side effects, making them a focus of investment and research and development efforts by biopharmaceutical companies worldwide. Our company possesses cutting-edge technology and advantages in the development of antibody drugs:

(a) Comprehensive Monoclonal Antibody Platform Technology:

GlycoNes has established a complete platform technology for the development of monoclonal antibody drugs, enabling us to fully understand and address key issues at each stage of development. We have the capability to resolve the following:

▓Glycan Antigen Structure Analysis Technology Platform
▓Humanized/Full Human Monoclonal Antibody Preparation Technology
▓Antibody Drug Purification Technology
▓Antibody Drug Glycan Modification Technology
▓Novel Antibody Chromatography Technology Platform
▓Serum-free Culture Medium Formulation Technology
▓High-Efficiency Production Cell Line Screening Technology Platform
▓Bioreactor Production Technology for Antibody Drugs
▓Antibody Drug Quality Control Testing Technology
▓In vitro/In vivo Evaluation Technology Platform for Monoclonal Antibodies

(b) Exclusive Technology for Developing Antibodies Targeting Glycan Antigens

Aberrant glycan antigens are commonly found on the surface of cancer cells and are rarely present on normal cells. Therefore, they represent an excellent direction for the development of antibody therapeutics. However, the use of glycans to induce an immune response requires specialized and unique techniques, making it challenging for most companies, both domestically and internationally, to pursue. Our company possesses an exclusive technology platform for inducing immune responses to glycan antigens, which has been successfully established. Furthermore, we have obtained patents for specific glycan antigens, providing us with a competitive advantage in this field.

Capitalizing on these strengths, we have developed a series of antibodies targeting glycan antigens. We have successfully licensed one of our monoclonal antibody drug candidates targeting glycan antigens to a leading international pharmaceutical company in Japan through a licensing agreement. Subsequently, other monoclonal antibody candidates will undergo animal testing and human clinical trials, and we are actively engaging in discussions with international pharmaceutical companies regarding potential licensing opportunities.

(c) High-Efficiency Target Evaluation Technology

Significant human resources and resources are required for the regulatory approval and clinical trials of new drugs. Therefore, being able to confirm the efficacy of drug targets before proceeding with formal development can greatly increase the chances of success and reduce risks. GlycoNex has established various technological platforms in this area, including pathology staining for various types of cancer drugs, in vitro experiments, in vivo efficacy studies in animal models, drug activity testing, drug metabolism, and pharmacological experiments, among others. These platforms enable rapid and accurate evaluation of new antibody targets.

(d) High-Productivity Cell Culture Technology

Cell productivity plays a crucial role when research and development efforts transition into regulatory approval and large-scale production stages. Even if antibodies demonstrate excellent effectiveness, poor cell productivity can result in high production costs and delayed production timelines. Through years of dedication and research, our company has established a high-productivity cell culture environment in bioreactors and developed a specialized pilot-scale production facility. Currently, our production capacity reaches international standards of > 6g/liter.

5. Factors and Strategies for Development Prospects

A. Favorable Factors:

(a) High technical barriers for the development of monoclonal antibodies and protein drugs, making it difficult for general companies to enter. Additionally, there are few biotech companies focusing on glycan antigen research and development, indicating high industry uniqueness and low competition.

(b) Frequent international licensing and collaborative partnerships in biotechnology, providing vast market opportunities and profit potential.

(c) Continuous innovation in biopharmaceutical-related technologies, with a large and rapidly growing market, offering high profitability and growth potential.

(d) Government recognition of the biotechnology industry as a star industry of the 21st century, providing favorable industry support programs and tax incentives.

B. Challenging Factors:

(a) High research and development costs, long development timelines, significant funding requirements, and the need for advanced technical expertise in a wide range of technical fields, making it challenging to control completion time and success probability.

(b) Successful commercialization of cancer antibody drugs requires passing through various stages of clinical trials and obtaining regulatory approvals from different countries, resulting in long timelines and uncertainties in approval outcomes.

(c) Increasing industry competitiveness due to the thriving development of the biopharmaceutical industry in recent years.

(d) Industry knowledge is unique and may be less familiar to general investors, making it relatively difficult to raise operational funding.

C. Response Strategies:

(a) Apply various special and industrially valuable technologies developed during the research and development process, such as glycan antigen purification, glycan analysis, glycan antigen synthesis, monoclonal antibody manufacturing, stable antibody production cell line manufacturing, and animal model analysis. Explore multiple avenues for international cooperation and incorporate them into future development projects.

(b) Collaborate with domestic and international research institutions and biotech companies to exchange biotechnology expertise and establish partnerships. Enhance technical capabilities, expand international business, and further establish global recognition.

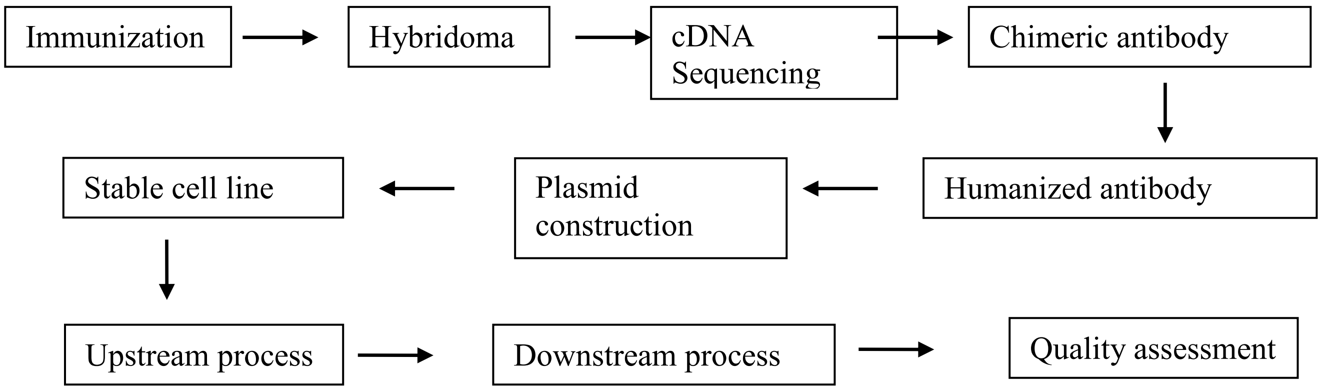
(c) Strengthen and expand new business opportunities based on existing collaborations in Japan. Actively seek suitable international major pharmaceutical companies for strategic alliances in technology licensing, target collaborations, and product development in European, American, Chinese, and Southeast Asian markets.

(2)Applications and Production Process of Major Products

1.Applications of Major Products

Product and Service	Application
Antibody Drug	Treatment of Cancer
Antibody Development Service	Provide services for therapeutic antibody development
Biosimilar	Treatment of Osteoporosis

2.Manufacture Process



(3) Supply Status of Major Raw Materials:

The major raw materials required for our research and production, including culture media/additives, analytical reagents, cells, and related experimental and production materials, are sourced from suppliers with whom we have established long-term and stable partnerships. We have strict control measures in place to ensure the quality and delivery schedule of these materials. It is essential for us to ensure a stable supply and sufficient inventory from our suppliers. Currently, our main suppliers have maintained a stable supply of raw materials, and we have not encountered any issues of supply interruption.

(4)List of Major Customers for the Past Two Years:

List of Major Suppliers for the Past Two Years

Unit: NT$ thousand

	2021				2022				For the period ending the previous quarter of 2023			
Item	Name	Amount	Percentage of net purchase amount for the period ending the previous quarter of 2023〔%〕	The relationship with the issuer	Name	Amount	Percentage of net purchase amount for the period ending the previous quarter of 2023〔%〕	The relationship with the issuer	Name	Amount	The percentage of the net purchase amount to the total purchase amount as of the end of the previous quarter of the current fiscal year〔%〕	The relationship with the issuer
1	Sartorius Stedim Taiwan INC.	1,577	11.61	None	Trans	2,345	10.50	None	Unimed Healthcare.INC.	374	10.97	None
2												
3												
4	Others	12,005	88.39	None	Others	19,989	89.50	None	Others	3,035	89.03	None
	Net purchase amount	13,582	100		Net purchase amount	22,334	100		Net purchase amount	3,409	100	

Note1：Provide a list of suppliers with a purchase amount and percentage of total purchases for the past two years, where the purchase amount accounts for more than 10%. However, due to contractual agreements that prohibit the disclosure of supplier names or when the transaction involves individuals who are not related parties, they may be identified by code names.

Information of major sales customers in the past two years.

Unit: NT$ thousand

	2021				2022				For the period ending the previous quarter of 2023			
Item	Name	Amount	Percentage of net purchase amount for the period ending the previous quarter of 2023〔%〕	The relationship with the issuer	Name	Amount	Percentage of net purchase amount for the period ending the previous quarter of 2023〔%〕	The relationship with the issuer	Name	Amount	The percentage of the net purchase amount to the total purchase amount as of the end of the previous quarter of the current fiscal year〔%〕	The relationship with the issuer
1	TMDU	2,548	46.54	None	TMDU	19,230	63.92	None	MGC	201	100	None
2	Tian-Lu, Zheng from Kaohsiung Medical University	1,460	26.66	None	INTAS	10,342	34.38	None				
3	PharmaEssentia Corp.	619	11.31	None								
4	Revorf	574	10.49	None								
5	Others	274	5.00	None	Others	513	1.70	None	Others			None
	Net purchase amount	5,475	100		Net purchase amount	30,085	100		Net purchase amount	201	100	

Note1：Provide a list of suppliers with a purchase amount and percentage of total purchases for the past two years, where the purchase amount accounts for more than 10%. However, due to contractual agreements that prohibit the disclosure of supplier names or when the transaction involves individuals who are not related parties, they may be identified by code names.

(5) Production Volume Table and Variance Analysis for the Past Two Years:

The main business of the company is the development and technology licensing of anti-cancer antibody targets, as well as related contract research services for carbohydrate antigens and protein drugs. As there is no fixed production schedule, it is not applicable to provide a production volume table or variance analysis.

(6) Sales Volume Table and Analysis for the Past Two Years:

Unit: piece; NT$ thousand

Year / Sales Value of Quantity / Main Products (or Department)	2021				2022			
	Domestic sales		Foreign Sales		Domestic sales		Foreign Sales	
	Quantiy	Value	Quantiy	Value	Quantiy	Value	Quantiy	Value
Service Revenue (Commissioned Services and Technology Transfer, etc.)	0	1,129	0	3,123	0	192	0	29,571
Technical Service Revenue - Antibodies	0	1,223	0	0	0	276	0	46
Total	0	2,352	0	3,123	0	468	0	29,617

Revenue Analysis: In 2021 and 2022, the main sales revenue came from technical services such as antibody preparation and monosaccharide analysis. The revenue in 2022 was higher compared to 2021, primarily due to the company receiving larger commissioned service projects. This led to an increase in technical service revenue. The company has been making continuous efforts to expand its business, which is expected to generate higher sales revenue in the future.入。

3. Number of employees, average years of service, average age, and educational distribution of employees in the past two years and as of the printing date of the annual report:

April 30, 2023

Year		2021	2022	End at April 30 as of the current fiscal year
Amount of the employee	Direct Personnel	33	38	36
	Intermediate personnel	13	12	12
	Total	46	50	48
Average Age (years old)		39.33	38.85	36.87
Average years of service		6.96	6.22	6.72
Distribution ratio of educational attainment	Doctor	6.52%	4%	4.17%
	Master	63.04%	68%	66.67%
	College or Associate Degree	28.27%	26%	27.08%
	Senior High School	2.17%	2%	2.08%
	Below Senior High School	0%	0%	0%

4.. Environmental Expenditure Information:

(1) Explanation of the application, payment, or establishment of the following requirements as stipulated by laws and regulations regarding the need to apply for pollution facility installation permits, pollution emission permits, payment of pollution prevention and control fees, or the establishment of dedicated personnel for environmental protection: Not applicable.

1. The nature of the company's products does not cause environmental pollution that requires such permits, fees, or personnel.
2. The company's processes do not generate significant pollution, therefore there is no need for permits for installation or emissions, payment of pollution control fees, or the establishment of dedicated environmental protection personnel.

(2) Regarding investments in major equipment for environmental pollution prevention and their purposes and potential benefits: Not applicable.

(3) In the past two years and up to the date of this annual report, the company has been involved in any incidents of pollution disputes related to the improvement of environmental pollution, and there are instances to disclose regarding the handling of such matters: None.

(4) In the past two years and up to the date of this annual report, the company has incurred any losses due to environmental pollution. This includes remuneration and violations of environmental protection regulations. There are penalties, violation dates, violation provisions, violation details, or disclosed estimates of current or future losses and corresponding measures: None.

(5) There are significant environmental capital expenditures related to the current pollution status, its improvement, its impact on the company's earnings, competitive position, or capital expenditure in the next two years: None

(6) Work Environment and Employee Safety Measures:

The company conducts regular inspections, maintenance, and upkeep of all work equipment. Fire drills and joint training for hazardous substance disaster prevention are held annually. In addition to these measures, the company strengthens workplace environmental safety, fire safety, and employee health management to ensure employee safety.

1. Workplace Environmental Safety: The company has implemented a security system and access control measures. Employees are required to swipe their cards for entry, and visitors are required to register and be accompanied by employees throughout their visit.
2. Fire Safety: The company has installed fire safety systems, alarm systems, and self-defense firefighting teams. Regular maintenance of fire equipment is conducted annually. Fire safety awareness and joint training for hazardous substance disaster prevention are conducted every six months, including CPR training for employees.
3. Employee Health Management: The company organizes labor safety and health education training every six months and conducts general health check-ups every two years.

5. Labor Relations:

(1) Employee welfare measures, training and development, retirement systems, and the implementation status of agreements and employee rights protection measures:

1. Employee welfare measures and their implementation status:

(1) Salary system:

Based on the overall company's performance and taking into account individual employee performance and external salary levels, appropriate salary adjustments are made annually.

(2) Insurance system:

All employees are required to participate in labor insurance and national health insurance according to legal regulations. The company also provides group insurance and travel safety insurance to ensure comprehensive coverage for employees.

(3) Retirement pension system:

The company has established employee retirement regulations in accordance with the Labor Standards Act. Monthly contributions of 6% of the salary are allocated to individual retirement accounts at the Labor Insurance Bureau, following the new regulations. Additionally, according to the old regulations, a minimum of 2% of the salary is allocated monthly to a dedicated account for retirement reserves. The Labor Retirement Reserve Supervisory Committee meets quarterly and provides account statements for committee members and attendees to review.

(4) Bonus system:
To encourage employees to perform well in their work and align with the overall company's performance, individual annual bonuses are provided. Additional bonuses are also given during festivals.

(5) Profit-sharing system:
To motivate employees to work together to achieve company performance, a certain proportion of the profit earnings is allocated as the basis for employee profit-sharing.

(6) Attendance system:
The company adopts flexible working hours, with a standard eight-hour workday and a two-day weekend, in compliance with labor law regulations for leave.

(7) Other welfare systems:

A. Health check-ups: The company values the physical and mental health of each employee and regularly organizes health check-ups.

B. Group activities: To foster a harmonious work atmosphere, regular celebrations and subsidies for club activities are organized. A year-end banquet and lucky draw activities are also held.

C. Employee lunches: Balanced and nutritious lunches are provided with meal subsidies.

2. Training and development and their implementation status:

(1) The company periodically conducts in-house employee training courses based on actual needs to enhance employees' learning capabilities.

(2) To enable employees to acquire new knowledge and improve work efficiency, employees can apply for external training based on job requirements. Upon approval, the company provides subsidies for the training expenses.

(3) In line with the company's overall development and business needs, relevant measures are formulated to encourage employees to pursue further education and enhance professional knowledge and skills at domestic and international educational institutions.

3. Agreements and measures for safeguarding employee rights in labor-management relations:
The company has always been committed to labor-management relations. To ensure smooth two-way communication between labor and management, regular labor-management meetings are held, and an internal website platform is provided for employees to express their ideas and suggestions through various channels. Both labor and management collaborate to discuss and resolve issues, maintaining a good labor-management relationship.

(2) Losses incurred by the company due to labor disputes (including violations of labor standards based on labor inspection results), including the date of disciplinary action, disciplinary reference number, violated legal provisions, the nature of the violations, and the disciplinary measures taken. Disclose the current and estimated future amounts and corresponding measures:
The company places great importance on employee welfare and actively cultivates a harmonious work environment. In the recent two years up until the date of printing this annual report, no labor disputes have occurred, including violations of labor standards. Therefore, there is no foreseeable risk of incurring losses due to labor disputes in the future.

6. Cyber Security Management：

(1) Describe the framework for managing information and communication technology (ICT) security risks, ICT security policies, specific management plans, and resources invested in ICT security management:

1. Cyber Security Management Framework:
The Information Technology Department is responsible for coordinating and implementing information security policies. It promotes information security awareness among employees, collects and improves technical, product, or procedural aspects related to the performance and effectiveness of the organization's information security management system. The Internal Audit Department conducts annual information security audits on the internal control system for computer operations to evaluate the effectiveness of the company's information operation internal controls.

2. Cyber Security Policies:

(1) Ensure the confidentiality and integrity of information assets.

(2) Ensure data access in accordance with departmental functional requirements.
(3) Ensure the continuous operation of information systems.
(4) Prevent unauthorized modification or use of data and systems.
(5) Conduct regular audit operations to ensure the implementation of information security.

3. Specific management plans and resources invested in information security management:

Item	Specific Management Plans	Allocation of Resources for Information Security Management
Firewall Protection	1. Configure firewall connection rules. 2. Additional approval is required for special connection requirements. 3. Automatically filter websites that may be linked to Trojan viruses, ransomware, or malicious programs when users access the internet.	Hinet SOC、Fortigate Firewall
Antivirus Software	Utilize antivirus software and automatically update virus definitions to reduce the risk of virus infections.	McAfee
Endpoint Security Protection	Perform real-time analysis and block malicious intrusions, penetration attacks, ransomware, and other threats.	FortiEDR
Operating System Updates	Enable automatic updates for the operating system. In case of failure to update, the IT department will assist with the update process.	Windows 10
Data Backup Mechanism	1. Perform daily backups for important information system databases. 2. Store important files from various departments within the company on servers, and the IT department is responsible for centralized backup and preservation.	Hicloud S3(Offsite Backup)

(2)In the past two fiscal years and up to the date of this public disclosure statement, if the company has experienced any significant information security incidents resulting in losses, then the losses, potential impacts, or response measures should be reported: None.

7. The important contract:

Nature of the contract	The company	Contract signing date	Main Content	Limitation clauses
Patent Licensing	The Biomembrane Institute	September, 2001	TBI has obtained exclusive licensing rights for the GlycoNex Inc. glycated hemoglobin antigen patent.	None
Outsourcing Services	Linical Accelovance America, Inc.	December, 2019	The human clinical trial for the new drug GNX102 has been entrusted to a service provider.	None
International Cooperation	Mitsubishi Gas Chemical Co. Cultivecs Inc.	July, 2021	A collaborative development project for biosimilar drugs is underway.	None
Outsourcing Services	IDD Inc.	November, 2022	The clinical trial for biosimilar drugs has been entrusted to a service provider.	None

VI. Finicial Overview

1. Summary of the balance sheets, income statements, and the names of auditors with their audit opinions for the past five years

(1) Condensed statement of balance sheet data

1. Condensed Statement of Balance Sheet - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year		Financial data for the past five years (Note1)					Financial data as of March 31, 2023 for the current fiscal year (Note 3)
		2018	2019	2010	2021	2022	
Current asset		360,811	186,405	499,160	358,688	713,127	821,675
Property, plant and equipment (Note2)		1,131,509	1,090,989	1,054,652	1,021,936	989,919	818,060
Intangible assets		16,289	5,159	0	0	0	0
Other assets (Note2)		53,192	49,661	20,232	14,379	13,902	16,816
Total Assets		1,561,801	1,332,214	1,574,044	1,395,003	1,716,948	1,656,551
Current liabilities	Pre-distribution	19,805	21,539	25,573	27,206	44,484	40,342
	Post-distribution	19,805	21,539	25,573	27,206	44,484	40,342
Non-current liabilities		9,545	9,820	8,894	8,864	226,853	218,121
Total liabilities	Pre-distribution	29,350	31,359	34,467	36,070	271,337	258,463
	Post-distribution	29,350	31,359	34,467	36,070	271,337	258,463
Interests attributable to parent company owner		1,532,451	1,300,855	1,539,577	1,358,933	1,445,611	1,398,088
Capital		765,035	775,924	975,078	974,818	1,082,665	1,086,328
Capital reserve		1,103,837	782,240	724,073	563,634	587,473	593,437
Retained earnings	Pre-distribution	(317,218)	(251,564)	(159,996)	(172,645)	(218,700)	(277,110)
	Post-distribution	(317,218)	(251,564)	(159,996)	(172,645)	(218,700)	(277,110)
Other interests		(11,350)	(5,745)	422	(6,874)	(5,827)	(4,567)
Treasury stock		(7,853)	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Pre-distribution	1,532,451	1,300,855	1,539,577	1,358,933	1,445,611	1,398,088
	Post-distribution	1,532,451	1,300,855	1,539,577	1,358,933	1,445,611	1,398,088

Note 1: The company has prepared consolidated financial statements since 2014. The financial information for the fiscal years 2017-2021 has been audited by the company's auditors.
Note 2: The company did not perform any asset revaluations for 2017-2021.
Note 3: The financial information for the first quarter of 2023 has been reviewed by the company's auditors.
Note 4: The company incurred a net loss for 2021 and no profit distribution was made.
Note 5: The financial information for 2021 has not been subject to any self-correction or reclassification as notified by the regulatory authorities.

2. Individual Condensed Statement of Balance Sheet - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year		Financial data for the past five years（Note 1）					Financial data as of March 31, 2023 for the current fiscal year
		2018	2019	2020	2021	2022	
Cuurent Asset		339,697	165,987	478,620	338,225	692,553	Not Applicable
Property, plant and equipment（Note 2）		1,131,509	1,090,989	1,054,652	1,021,936	989,919	
Intangible assets		16,289	5,159	0	0	0	
Other Assets（Note 2）		74,306	70,055	40,772	34,842	34,476	
Total Assets		1,561,801	1,332,190	1,574,044	1,395,003	1,716,948	
Current liabilities	Pre-Destribution	19,805	21,515	25,573	27,206	44,484	
	Post-Distribution	19,805	21,515	25,573	27,206	44,484	
Non-current liabilities		9,545	9,820	8,894	8,864	226,853	
Total Liabilities	Pre-Destribution	29,350	31,335	34,467	36,070	271,337	
	Post-Distribution	29,350	31,335	34,467	36,070	271,337	
Interests attributable to parent company owner		1,532,451	1,300,855	1,539,577	1,358,933	1,445,611	
Capital		765,035	775,924	975,078	974,818	1,082,665	
Capital reserve		1,103,837	782,240	724,073	563,634	587,473	
Retained earnings	Pre-Destribution	(317,218)	(251,564)	(159,996)	(172,645)	(218,700)	
	Post-Distribution	(317,218)	(251,564)	(159,996)	(172,645)	(218,700)	
Other interests		(11,350)	(5,745)	422	(6,874)	(5,827)	
Treasury stock		(7,853)	0	0	0	0	
Non-controlling interests		0	0	0	0	0	
Total equity	Pre-Destribution	1,532,451	1,300,855	1,539,577	1,358,933	1,445,611	
	Post-Distribution	1,532,451	1,300,855	1,539,577	1,358,933	1,445,611	

Note 1: The financial information for 2017~2022 has been audited by the auditors.
Note 2: The company did not conduct any asset revaluation during 2017~2022.
Note 3: The figures for "Post-Distribution" should be filled in accordance with the resolution of the shareholders' meeting in the following year. For 2022, the company had a net loss and there was no dividend distribution.
Note 4: The financial information for 2022 has not been notified by the regulatory authority for self-correction or recompilation.

3.Individual Condensed balance sheet and statement of comprehensive income - International Financial Reporting Standards (IFRS) in our country:

＊The financial data of our company based on International Financial Reporting Standards (IFRS) is available for the past five years.

(2) Condensed Statement of Comprehensive Income Data

1. Condensed Statement of Comprehensive Income- International Financial Reporting Standards

Unit: NT$ thousand

Item \ Year	Financial data for the past five years (Note1)					Financial data as of March 31, 2023 for the current fiscal year (Note 2)
	2018	2019	2020	2021	2022	
Operating Revenue	926	734	451	5,475	30,085	201
Operating margin	478	149	125	3,461	13,967	20
Operating income	(321,581)	(269,863)	(214,119)	(194,928)	(238,641)	(63,635)
Non-operating income and expenses	3,985	23,185	52,708	22,435	18,819	5,225
Income from continuing operations before income tax	(317,596)	(246,678)	(161,411)	(172,493)	(219,822)	(58,410)
Net income of continuing business units	(316,943)	(247,227)	(162,731)	(172,493)	(219,822)	(58,410)
Loss of suspended business unit	0	0	0	0	0	
Net income(loss)	(316,943)	(247,227)	(162,731)	(172,493)	(219,822)	(58,410)
Other comprehensive income, net of tax	459	(1,516)	7,690	(5,323)	435	1,260
Total comprehensive income	(316,484)	(248,743)	(155,041)	(177,816)	(219,387)	(57,150)
Net income attributable to stockholders of the parent	(316,943)	(247,227)	(162,731)	(172,493)	(219,822)	(58,410)
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to stockholders of the parent	(316,484)	(248,743)	(155,041)	(177,816)	(219,387)	(57,150)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	(4.18)	(3.26)	(1.83)	(1.78)	(2.21)	(0.55)

＊If the company prepares separate financial statements, it should also prepare a summarized balance sheet and income statement for the latest five years for the separate financial statements.

＊If the financial data using International Financial Reporting Standards is less than five years, the financial data using the financial accounting standards of our country should be separately prepared in the table (2).

Note 1: This company first prepared consolidated financial statements in the year 2014. The financial data for the years 2017 to 2022 have been audited and signed by the auditors.

Note 2: The financial data for the first quarter of the year 2023 has been reviewed by the auditors.

Note 3: The financial data for the year 2022 of this company has not been notified by the regulatory authorities to make any self-corrections or reclassifications.

2. Individual Condensed Statement of Comprehensive Income - International Financial Reporting Standards

Unit: NT$ thousand

Item \ Year	Financial data for the past five years（Note1）					Financial data as of March 31, 2023 for the current fiscal year
	2018	2019	2020	2021	2022	
Operating Revenue	926	734	451	5,475	30,085	Not APplicable
Operating margin	478	149	125	3,461	13,967	
Operating income	(321,577)	(269,853)	(214,115)	(194,924)	(238,637)	
Non-operating income and expenses	3,981	23,116	52,723	22,431	18,815	
Income from continuing operations before income tax	(317,596)	(246,737)	(161,392)	(172,493)	(219,822)	
Net income of continuing business units	(316,943)	(247,227)	(162,731)	(172,493)	(219,822)	
Loss of suspended business unit	0	0	0	0	0	
Net income(loss)	(316,943)	(247,227)	(162,731)	(172,493)	(219,822)	
Other comprehensive income, net of tax	459	(1,516)	7,690	(5,323)	435	
Total comprehensive income	(316,484)	(248,743)	(155,041)	(177,816)	(219,387)	
Net income attributable to stockholders of the parent	(316,943)	(247,227)	(162,731)	(172,493)	(219,822)	
Net income attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to stockholders of the parent	(316,484)	(248,743)	(155,041)	(177,816)	(219,387)	
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	
Earnings per share	(4.18)	(3.26)	(1.83)	(1.78)	(2.21)	

＊If the company prepares separate financial statements, it should also prepare a summarized balance sheet and income statement for the latest five years for the separate financial statements.

＊If the financial data using International Financial Reporting Standards is less than five years, the financial data using the financial accounting standards of our country should be separately prepared in table (2).

Note 1: The financial information for 2017 to 2022 has been audited and certified by the accountants.

Note 2: Regarding the financial information for 2022 the company has not been notified by the regulatory authorities for any necessary self-correction or restatement.

3. Individual condensed statement of comprehensive income - Financial Accounting Standards in our country:

＊The financial data of the company, prepared in accordance with International Financial Reporting Standards, covers a period of five years.

（3）Names of the CPAs and audit opinions for the past five years

1. Names of the CPAs and audit opinions for the past five years:

Year	Name of the accounting firm	Name of the CPA	Audit opinion
2017	PwC Taiwan	Sheng-Wei, Deng Shu-Fen, You	Unqualified opinion
2028	PwC Taiwan	Sheng-Wei, Deng Shu-Fen, You	Unqualified opinion
2019	PwC Taiwan	Sheng-Wei, Deng Shu-Fen, You	Unqualified opinion
2020	PwC Taiwan	Sheng-Wei, Deng Shu-Fen, You	Unqualified opinion
2021	PwC Taiwan	Sheng-Wei, Deng Shu-Fen, You	Unqualified opinion

2. Explanation from the company, previous auditor, and successor auditor regarding the change of auditors in the past five years:

(1) Explanation from the company: There has been no change of auditors in the past five years.

(2) In 2020, there was a change of signing auditor due to an internal rotation within the PwC Taiwan.

2. Financial Analysis and Reasons for Changes for the Most Recent Five Years

(1) Financial Analysis of Consolidated Financial Statements - International Financial Reporting Standards (IFRS)

Item (Note 3) \ Fiscal Year (Note 1)		Financial Information for the most recent five years (Note1)					As of date of March 31, 2023 of the current fiscal year (Note)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to asset ratio	1.88	2.35	2.19	2.59	15.80	15.60
	Ratio of long-term capital to property, plant and equipment	136.28	120.14	146.82	133.84	168.95	197.57
Debt Repayment Ability %	Current ratio	1,821.82	865.43	1,951.90	1,318.42	1,603.11	2,036.77
	Quick ratio	1,756.83	839.38	1,874.63	1,224.08	1,536.15	1,974.20
	Times interest earned	(6,351,820.00)	(4,933,460.00)	(6,421.66)	NA	(4,944.10)	(3,931.06)
Operating capacity	Accounts receivables turnover (times)	8.12	52.43	56.38	29.92	151.94	8.74
	Average collection days	44.95	6.96	6.47	12.20	2.40	41.76
	Inventory turnover(times)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Accounts playable turnover (times)	3.08	3.51	1.61	8.48	52.24	0.55
	Average days in slaes	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Property, plant and equipment turnover(times)	0	0	0	0.01	0.03	0
	Total asset turnover(times)	0	0	0	0	0.02	0
Profitability	Return on total assets (%)	(18.49)	(17.09)	(11.20)	(11.62)	(14.13)	(13.85)
	Return on equity (%)	(18.79)	(17.45)	(11.46)	(11.90)	(15.68)	(16.43)
	Ratio of income before taz to paid-in capital (%)(Note 7)	(41.51)	(32.39)	(16.55)	(17.69)	(20.53)	(21.58)
	Net profit rate (%)	(34,227.11)	(33,682.15)	(36,082.26)	(3,150.56)	(730.67)	(29,059.70)
	Earing per share (NT$)	(4.18)	(3.26)	(1.83)	(1.78)	(2.21)	(0.55)
Cash Flow	Cash flow ratio (%)	Note	Note	Note	Note	Note	Note
	Cash flow adequacy ratio (%)	Note	Note	Note	Note	Note	Note
	Cash reinvestment ratio (%)	Note	Note	Note	Note	Note	Note
Leverage	Operating leverage	0.61	0.56	0.45	0.49	0.55	0.62
	Financial leverage	1.00	1.00	0.99	1.00	1.02	1.02

1. Financial Structure: The company's total liabilities increased by NT$ 235,267 thousand in 2022 compared to 2021, resulting in a higher debt-to-assets ratio than in 2021.
2. Debt Repayment Ability: The company's current assets increased by NT$ 354,439 thousand in 2022 compared to 2021, leading to a higher current ratio and quick ratio than in 2021.
3. Operating Capability: The company is currently in the research and development stage for new drugs, and its main source of revenue is service income. The accounts receivable turnover ratio in 2022 was 151.94 times, and the accounts payable turnover ratio was 52.24 times.
4. Profitability: The company's return on assets for 2022 and 2021 was -14.13% and -11.62% respectively. The return on equity for the same periods was -15.68% and -11.90% respectively. The ratio of pre-tax net income to paid-in capital was -20.53% in 2022 and -17.69% in2021. The net profit margin was -730.67% in 2022 and -3,150.56% in 2021. The earnings per share (NTD) were -2.21 and -1.78 respectively.
5.Cash Flow: As the company is in the research and development stage for new drugs, the net cash flow generated from operating activities was negative.

Note: Since the net cash flow generated from operating activities was negative, it is not considered in the calculations.

Note 1: The company started preparing consolidated financial statements from the 2014 onwards. The financial data for 2017 to 2022 have been audited and certified by the auditors.

Note 2: The financial data for the first quarter of 2023 has been reviewed by the auditors.

（2）Individual Financial Analysis - International Financial Reporting Standards (IFRS)

Item for Analysis（Note 3）/ Fiscal Year（Note 1）		Financial Information for the most recent five years: 2018	2019	2020	2021	2022	As of date of March 31, 2023 of the current fiscal year
Financial structure（%）	Debt to asset ratio	1.88	2.35	2.19	2.59	15.80	Not APplicable
	Ratio of long-term capital to property, plant and equipment	136.28	120.14	146.82	133.84	168.95	
Debt Repayment Ability %	Current ratio	1,715.21	771.49	1,871.58	1,243.20	1,556.86	
	Quick ratio	1,650.22	745.41	1,794.31	1,148.86	1,489.90	
	Times interest earned	(6,351,820.00)	(4,934,640.00)	(6,420.89)	NA	(4,944.10)	
Operating capacity	Accounts receivables turnover（times）	8.12	52.43	56.38	29.92	151.94	
	Average collection days	44.95	6.96	6.47	12.20	2.40	
	Inventory turnover(times)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
	Accounts playable turnover (times)	3.08	3.51	1.61	8.48	52.24	
	Average days in slaes	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
	Property, plant and equipment turnover(times)	0	0	0	0.01	0.03	
	Total asset turnover(times)	0	0	0	0	0.02	
Profitability	Return on total assets (%)	(18.49)	(17.09)	(11.20)	(11.62)	(14.13)	
	Return on equity（%）	(18.79)	(17.45)	(11.46)	(11.90)	(15.68)	
	Ratio of income before taz to paid-in capital (%)(Note 7)	(41.51)	(32.40)	(16.55)	(17.69)	(20.53)	
	Net profit rate (%)	(34,227.11)	(33,682.15)	(36,082.26)	(3,150.56)	(730.67)	
	Earing per share（NT$）	(4.18)	(3.26)	(1.83)	(1.78)	(2.21)	
Cash Flow	Cash flow ratio（%）	Note	Note	Note	Note	Note	
	Cash flow adequacy ratio（%）	Note	Note	Note	Note	Note	
	Cash reinvestment ratio（%）	Note	Note	Note	Note	Note	
Leverage	Operating leverage	0.61	0.56	0.45	0.49	0.55	
	Financial leverage	1.00	1.00	0.99	1.00	1.02	

1. Financial Structure: The company's total liabilities increased by 235,267 thousand units in 2022 compared to 2021, resulting in a higher debt-to-asset ratio than in 2021.
2. Debt Servicing Ability: The company's current assets increased by 354,328 thousand units in 2022 compared to 2021, resulting in higher current ratio and quick ratio than in 2021.
3. Operating Capability: The company's new drug is still in the research and development stage, and the main source of income is service revenue. The accounts receivable turnover ratio and accounts payable turnover ratio for 2022 were 151.94 times and 52.24 times, respectively.
4. Profitability: The company's return on assets for 2022 and 2021 were -14.13% and -11.62%, respectively. The return on equity was -15.68% for 111 and -11.90% for 110. The ratio of pre-tax net income to paid-up capital was -20.53% for 111 and -17.69% for 110. The net profit margin was -730.67% for 2022 and -3,150.56% for 2021. Earnings per share (in units) were -2.21 for 2022 and -1.78 for 2021
5. Cash Flow: As the company's new drug is still in the research and development stage, the operating activities resulted in negative net cash flow.

Note: The negative net cash flow from operating activities is not included in the calculations.

Note 1：All financial data of the company for each year has been audited and certified by an auditor.

Note 2：For companies listed or whose stocks are traded at securities firms, the financial data for the current year up to the end of the previous quarter should be included in the analysis, as of the printing date of the annual report.

Note 3：The following calculation formulas should be included at the end of this table in the annual report:

1. Financial Structure
   (1) Debt to asset ratio＝Total liabilities／Total Assets
   (2) Long term capital to property, plant and equipment ratio＝（Total equity＋Other noncurrent liabilities
   ）／ Net Property, plant and equipment。
2. Debt Servicing Ability
   (1) Current ratio＝Current Asset／Current liabilities
   (2) Quick ratio＝（Current Asset－Inventories－Prepiad Expenese）／Current liabilities
   (3) Interest coverage ratio＝Net profit before income tax and interest expense
   ／Interest expense for the period。
3. Operating Capability
   (1) Receivable turnover (Including Accounts Receivable and Notes Receivable Generated from Operations
)rate＝ Net Sales／Average Accounts Receivable (包 Including Accounts Receivable and Notes Receivable Generated from Operations)
   (2) Average cash recovery day＝365／Receivable turnover rate
   (3) Inventory turnover＝Cost of sales／Average Inventory
   (4) Receivable turnover rate (Including Accounts Receivable and Notes Receivable Generated from Operations)＝ Cost of sales／Average Accounts Payable Balance (Including Accounts Receivable and Notes Receivable Generated from Operations)。
   (5) Days sales outstanding＝365／Inventory turnover rate
   (6) Property, plant and equipment turnover rate (times)＝Net Sales／Average net property, plant, and equipment
   (7) Total asset turnover＝Net Sales／Average Total Assets
4. Profitability
   (1) Return on assets＝〔Profit or loss after-tax＋Interest expense×（１－tax percentage）〕／ Averagetotal assets
   (2) Return on equity＝Profit or loss after-tax／Average total equity
   (3) Net profit rate＝Profit or loss after-tax／Net sales
   (4)Earning per share＝（Net Income attributable to owners of the parent company－Preferred stock dividends）／Weighted average shares outstanding（Note 4）
5. Cash Flow
   (1) Cash flow ratio＝Net cash flow from operating activities／Current liabilities
   (2) Net cash flow adequacy ratio＝Net cash flow from operating activities for the past five years／The past five years (Capital expendiature＋Inventory increase＋Cash dividend)
   (3) Cash reinvestment ratio＝(Net cash flow from operating activities－Cash dividend)／(Gross amount of property, plant and equipment＋Long-term Investment＋Other noncurrent assets-other＋Working capital)。(Note 5)
6. Leverage：
   (1) Operating leverage＝(Net Sales－Variable operating costs and expenses) ／ Operating profit (Note 6)。
   (2) Financial leverage＝Operating profit ／ (Operating profit－Interest expense)。

Note 4：When measuring earnings per share using the above calculation formula, the following considerations should be taken into account:
1. Use the weighted average number of ordinary shares outstanding, rather than the year-end issued shares as the basis.
2. For cases involving cash capital increases or treasury stock transactions, the weighting should consider the duration of their circulation when calculating the weighted average shares.
3. For cases involving earnings capitalization or capital surplus capitalization, when calculating earnings per share for past years and interim periods, adjustments should be made based on the capitalization ratio, regardless of the period of issuance of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, its dividends for the current year (whether paid or not) should be deducted from or added to the post-tax net income. If the preferred stock is non-cumulative in nature, and there is post-tax net income, the preferred stock dividends should be deducted from the post-tax net income; however, if there is a loss, no adjustment is necessary.

Note 5: When conducting cash flow analysis, the following considerations should be taken into account:
1. Net cash flow from operating activities refers to the net cash inflows from operating activities as shown in the cash flow statement.
2. Capital expenditure refers to the cash outflows for capital investments made each year.
3. The increase in inventory should only be included when the ending balance exceeds the beginning balance. If inventory decreases at the end of the year, it should be considered as zero.
4. Cash dividends include cash dividends for both common and preferred stock.
5. Gross amount of property, plant, and equipment refers to the total value of property, plant, and equipment before deducting accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable categories based on their nature. If there are estimations or subjective judgments involved, their reasonableness should be considered and consistency should be maintained.

Note 7: If the company's stock is non-par value or has a per-share par value other than NT$10, the calculation of the ratios related to capital adequacy should be based on the equity attributable to owners of the parent company as shown in the balance sheet.

3. Audit Committee Review Report for the Most Recent Annual Financial Report

GlycoNex Incorporation

Audit Committee Review Report

We hereby submit the Annual Operating Report, Individual Financial Statements, Consolidated Financial Statements, and the Proposal for Appropriation of Loss for the fiscal year ended 2022 to the Board of Directors of the company. The Individual Financial Statements and Consolidated Financial Statements have been audited and certified by Ms. Yu Shu-Fen and Ms. Yen Yu-Fang, certified public accountants from KPMG, who have issued an unqualified audit report. The aforementioned Operating Report, Individual Financial Statements, Consolidated Financial Statements, and Proposal for Appropriation of Loss have been reviewed by the Audit Committee and found to be in compliance. In accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, we hereby present this report for your review.

This Report is for:

The Shareholders of 2023 Annual General Meeting of GlycoNex Incorporation

Covener of the Audit Committee: Ling-Jun, Cai

March 17th, 2023

4. Consolidated Financial Statements for the Most Recent Year Audited and Certified by Accountants.

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To GlycoNex Incorporation

Opinion

We have audited the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (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 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 in 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.

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

Existence and occurrence of bank deposits

Description

Refer to Notes 4(6) and (8) for accounting policies on cash and cash equivalents and financial assets at amortised cost and Notes 6(1) and (2) for account details in the consolidated financial statements.

As at December 31, 2022, the balances of cash and cash equivalents and financial assets at amortised cost amounted to NT$678,769 thousand, constituting 40% of consolidated total assets. As the bank deposits are high risk in nature, are material to the financial statements and the determination as to whether the bank deposits qualify as cash equivalent relies on management judgement, we considered the existence and occurrence of bank deposits a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. We sent out audit confirmations to banks and financial institutions for specific agreements and bank accounts, in order to confirm the existence, rights and obligations of the related cash and cash equivalents.
2. We checked the term of the time deposits to determine whether it meets the definition of cash equivalents.
3. For year end bank reconciliations, we compared the account balance to the general ledger, as well as the balance of the bank account to bank statements, deposit books or bank confirmations, and we checked the accuracy and reasonableness of the bank reconciliation adjustments.
4. Inspected the source documents of significant cash receipts and payments to verify whether the transactions are for business purposes.

Impairment assessment of property, plant and equipment

Description

Refer to Note 4(13) for the accounting policy on property, plant and equipment, Note 5 for uncertainty of accounting estimates and assumptions of impairment assessment and Note 6(5) for account details in the consolidated financial statements.

As at December 31, 2022, the balance of property, plant and equipment amounted to NT$989,919 thousand, constituting 57% of consolidated total assets. Management has estimated the abovementioned assets' recoverable amounts because the Company has not generated profit during the research and development stage and there is indication that the assets might have been impaired. The calculations of recoverable amounts rely on subjective judgements and thus have a greater degree of uncertainty. Given the material amount of long-term assets, we considered the impairment assessment of long-term assets a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. We obtained the evaluation form for impairment assessment from the management to examine its reasonableness.
2. We ascertained whether the fair value of property, plant and equipment was properly referenced to sources such as recent public transactions of similar real estate.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of GlycoNex Incorporation 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 audit committee, are responsible for overseeing the Group's financial reporting process.

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.

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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers, Taiwan
March 16, 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 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 auditing standards generally accepted in 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.

	ASSETS	Notes	December 31, 2022 AMOUNT		%	December 31, 2021 AMOUNT		%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	82,187	5	$	125,067	9
1136	Financial assets at amortised cost - current	6(2)		596,582	35		206,526	15
1170	Accounts receivable, net			46	-		350	-
1200	Other receivables			4,325	-		911	-
1220	Current income tax assets			199	-		168	-
1410	Prepayments	6(3)		29,478	2		25,526	2
1470	Other current assets			310	-		140	-
11XX	**Total current assets**			713,127	42		358,688	26
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(4)		13,518	1		14,205	1
1600	Property, plant and equipment	6(5) and 8		989,919	57		1,021,936	73
1900	Other non-current assets			384	-		174	-
15XX	**Total non-current assets**			1,003,821	58		1,036,315	74
1XXX	**Total assets**		$	1,716,948	100	$	1,395,003	100

(Continued)

	LIABILITIES AND EQUITY	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Current borrowings	6(7) and 8	$ 5,000	1	$ -	-
2130	Contract liabilities - current	6(18)	76	-	76	-
2150	Notes payable		900	-	900	-
2200	Other payables	6(8)	36,996	2	24,707	2
2300	Other current liabilities		1,512	-	1,523	-
21XX	**Total current liabilities**		44,484	3	27,206	2
	Non-current liabilities					
2500	Non-current financial liabilities at fair value through profit or loss	6(9)	274	-	-	-
2530	Corporate bonds payable	6(10) and 8	218,679	13	-	-
2600	Other non-current liabilities	6(11)(12)	7,900	-	8,864	1
25XX	**Total non-current liabilities**		226,853	13	8,864	1
2XXX	**Total liabilities**		271,337	16	36,070	3
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Common stock		1,070,980	62	974,818	70
3130	Certificate of entitlement to new shares from convertible bonds		11,685	1	-	-
	Capital surplus	6(15)				
3200	Capital surplus		587,473	34	563,634	40
	Accumulated deficit	6(16)				
3350	Accumulated deficit		(218,700)	(13)	(172,645)	(13)
	Other equity interest	6(17)				
3400	Other equity interest		(5,827)	-	(6,874)	-
3XXX	**Total equity**		1,445,611	84	1,358,933	97
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the reporting period	11				
3X2X	**Total liabilities and equity**		$ 1,716,948	100	$ 1,395,003	100

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18)	$ 30,085	100	$ 5,475	100
5000	Operating costs	6(23)(24)	(16,118)	(53)	(2,014)	(37)
5950	Gross profit		13,967	47	3,461	63
	Operating expenses	6(23)(24)				
6100	Selling expenses		(4,425)	(15)	(4,532)	(83)
6200	General and administrative expenses		(50,776)	(169)	(48,850)	(892)
6300	Research and development expenses		(197,407)	(656)	(145,007)	(2649)
6000	Total operating expenses		(252,608)	(840)	(198,389)	(3624)
6900	Operating loss		(238,641)	(793)	(194,928)	(3561)
	Non-operating income and expenses					
7100	Interest income	6(2)(19)	4,590	15	2,735	50
7010	Other income	6(6)(20)	19,612	65	20,905	382
7020	Other gains and losses	6(21)	(718)	(2)	(1,205)	(22)
7050	Finance costs	6(22)	(4,358)	(15)	-	-
7055	Impairment loss determined in accordance with IFRS 9		(307)	(1)	-	-
7000	Total non-operating income and expenses		18,819	62	22,435	410
7900	**Loss before income tax**		(219,822)	(731)	(172,493)	(3151)
7950	Income tax expense	6(25)	-	-	-	-
8200	**Net loss**		($ 219,822)	(731)	($ 172,493)	(3151)
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(12)	$ 1,122	4	($ 162)	(3)
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(4)(17)	(687)	(2)	(5,161)	(94)
8300	**Total other comprehensive income (loss) for the year**		$ 435	2	($ 5,323)	(97)
8500	**Total comprehensive loss for the year**		($ 219,387)	(729)	($ 177,816)	(3248)
	Loss attributable to:					
8610	Owners of the parent		($ 219,822)	(731)	($ 172,493)	(3151)
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 219,387)	(729)	($ 177,816)	(3248)
	Loss per share (in dollars)	6(27)				
9750	Basic loss per share		($ 2.21)		($ 1.78)	
9850	Diluted loss per share		($ 2.21)		($ 1.78)	

2021											
Balance at January 1, 2021		$ 975,078	$ -	$ 719,518	$ -	$ 4,546	$ 9	($ 159,996)	$ 31	$ 391	$ 1,539,577
Net loss for the year		-	-	-	-	-	-	(172,493)	-	-	(172,493)
Other comprehensive loss for the year	6(17)	-	-	-	-	-	-	(162)	(5,161)	-	(5,323)
Total comprehensive loss		-	-	-	-	-	-	(172,655)	(5,161)	-	(177,816)
Capital reserve used to offset against accumulated deficit	6(16)	-	-	(159,996)	-	-	-	159,996	-	-	-
Disposal of financial assets at fair value through other comprehensive income - non-current	6(4)(17)	-	-	-	-	-	-	10	(10)	-	-
Vesting of restricted stocks to employees	6(13)	-	-	156	-	(156)	-	-	-	-	-
Retirement of restricted stocks to employees	6(13)	(260)	-	-	-	(443)	-	-	-	703	-
Compensation costs of restricted stocks to employees	6(13)	-	-	-	-	-	-	-	-	(2,828)	(2,828)
Balance at December 31, 2021		$ 974,818	$ -	$ 559,678	$ -	$ 3,947	$ 9	($ 172,645)	($ 5,140)	($ 1,734)	$ 1,358,933
2022											
Balance at January 1, 2022		$ 974,818	$ -	$ 559,678	$ -	$ 3,947	$ 9	($ 172,645)	($ 5,140)	($ 1,734)	$ 1,358,933
Net loss for the year		-	-	-	-	-	-	(219,822)	-	-	(219,822)
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	-	1,122	(687)	-	435
Total comprehensive loss		-	-	-	-	-	-	(218,700)	(687)	-	(219,387)
Issuance of common stock for cash	6(14)	45,000	-	57,500	-	-	-	-	-	-	102,500
Compensation costs of common stock for cash	6(13)	-	-	1,835	-	-	-	-	-	-	1,835
Capital reserve used to offset against accumulated deficit	6(16)	-	-	(172,645)	-	-	-	172,645	-	-	-
Issuance of convertible bonds	6(10)	-	-	-	35,870	-	-	-	-	-	35,870
Conversion of convertible bonds	6(10)	51,282	11,685	116,955	(15,570)	-	-	-	-	-	164,352
Retirement of restricted stocks to employees	6(13)	(120)	-	-	-	(106)	-	-	-	226	-
Compensation costs of restricted stocks to employees	6(13)	-	-	-	-	-	-	-	-	1,508	1,508
Balance at December 31, 2022		$ 1,070,980	$ 11,685	$ 563,323	$ 20,300	$ 3,841	$ 9	($ 218,700)	($ 5,827)	$ -	$ 1,445,611

	Notes	Year 1	Year 2
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 219,822)	($ 172,493)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(23)	39,337	39,804
Amortisation	6(23)	619	328
Interest expense	6(22)	4,358	-
Interest income	6(19)	(4,590)	(2,735)
Compensation costs of restricted stocks to employees	6(13)	1,508	(2,828)
Compensation costs of common stock for cash	6(13)	1,835	-
Expected credit impairment loss		307	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		304	(334)
Other receivables		(3,457)	(777)
Prepayments		(3,952)	(5,921)
Other current assets		(170)	15
Changes in operating liabilities			
Contract liabilities - current		-	(219)
Other payables		13,663	1,643
Other current liabilities		(11)	(40)
Other non-current liabilities		(129)	(165)
Cash outflow generated from operations		(170,200)	(143,722)
Interest received		4,208	2,755
Interest paid		(1,643)	-
Income taxes refund		87	106
Net cash flows used in operating activities		(167,548)	(140,861)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets measured at amortised cost		(390,056)	119,690
Proceeds from disposal of financial assets at fair value through other comprehensive income - non-current	6(4)	-	617
Acquisition of property, plant and equipment	6(5)(28)	(8,689)	(6,839)
Decrease (increase) in refundable deposits (shown as other non-current assets)		35	(35)
Increase in other non-current assets		(864)	(218)
Net cash flows (used in) provided by investing activities		(399,574)	113,215
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock for cash	6(14)	103,500	-
Cost on issuance of common stock for cash (shown as deduction of capital reserve)		(1,000)	-
Increase in short-term loans	6(29)	66,000	-
Decrease in short-term loans	6(29)	(61,000)	-
Increase (decrease) in deposits received (shown as other non-current liabilities)		287	(27)
Issuance of convertible bonds	6(10)	420,630	-
Cost on issuance of convertible bonds	6(10)	(4,175)	-
Net cash flows provided by (used in) financing activities		524,242	(27)
Net decrease in cash and cash equivalents		(42,880)	(27,673)
Cash and cash equivalents at beginning of year		125,067	152,740
Cash and cash equivalents at end of year		$ 82,187	$ 125,067

GlycoNex Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars,
Unless Otherwise Specified)

1. Company history

GlycoNex Inc. (the "Company") was incorporated in February 2001 in accordance with the authorization of the Ministry of Economic Affairs in the Republic of China (R.O.C.). The Company was listed on Taipei Exchange on December 18, 2012, and it mainly engaged in new antibody drug developments and the technical consultant of antibodies production.

2. Approval date and procedures of the financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 16, 2023.

3. New standards, amendments and interpretations adopted

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted

The following IFRSs are effective for annual periods beginning on or after January 1, 2022:

New standards/Amendments/Interpretations	Effective date issued by IASB
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 Group assessed that the adoption of the above standards and interpretations would not have any material impact on its financial condition and financial performance.

(2) The impact of IFRS endorsed by FSC but not yet effective

The following IFRSs are effective for annual periods beginning on or after January 1, 2023:

New standards/Amendments/Interpretations	Effective date issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The Group assessed that the adoption of the above standards and interpretations would not have any material impact on its financial condition and financial performance.

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC are set out below:

New standards/Amendments/Interpretations	Effective date issued by IASB
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 IASB
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
Amendments 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 Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

The Group assessed that the adoption of the above standards and interpretations would not have any material impact on its financial condition and financial performance.

4. Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements, unless specified otherwise.

(1) Statement of compliance

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations (hereinafter referred to as IFRSs) recognized and issued by the FSC.

(2) Basis of preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:
   (1) Financial assets and liabilities at fair value through profit or loss (including derivative instruments) are measured at fair value.
   (2) Financial assets at fair value through other comprehensive income are measured at fair value.
   (3) Net defined benefit liability is recognized as the pension plan assets less the present value of the defined benefit obligation.
2. The preparation of financial reports in compliance with IFRSs requires the use of some significant accounting estimates, and the application of the Group's accounting policies also requires management to exercise its judgment, which involves a high degree of judgment or complexity items, or items involving major assumptions and estimates in the consolidated financial report, please refer to Note 5 for further details.

(3) Basis of consolidation

1. Principles of preparation of the consolidated financial statements
   (1) The Group includes all subsidiaries as entities for the preparation of consolidated financial statements. A subsidiary is an entity (including a structured entity) controlled by the Group when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and, through its power over the entity, has the ability to

influence the entity When remuneration is paid, the Group controls the entity. Subsidiaries are included in the consolidated financial report from the date when the Group obtains control, and are terminated from the date when control is lost.

(2) Intra-group transactions, balances and unrealized gains and losses are eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Group.

2. Subsidiaries included in the consolidated financial report:

Name of investor	Name of subsidiary	Main business	Percentage of ownership (%) December 31, 2022	Percentage of ownership (%) December 31, 2021
The Company	GlycoNex Investment Inc.	General investment	100	100

3. Subsidiaries not included in the consolidated financial report: None.
4. Adjustment and treatment methods for different accounting periods of subsidiaries: None.
5. Significant restrictions: None.
6. Subsidiaries with significant non-controlling interests in the Group: None.

(4) Foreign currency translations

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the office operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollar.

Foreign currency transaction and balance

1. Foreign currency transactions are converted into functional currency using the spot exchange rate on the transaction day or the measurement day, and the conversion difference resulting from such transactions is recognized as current profit or loss.
2. The balance of foreign currency assets and liabilities will be adjusted according to the spot exchange rate on the balance sheets date, and the conversion difference resulting from the adjustment shall be recognized as current profit or loss.
3. All currency exchange profits and losses are classified as "other gains and losses" in the statements of comprehensive income.

(5) Classification of current and non-current assets and liabilities

1. An asset is classified as current under one of the following criteria:
   (1) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle.
   (2) It is held primarily for the purpose of trading.
   (3) It is expected to be realized within twelve months after the reporting period.
   (4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   All other assets that do not meet the above criteria are classified as non-current.
2. A liability is classified as current under one of the following criteria:
   (1) It is expected to be settled in the normal operating cycle.
   (2) It is held primarily for the purpose of trading.
   (3) It is due to be settled within twelve months after the reporting period.
   (4) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

   All other liabilities that do not meet the above criteria are classified as non-current.

(6) Cash equivalents

Cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments should be recognized as cash equivalents.

(7) Financial assets at fair value through other comprehensive income

1. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income; or a debt investment that meets the following criteria at the same time:
   (1) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
   (2) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Regular way transactions of financial assets at fair value through other comprehensive income are recognized and derecognized on a trade date basis.
3. On initial recognition of an investment is measured at fair value plus its transaction cost, and the subsequent measurement at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income; on derecognition, the cumulative gains or losses that were originally recognized in other comprehensive income shall be reclassified to retain earnings instead of profit or loss. Dividend income is recognized in profit or loss when the Group's right to receive payment is established, which in the case that cash inflows are likely generated from the economic benefits related to dividends and the amount of dividends can be reliably measured.

(8) Financial assets at amortized cost

1. A financial asset is measured at amortized cost if it meets both of the following conditions:
   (1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
   (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Regular way transactions of financial assets at amortized cost are recognized and derecognized on a trade date basis.
3. Time deposits that do not meet the criteria of classifying as cash equivalents, the holding period is short, and the discount has little impact, are measured at the investment amount.

(9) Accounts and notes receivable

1. Refers to the accounts and notes that have been unconditionally received in exchange for the right to the value of the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable that are interests unpaid, which the discount has little impact, the Group uses the original invoice amount to measure the amount.

(10) Financial asset impairment

On every day of the balance sheets date, th Group considers all reasonable and corroborative information (including forward-looking information) about receivables from financial assets at amortized cost and part of the account that contains major financial affairs. For those whose credit risk has not increased significantly since the initial recognition, the amount of loss will be adjusted against the expected credit loss for 12 months. For those whose credit risk has increased significantly since the initial recognition, the credit loss balance shall be adjusted against the loss based on the expected credit loss amount during the duration. Regarding accounts receivable that do not include major components in financial statements, the balance of losses is offset against the amount of expected credit losses during the duration.

(11) Derecognition of financial assets

The Group derecognizes a financial asset only when situation happens as follows:

1. The contractual rights to the cash flows from the financial asset expire.
2. The contractual rights to the cash flows from the financial asset have been transferred and all the risks and rewards of the financial asset ownership have been removed.
3. The Company neither transfers nor retains substantially all the risks and rewards of ownership and not continues to control the transferred asset.

(12) Operating lease – as a lessor

Lease income from operating leases, net of any incentives given to the lessee, is amortized on a straight-line basis over the lease term and recognized as current profit or loss.

(13) Property, plant and equipment

1. Property, plant and equipment are accounted on the basis of acquisition costs, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are accounted in the carrying amount of the asset or recognized as a separate asset only when the future economic benefits related to the item are likely to flow into the Group and the cost of the item can be reliably measured. The carrying amount of the replacement shall be derecognized. All other maintenance costs are recognized as current profit or loss when incurred.
3. Land is not depreciated. Plant and equipment are measured at the cost model and calculated on a straight-line basis based on the estimated useful lives. The Group reviews the residual value, estimated useful lives, and depreciation method of each asset at the end of the fiscal year. If the expectation of the residual value or the estimated useful lives is different from the previous estimation, or the expected consumption pattern for the future benefits contained in the asset changes significantly, it shall be handled on the date incurred in accordance with International Accounting Standard No. 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Estimated useful lives of assets are listed as follows:

Buildings and structures	5	～	50 years
Testing equipment	5	～	10 years
Office equipment	3	～	6 years
Other equipment	3	～	6 years

(14) Impairment of non-financial assets

The Group estimates the recoverable amount of assets that show signs of impairment on the balance sheets date. When the recoverable amount is lower than the asset carrying amount, the impairment loss is recognized. Recoverable amount refers to the higher value of an asset at fair value minus the cost of disposal or its value in use. When there is none or reduction of impairment in the assets recognized in the previous year, the impairment loss shall be reversed, but the carrying amount increment of the asset by the reverse of the impairment loss shall not exceed the carrying amount of the asset which was assumed no impairment and was deducted depreciation or amortization.

(15) Loans

Loans refer to short-term borrowings from banks that are measured at fair value deducts transaction costs on the initial recognition. Subsequently, any difference between the price after deducting transaction costs and the redemption price shall be recognized as interest expenses in profit or loss during the period of circulation accounted for using the effective interest method and amortization procedures.

(16) Accounts and notes payable

1. Note payable refers to debts arising from a purchase of raw materials, commodities or labor services for business or non-business purposes.
2. Due to the discount has little effect, the Group uses the initial invoice amount to measure short-term accounts payable and notes payable with interest unpaid.

(17) Financial liabilities at fair value through profit or loss

1. Liabilities that are incurred principally for the purpose of repurchasing them in the near term. Liabilities that are held for trading, except for derivative financial liabilities that are designated as hedging instruments, or financial liabilities that, upon initial recognition, are designated as measured at fair value through profit or loss. When a financial liability meets one of the following criteria, the Group designates it as measured at fair value through profit or loss on its initial recognition:
   (1)is a hybrid (combined) contract; or
   (2)can eliminate or substantially reduce the inconsistency of measurements or recognitions; or
   (3)is an instrument for managing on a fair value basis and evaluate performances, in accordance with written risk management policies.
2. The Group measures it at fair value on initial recognition, and the relevant transaction costs are recognized in profit or loss, and subsequently measured at fair value, and its gains or losses are recognized in profit or loss.

(18) Convertible bonds payable

The convertible bonds payable issued by the Group are embedded with conversion rights (that is, a holder has the right to choose to convert it into the Group's ordinary shares, and the conversion of a certain number of shares for a certain amount), puttable rights and buy-back rights. On initial issuance, the issue price is classified as financial assets, financial liabilities or equity according to the issuance conditions, which are handled as follows:

1. Embedded puttable rights and buy-back rights: On initial recognition, the net amount of its fair value is classified as "financial assets or liabilities at fair value through profit or loss"; subsequently, on the balance sheets date, it is evaluated at the current fair value, and the difference is recognized as "gains or losses on financial assets or liabilities at fair value through profit or loss".
2. The principal contract of convertible bonds payable is measured at fair value on initial recognition, and the difference between the fair value and redemption price is recognized as the premium or discount on bonds payable; the effective interest method is subsequently adopted and recognized in profit or loss as an adjustment item of "finance cost" during the period of bond circulation at amortization procedures.
3. The conversion right embedded in the Group's issue of convertible bonds payable meets the definition of equity. On initial recognition, after deducting "financial assets or liabilities at fair value through profit or loss" and "net bonds payable" from the issue amount, the residual value is classified as "capital surplus-share option" and will not be re-measured subsequently.
4. Any directly attributable transaction costs of the issuance are allocated to the liability and equity components in proportion to their original carrying amounts according to each component mentioned in the preceding paragraph.
5. When the holders converted, the liability components (including "bonds payable" and "financial assets or liabilities at fair value through profit or loss") are accounted for the subsequent measurement method of their classification, and then add the carrying amount of "capital surplus-share option" to the carrying amount of the above-mentioned liability components as the issuance cost of the ordinary share.

(19) Derecognition of financial liabilities

When the contractual obligations are fulfilled, canceled, or expired, the Group will derecognize the financial liabilities.

(20) Employee benefits

1.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid as an expense in exchange for service rendered by employees.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the amount of retirement fund on the basis of employee's responsibilities is recognized as the cost of benefit plan in the current period. For those prepaid retirement amount can be returned in cash or as the deduction in the future payment, are recognized as assets.

(2) Defined benefit plans

A. The net benefit liabilities under the defined benefit plan are calculated by discounting the number of future benefits the employee earned now or in the past, and the present value of defined benefit liabilities on the balance sheets date deduct the fair value of the beneficial asset. The net benefit liabilities are determined by the actuary's calculations every year using the projected unit credit method. The discount rate refers to the market yield of government bonds (on the balance sheets date) that are consistent with the currency and period of defined benefit plans on the balance sheets date.

B. Remeasurement of the defined benefit plans is recognized in other comprehensive income in the current period, and presented in retained earnings.

3. Termination benefits

Termination benefits are benefits provided to employees who terminate their employment before the normal retirement date or when employees decide to accept the Company's offer of benefits in exchange for termination of employment. The Group recognizes expenses when the offer of termination benefits can no longer be withdrawn or when the related restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully compensated 12 months after the balance sheets date should be discounted.

4. Remuneration to employees, directors and supervisors

Remuneration to employees, directors and supervisors are recognized as expenses and liabilities when there are legal or expected obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual and estimated allotment after the subsequent resolution, it shall be dealt with the changes in accounting estimates. If employee remuneration is paid by shares, the basis for calculating the number of shares is the closing price on the day before the resolution of the Board of Directors.

(21) Share-based payments

1. Equity-settled share-based payment agreement refers to the employee services obtained by measuring at fair value of the equity instruments given on the grant date, which are recognized as remuneration costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instruments shall reflect the effects of vesting and non-vesting conditions of the market price. The recognized remuneration cost is adjusted according to the amount of rewards that are expected to meet the service conditions and non-vesting conditions of the market price, until the final amount is recognized based on the vesting number of shares on the vesting date. In addition, the Group chooses to use the date of confirming the number of subscribed shares with employees as the grant date, and it will be applied consistently in subsequent financial reports.

2. Restricted employee shares:

(1) Refers to the equity instruments measured at fair value given on the grant date, which is recognized as remuneration costs during the vesting period.

(2) Employees acquire new restricted employee shares with gratuitous consideration and resign within the vesting period, it will be deemed that the vested conditions have not been met on the day of resignation. The Company will recover the shares with no consideration and cancel them according to law.

(22) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for the income tax items included in other comprehensive income or equity, which are separately listed in other comprehensive income or directly listed in the equity, the income tax is recognized in profit or loss.
2. The Group calculates the current income tax based on the tax rate that has been legislated on the balance sheets date of the country where it operates and generates taxable income. The management regularly evaluates the status of income tax declarations with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. In the next year after the subsequent earnings generated, after the shareholders' meeting ratified the earning distribution proposal, the distribution of actual earnings will be confirmed and the retained earnings income tax expenses will be recognized.
3. Deferred income tax adopts the balance sheet method, and recognizes the temporary difference between the tax base of assets and liabilities and their book amounts in the balance sheets. If the deferred income tax originates from the original recognition of assets or liabilities in the transaction (not including business combination) and does not affect accounting profits or accounting at the time of the transaction. Tax income (taxable loss) is not recognized. Deferred income tax adopts the tax rate (and Tax Acts) that has been enacted or substantive legislated on the balance sheet date and is expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized within the scope where temporary differences are likely to be used to offset future taxable income, and unrecognized and recognized deferred tax assets are reassessed on each balance sheets date.
5. When there is a legal enforcement right to offset the recognized current income tax assets and liabilities, and there is an intention to pay off on a net basis or to realize assets and liabilities at the same time, the current income tax assets and current income tax liabilities are mutually exclusive. When there is statutory enforcement power to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer taxed by the same tax authority, or by different taxpayers but each entity intends to the deferred income tax assets and liabilities are offset against each other when the net basis is settled or the assets and liabilities are realized at the same time.

(23) Share capital

1. Ordinary shares are classified as equity. The net amount directly attributable to the increase in the issuance of new shares after deduction of taxes is listed as a price reduction in equity.
2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, shall be recognized as a decrease in shareholders' equity net of tax. When the buy-back shares are subsequently reissued, the difference between the consideration received, after deducting any directly attributable incremental costs and the effects of income tax, and the carrying amount is recognized as an adjustment item to shareholders' equity.

(24) Revenue recognition

The Group provides commissioned technical services and identifies performance obligations in accordance with customers contracts. Services revenue is recognized as revenue when each performance obligation is met. Customers pay the contract price according to the agreed payment schedule. When services provided by the Group exceeds the accounts payable by a customer, it is recognized as a contract asset, and when the accounts payable by a customer exceeds the services rendered by the Group, it is recognized as a contract liability.

(25) Operating segments

Information on the Group's operating segments is reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to operating segments and evaluating their performance.

5. Significant accounting judgments, assumptions, and the major sources of estimation uncertainty

When the preparation of the consolidated financial statements, the management has made accounting estimations and assumptions on the balance sheets date based on reasonable forecasts to future events. There is no need to use significant accounting judgments for the adoption of accounting policies. The major accounting judgments and assumptions may be different from the actual results and will be continuously evaluated and adjusted from historical experience and other factors. These estimations and assumptions have the risk that the book value of assets and liabilities will be adjusted significantly in the next fiscal year. The explanations on major accounting judgments, assumptions and estimation uncertainty are as follows:

Significant accounting estimations and assumptions

Impairment of property, plant and equipment

In the process of evaluating the potential impairment, the Group relies on subjective judgments related to the specific asset groups considering of the nature of the industry and market conditions. For an indication of impairment, the asset is to be estimated its recoverable amount. Any changes in these estimates based on changed economic and market conditions or business strategies could result in significant impairment charges in future years.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 30	$ 39
Demand deposits	30,821	80,514
Foreign currency deposits	11,676	5,129
Cash equivalents-time deposits	39,660	39,385
	$ 82,187	$ 125,067

1. The Group maintains good credit quality with financial institutions and interacts with many financial institutions to disperse credit risks. The possibility of defaults is expected to be very low.
2. None of cash and cash equivalents of the Group were pledged as collateral.

(2) Financial assets at amortized cost

Item	December 31, 2022	December 31, 2021
Current:		
Time deposits (Note)	$ 596,582	$ 206,526

Note: Time deposits with a deposit period of more than 3 months and no more than 1 year.

1. Financial assets at amortized cost recognized in profit or loss were as follows:

	2022	2021
Interest income	$ 4,142	$ 2,422

2. None of financial assets at amortized cost of the Group were pledged as collateral.
3. Regardless of the collateral held or other credit enhancements, the maximum amount of credit risk exposure of the Group outstanding financial assets at amortized cost on December 31, 2022, and 2021 were $596,582 and $206,526, respectively.
4. For credit risk information on financial assets at amortized cost, please refer to Note 12(2).

(3) Prepayments

	December 31, 2022	December 31, 2021
Prepayments of commissioned research expenses	$ 24,791	$ 21,527
Excess business tax paid	4,275	3,648
Other	412	351
	$ 29,478	$ 25,526

(4) Financial assets at fair value through other comprehensive income

Item	December 31, 2022	December 31, 2021
Non-current:		
Equity instruments		
Emerging companies shares	$ 19,321	$ 19,321
Unlisted, OTC, emerging OTC stocks	24	24
	19,345	19,345
Valuation adjustments	(5,827)	(5,140)
	$ 13,518	$ 14,205

1. The Group chooses to classify the share investments that are strategic investments as financial assets at fair value through other comprehensive income. The fair value of these investments for the years ended December 31, 2022 and 2021 were $13,518 and $14,205, respectively.
2. For the year ended December 31, 2021, the Group sold emerging companies shares with fair value of $617 for the reserve of future R&D expenditures, and the cumulative gains on disposal were $10. None of financial assets was sold for the year ended December 31, 2022.
3. Financial assets at fair value through other comprehensive income recognized in profit or loss and comprehensive income were as follows:

	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value changes recognized in other comprehensive income	($ 687)	($ 5,161)
Derecognition of cumulative gains transferred to retained earnings	$ -	$ 10

4. Regardless of the collateral held or other credit enhancements, the maximum amount of credit risk exposure of the Group's inancial assets at fair value through other comprehensive income on December 31, 2022, and 2021 were $13,518 and $14,205, respectively.
5. None of financial assets at fair value through other comprehensive income of the Group were pledged as collateral.

(5) Property, plant and equipment

	Land			Buildings and structures			Testing equipment	Office equipment	Other equipment	Total
	Company-use	For leasing	Subtotal	Company-use	For leasing	Subtotal				
January 1, 2022										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 130,417	$ 6,627	$ 5,232	$ 1,282,293
Accumulated depreciation	-	-	-	(87,417)	(56,746)	(144,163)	(105,961)	(6,131)	(4,102)	(260,357)
	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936
2022										
January 1	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936
Additions	-	-	-	-	-	-	6,433	887	-	7,320
Depreciation	-	-	-	(15,683)	(10,138)	(25,821)	(12,272)	(444)	(800)	(39,337)
December 31	$ 141,625	$ 193,464	$ 335,089	$ 287,401	$ 347,543	$ 634,944	$ 18,617	$ 939	$ 330	$ 989,919
December 31, 2022										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 136,241	$ 7,231	$ 5,232	$ 1,288,721
Accumulated depreciation	-	-	-	(103,100)	(66,884)	(169,984)	(117,624)	(6,292)	(4,902)	(298,802)
	$ 141,625	$ 193,464	$ 335,089	$ 287,401	$ 347,543	$ 634,944	$ 18,617	$ 939	$ 330	$ 989,919

	Land			Buildings and structures			Testing equipment	Office equipment	Other equipment	Total
	Company-use	For leasing	Subtotal	Company-use	For leasing	Subtotal				
January 1, 2021										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 123,521	$ 6,616	$ 5,232	$ 1,275,386
Accumulated depreciation	-	-	-	(71,449)	(46,608)	(118,057)	(93,687)	(5,770)	(3,220)	(220,734)
	$ 141,625	$ 193,464	$ 335,089	$ 319,052	$ 367,819	$ 686,871	$ 29,834	$ 846	$ 2,012	$ 1,054,652
2021										
January 1	$ 141,625	$ 193,464	$ 335,089	$ 319,052	$ 367,819	$ 686,871	$ 29,834	$ 846	$ 2,012	$ 1,054,652
Additions	-	-	-	-	-	-	6,896	192	-	7,088
Depreciation	-	-	-	(15,968)	(10,138)	(26,106)	(12,274)	(542)	(882)	(39,804)
December 31	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936
December 31, 2021										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 130,417	$ 6,627	$ 5,232	$ 1,282,293
Accumulated depreciation	-	-	-	(87,417)	(56,746)	(144,163)	(105,961)	(6,131)	(4,102)	(260,357)
	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936

Please refer to Note 8 for property, plant and equipment pledged as collateral.

(6) Lease－As lessor

1. The underlying assets leased by the Group include land and buildings, which typically run for a contract period of 6 months to 8 years. A lease contract is an individual negotiation and contains a variety of different terms and conditions. In order to secure the use of leased assets, the lessee is usually not allowed to sublease, lend, or sell all or part of the leased assets.
2. The Group recognized rent income of $19,320 and $20,905 based on operating lease contracts for the years ended December 31, 2022 and 2021, respectively, and none of them was a variable lease payment.
3. The maturity analysis of lease payments for the Group's operating leases was as follows:

	December 31, 2022	December 31, 2021
Year 2022	$ -	$ 17,564
Year 2023	17,478	11,436
Year 2024	10,866	4,173
Year 2025	8,813	2,766
Year 2026	8,615	2,568
Year 2027	8,530	2,559
After the year 2028	5,463	3,447
Total	$ 59,765	$ 44,513

(7) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured loans from banks	$ 5,000	$ -
Financing facilities	$ 30,000	$ -
Interest rate range	1.80%	-

For the collateral for short-term borrowings, please refer to note 8.

(8) Other payables

	December 31, 2022	December 31, 2021
Salaries and bonus payable	$ 11,566	$ 10,666
Commissioned experiment expenses payable	15,709	4,317
Materials payable	2,476	2,815
Services expenses payable	3,089	2,656
Payable on machinery and equipment	833	2,202
Other	3,323	2,051
	$ 36,996	$ 24,707

(9) Financial liabilities at fair value through profit or loss

Item	December 31, 2022	December 31, 2021
Non-current:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivative liabilities (Domestic secured puttable right of convertible bonds)	$ 274	$ -

(10) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ 228,100	$ -
Less: Discount on bonds payable	(9,421)	-
	$ 218,679	$ -

1. The conditions of the Company's third issuance of domestic secured convertible bonds are as follows:
   (1) The Company has been approved by the competent authority to raise and issue the third domestic secured convertible bonds, amounting to $400,000 of the total face value at 0% coupon rate. Aggregate amount of the issuance is $420,630 based on 105.16% of the face value for a 3-year issue period, and the period of bond circulation begins from June 27, 2022 to June 27, 2025. The Company will repay the convertible bonds in cash in one lump sum according to the face value of bonds upon maturity. These convertible bonds were listed for trading on the TPEx on June 27, 2022.
   (2) From the next day after the issuance of convertible bonds three months later to ten days before the maturity date, the bondholder may at any time request the Company for conversion into common shares, except during the period in which transfer of ordinary shares is suspended by laws and regulations. The ordinary shares after conversion shall rank pair passu with the issued and outstanding shares of the Company.
   (3) The conversion price of convertible bonds was determined according to the pricing model prescribed in the conversion regulations (the conversion price of $27.3 per share). In case of anti-dilution provisions on the conversion price subsequently, the conversion price will be adjusted in accordance with the pricing model in the conversion regulations.
   (4) Bondholders may request the Company for redemptions at 100% of the bonds face value when the convertible bonds have been issued for two years.
   (5) The Company may redeem all bonds in cash at the bonds face value, when, from the next day after the issuance of convertible bonds three months later to 40 days prior to maturity of the issuance period, when the closing price of the Company's ordinary share exceeds the current conversion price by 30% for 30 consecutive business days; or from the next day after the issuance of convertible bonds three months later to 40 days prior to maturity of the issuance period, when the outstanding balance of converted bonds is 10% lower than the original issuance amount.
   (6) According to the conversion regulations, all the convertible bonds that the Company has recovered (including bought back by the TPEx), repaid or converted will be cancelled, and all the rights and obligations attached to the bonds will also be extinguished without reissuance.
2. The Company signed a commissioned contract with Taishin International Bank Co. Ltd. ("Taishin Bank") for the issuance of secured bonds. The Company has committed to maintain the following financial ratios in the quarterly consolidated financial report starting from the three months ended September 2022:
   (1) The debt ratio shall not exceed 50% (inclusive).
   (2) The current ratio shall maintain above 200% (inclusive).
   (3) The net worth shall be more than $1 billion (inclusive).
   If the Company fails to achieve the above commitments, Taishin Bank will raise the guaranteed rate.

3. When issuing convertible bonds, the Company separated the conversion right of equity nature from each component of liabilities in accordance with IAS 32, and classify them as "capital surplus-share option", amounting to $35,780. In addition, as the embedded buy-back and puttable right are not closely related to the economic characteristics and risks of the main contract debt instrument, they were separated from equity in accordance with IFRS 9, and classified as net amount of "financial liabilities at fair value through profit or loss". The effective interest rate of the main contract debt after separation was 1.6042%.
4. The face value of convertible bonds issued by the Company was $400,000. As of December 31, 2022, the cumulative face value of $171,900 has been converted into 6,297 thousand ordinary shares. As the base date of newly issued shares for conversion in the fourth quarter of 2022 were March 2023, the face value was classified as "share capital-bond conversion entitlement certificates", and the issuance at premium was classified as "capital surplus-additional paid-in capital".
5. Please refer to Note 8 for bonds pledged as collateral.

(11) Other non-current liabilities

	December 31, 2022	December 31, 2021
Net defined benefit liability	$ 4,192	$ 5,443
Guarantee deposits received	3,708	3,421
	$ 7,900	$ 8,864

(12) Pension

1.(1) The Company has established defined benefit retirement measures in accordance with the provisions of the "Labor Standards Act", which are applicable to service years of all regular employees before the implementation of the "Labor Pension Regulations" on July 1, 2005, and the follow-up service years of employees who choose to comply the Labor Standards Act after the implementation of the "Labor Pension Regulations". For employees who meet the retirement conditions, the pension payment is calculated based on the length of service and the average salary of the 6 months before retirement. Two bases are given for each year of service within 15 years (inclusive), and one base is given for each year of service over 15 years, but the cumulative maximum is limited to 45 bases. The Company allocates 2% of the total salary per month as the retirement fund, which is deposited in Bank of Taiwan by a special account named the Labor Pension Fund Supervisory Committee. In addition, the Company should calculate the amount of pensions for those who meet the statutory retirement conditions in the next year before the end of each year and make a provision for the difference before the end of March of the following year.

(2) The amount recognized in the balance sheets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 7,425	$ 8,279
Fair value of plan assets	(3,233)	(2,836)
Net defined benefit liability (classified as 「Other non-current liabilities」)	$ 4,192	$ 5,443

(3) Changes in net defined benefit liability were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	$ 8,279	($ 2,836)	$ 5,443
Interest expense (income)	58	(20)	38
	8,337	(2,856)	5,481
Remeasurements:			
Return on plan assets (excluding amount included in interest income or expense)	-	(210)	(210)
Effects of changes in financial assumptions	(234)	-	(234)
Experience adjustments	(678)	-	(678)
	(912)	(210)	(1,122)
Contribution of retirement funds	-	(167)	(167)
Balance at December 31	$ 7,425	($ 3,233)	$ 4,192

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	$ 8,138	($ 2,692)	$ 5,446
Interest expense (income)	24	(8)	16
	8,162	(2,700)	5,462
Remeasurements:			
Return on plan assets (excluding amount included in interest income or expense)	-	(39)	(39)
Effects of changes in demographic assumptions	6	-	6
Effects of changes in financial assumptions	(265)	-	(265)
Experience adjustments	460	-	460
	201	(39)	162
Contribution of retirement funds	-	(181)	(181)

Pension paid	(84)	84	-
Balance at December 31	$ 8,279	($ 2,836)	$ 5,443

(4) The assets of the Company's defined benefit retirement fund are items within the scope and amount of entrusted business projects stipulated by the Bank of Taiwan in accordance with Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund". The annual investment plan of the fund (that is, deposits in domestic and overseas financial institutions, investment in domestic and overseas listings, over-the-counter or private equity securities, investment in domestic and overseas real estate securitization products, etc.) to handle entrusted business, and related operation are supervised by the Pension Fund Supervision Committee. When using the fund, the minimum income of its annual final accounting distribution shall not be lower than the income calculated based on the two-year time deposit interest rate of local banks in Taiwan. If it is insufficient, it shall be supplemented by the State Treasury after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it cannot disclose the classification of fair value of the plan in accordance with Paragraph 142 of IAS 19. For fair value of the fund's total assets as of December 31, 2022 and 2021, please refer to the report published by the government on the annual use of labor pension funds.

(5) The actuarial assumptions of pension payments were summarized as follows:

	2022	2021
Discount rate	1.20%	0.70%
Future salary increase rate	4.00%	4.00%

The hypothesis of the future mortality rate is based on published statistics and experience.

The effects of the present value of defined benefit obligation arising from changes in principal actuarial assumptions were analyzed as follows:

	Discount rate		Future salary increase rate	
	Increased 1%	Decreased 1%	Increased 1%	Decreased 1%
December 31, 2022				
Impact on the present value of defined benefit obligation	($ 453)	$ 463	$ 377	($ 371)
December 31, 2021				
Impact on the present value of defined benefit obligation	($ 626)	$ 643	$ 540	($ 530)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(6) The expected contribution payment to be made by the Company to the retirement plan for the year ended December 31, 2023 is $160.

2.(1) Since July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution plan procedure in accordance with the “Labor Pension Act”, which are applicable to domestic employees. The Company applies the labor retirement pension system stipulated by the “Labor Pension Act” for employees’ choice, with a monthly contribution of 6% of the salary to the employee’s personal account of The Bureau of Labor Insurance, and the payment depends on the employee’s personal pension. The amount of the special account and accumulated income is received in the form of a monthly pension or a lump-sum pension.

(2) The domestic subsidiary has no employees yet.

(3) For the years ended December 31, 2022 and 2021, the Company recognized costs of the retirement payments according to the above-mentioned method of $1,927 and $1,808, respectively.

(13) Share-based payment

1. The Company’s share-based payment arrangement as of December 31, 2022 was as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Conditions
Restricted employee shares plan	2018.05.15	175	3 years	Completion of service tenure and performance conditions
Restricted employee shares plan	2020.02.24	750	34 months	Completion of service tenure and performance conditions
Cash capital increase reserved for employees subscription	2022.08.08	450	Not applicable	Vested immediately

The restricted employee shares issued by the Company cannot be sold, pledged, transferred, gifted to others, disposed of by setting or in other ways within the vesting period, and have no rights for dividend, bonus, appropriation of capital surplus and cash capital increase. If an employee resigns within the vesting period, the vesting conditions will be deemed unqualified on the effective date of resignation, and the Company will recover and cancel the share in accordance with laws.

2. The details of share-based payment arrangement were as follows:

	2022	2021
	Shares (in thousands)	Shares (in thousands)
Outstanding at January 1	444	478
Shares expired in the current period	(12)	(26)
Restricted shares released in the current period	-	(8)
Outstanding at December 31	432	444

3. The maturity and exercise price of share-based payment outstanding on the balance sheets date were as follows:

			December 31,2022		December 31, 2021	
Type of arrangement	Approval for issuance	Maturity	Shares (in thousands)	Exercise price (in NT$)	Shares (in thousands)	Performance price (in NT$)
Restricted employee shares	April 12, 2019	December 31, 2022	432	-	444	-

4. The fair value of restricted employee shares granted by the Company was based on the market price per share on the grant date, the relevant information was as follows:

Type of arrangement	Grant date	Share price (NT$)	Exercise price (NT$)	Expected lifetime	Fair value per share (NT$)
Restricted employee shares	2018.05.15	30.50	-	3 years	30.50
Restricted employee shares	2020.02.24	19.40	-	3 years	19.40

5. The Company used Black-Scholes option pricing model to estimate the fair value of share option on cash capital increase reserved for employees subscription granted by the Company, the relevant information was as follows:

Issuer	Type	Grant date	Share price (NT$)	Exercise price (NT$)	Expected volatility	Expected lifetime	Expected dividend	Risk-free interest rate	Fair value per share (NT$)
The Company	Cash capital increase reserved for employees subscription	2022.08.08	$27	$ 23	33.09%	0.003 year	0%	0.69%	$ 4.10

6. Expenses arising from share-based payment transactions were as follows:

	2022	2021
Equity-settled	$ 3,343	($ 2,828)

(14) Share capital

1. As of December 31, 2022, the Company's authorized capital was $2,000,000 in 200,000 shares with a par value of $10 per share, and the paid-in capital was $1,070,980. Payments of the issued shares by the Company had been received. The reconciliation of outstanding ordinary shares (in thousands) at the beginning and ending period was as follows:

	2022	2021
At January 1	97,038	97,030
Cash capital increase	4,500	-
Restricted employee shares released	-	8
Conversion of convertible bonds	5,128	-
At December 31	106,666	97,038

2. The Board of Directors of the Company resolved on March 17, 2022 to issue 4,500 thousand ordinary shares for cash capital increase, with a par value of $10 per share. The total capital increase was $103,500 on August 15, 2022, as the base date, and the payment of shares were fully received.
3. The Company decided to make the second distribution of restricted employee shares for 175 thousand shares by the resolution of the Board of Directors on May 11, 2018. The base date of newly issued shares was May 15, 2018, and the subscription price per share was $0. Ordinary shares at this issuance, before the completion of vesting conditions shall rank pair passu with the issued and outstanding shares of the Company except for conversion right of restricted shares and no rights for distributions of dividend, bonus, appropriation of capital surplus and cash capital increase. As of December 31, 2022, there were 43 thousand shares, 18 thousand shares and 8 thousand shares that met the vesting conditions and were released on April 1, 2019, March 31, 2020 and March 31, 2021, respectively.
The Company decided to make the third distribution of restricted employee shares for 750 thousand shares by the resolution of the Board of Directors on May 11, 2018. The base date of newly issued shares was February 24, 2019, and the subscription price per share was $0. Ordinary shares at this issuance, before the completion of vesting conditions shall rank pair passu with the issued and outstanding shares of the Company except for conversion right of restricted shares and no rights for distributions of dividend, bonus, appropriation of capital surplus and cash capital increase. As of December 31, 2022, there were 298 thousand shares that met the vesting conditions and were released on April 20, 2020.

(15) Capital surplus

1. According to the Company Act, when losses have been covered and no cumulative deficits, capital surplus can be distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. The above-mentioned capital surplus includes income derived from the issuance of new shares at a premium and income from endowments received by the Company. According to relevant regulations prescribed in the Securities and Exchange Act, capital increases by transferring capital surplus in excess of the par value shall not exceed 10% of the Company’s paid-in capital. The Company shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.
2. Please refer to Note 6(10) for the explanation of capital surplus-share option.

(16) Accumulated deficit

1. The Company’s Articles of Incorporation provide that, when allocating earnings, the Company shall first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (until the accumulated legal capital reserve equals the Company’s paid-in capital), then set aside a special capital reserve in accordance with relevant laws or regulations by the competent authority, and then any remaining profit together with any unappropriated retained earnings shall be used by the Company’s Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution.
2. The Company is in its growth phase, wherein it considers the domestic and foreign competitive investment environment, long-term capital budget planning and future operational growth and capital needs, thus, the policy of low cash dividends plus additional dividend is currently adopted. Earnings distribution should not be lower than 10% of the appropriated earnings for the current year; however, if the appropriated

earnings are lower than 1% of the paid-in capital, they may be resolved to be fully transferred into the account of retained earnings. When distributing earnings, the cash dividends should not be lower than 10% of the total amount of dividend in order to satisfy the shareholders' demand on cash inflows. However, if the amount of cash dividends paid per share is less than $1, the distribution may be paid in shares instead.

3. Legal reserve can only be used to offset accumulated deficit or to issue new shares or cash to shareholders in proportion to their shareholding; where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.
4. 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.
5.(1) The Company decided to offset deficits of $159,996 by capital surplus, which was resolved in the shareholders' meeting held on July 9, 2021.
   (2) The Company decided to offset deficits of $172,645 by capital surplus, which was resolved in the shareholders' meeting held on June 23, 2022.
   (3) For the above-mentioned offsetting deficits made by the resolution in the shareholders' meetings, please refer to TWSE Market Observation Post System ("MOPS").
6. The Board of Directors of the Company proposed to offset 2022 deficits of $218,700 by capital surplus in the board meeting on March 16, 2023. As of March 16, 2023, this proposal has not been resolved by the shareholders' meeting.
7. Please refer to Note 6(24) for the information on remuneration to employees and directors and supervisors.

(17) Other equity

	2022 Unrealized gains or losses on financial assets at fair value through other comprehensive income	Employee unearned remuneration	Total
At January 1	($ 5,140)	($ 1,734)	($ 6,874)
Valuation adjustments	(687)	-	(687)
Restricted employee shares reacquired	-	226	226
Restricted employee shares payment	-	1,508	1,508
At December 31	($ 5,827)	$ -	($ 5,827)

	2021 Unrealized gains or losses on financial assets at fair value through other comprehensive income	Employee unearned remuneration	Total
At January 1	$ 31	$ 391	$ 422
Valuation adjustments	(5,161)	-	(5,161)
Valuation adjustments transferred to retained earnings	(10)	-	(10)
Restricted employee shares reacquired	-	703	703
Restricted employee shares payment	-	(2,828)	(2,828)
At December 31	($ 5,140)	($ 1,734)	($ 6,874)

(18) Operating revenue

	2022	2021
Revenue from contracts with customers	$ 30,085	$ 5,475

1. Disaggregation of revenue

The Group derives revenue from the transfer of services at a point in time, major geographical areas are as following:

	2022			
	Japan	India	Taiwan	Total
Revenue from commissioned technical services	$ 19,275	$ 10,342	$ 468	$ 30,085

	2021			
	Japan	India	Taiwan	Total
Revenue from commissioned technical services	$ 3,123	$ -	$ 2,352	$ 5,475

2. Contract liability

The Group recognized contract liabilities related to customer contract revenue as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liability:			
Contract of commissioned technical services	$ 76	$ 76	$ 295

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at January 1, 2022 and 2021 were $0 and $295.

(19) Interest income

	2022	2021
Interest income from bank deposits	$ 448	$ 313
Interest income from financial assets at amortized cost	4,142	2,422
	$ 4,590	$ 2,735

(20) Other income

	2022	2021
Rent income	$ 19,320	$ 20,905
Other income-other	292	-
	$ 19,612	$ 20,905

(21) Other gains and losses

	2022	2021
Foreign exchange losses	($ 480)	($ 1,067)
Miscellaneous expenses	(238)	(138)
	($ 718)	($ 1,205)

(22) Financial costs

	2022	2021
Interest expenses:		
Bank loans	$ 33	$ -
Convertible bonds	2,715	-
Other	1,610	-
	$ 4,358	$ -

(23) Expenses by nature

	2022	2021
Employee benefit expenses	$ 55,114	$ 46,098
Depreciation on property, plant and equipment	$ 39,337	$ 39,804
Amortization on other non-current assets	$ 619	$ 328

(24) Employee benefit expenses

	2022	2021
Salaries and wages	$ 46,610	$ 38,097
Labor and health insurance	3,898	3,623
Pension	1,965	1,824
Remuneration to directors	1,023	1,049
Other personnel expenses	1,618	1,505
	$ 55,114	$ 46,098

1. According to the Articles of Incorporation, the Company shall allocate no less than 5% of employees' remuneration and no more than 3% of directors' remuneration if there is any balance after deducting for accumulated deficits according to the current profit.
2. The Company had accumulated loss for the years ended December 31, 2022 and 2021, therefore, remuneration to employees and directors were not accrued.
3. For information relating to remuneration to employees and directors approved by the Board of Directors, please refer to MOPS.

(25) Income tax

1. Income tax expense

The components of income tax expense were as follows:

	2022	2021
Current income tax expense:		
Total current tax	$ -	$ -
Total deferred tax	-	-
Income tax expense	$ -	$ -

2. A reconciliation of income tax expense and accounting profit

	2022	2021
Income tax expense at the statutory rate on loss before tax	($ 43,964)	($ 34,499)
Non-deductible (Accrued) expenses at tax regulations	401	(27)
Tax exempt income at tax regulations	(32)	(11)
Deferred tax assets unrecognized in respect of current tax losses	43,595	34,537
Income tax expense	$ -	$ -

3. The information of the Company's unutilized business losses for which no deferred tax assets were recognized were as follows:

December 31, 2022

Occurrence year	Filing/Assessment	Unutilized creditable amount	Unrecognized deferred tax assets	Expiry year
2013	Assessment	$ 22,190	$ 22,190	2023
2014	Assessment	42,485	42,485	2024
2015	Assessment	70,640	70,640	2025
2016	Assessment	95,544	95,544	2026
2017	Assessment	142,084	142,084	2027
2018	Assessment	297,420	297,420	2028
2019	Assessment	248,474	248,474	2029
2020	Assessment	192,755	192,755	2030
2021	Filing	175,747	175,747	2031
2022	Estimates	217,922	217,922	2032
		$ 1,505,261	$ 1,505,261	

December 31, 2021

Occurrence year	Filing/Assessment	Unutilized creditable amount	Unrecognized deferred tax assets	Expiry year
2013	Assessment	$ 22,190	$ 22,190	2023
2014	Assessment	42,485	42,485	2024
2015	Assessment	70,640	70,640	2025
2016	Assessment	95,544	95,544	2026
2017	Assessment	142,084	142,084	2027
2018	Assessment	297,420	297,420	2028
2019	Assessment	248,474	248,474	2029
2020	Assessment	192,755	192,755	2030
2021	Filing	172,703	172,703	2031
		$ 1,284,295	$ 1,284,295	

4. The Group's profit-seeking enterprise annual income tax return up to 2020 had been examined by the tax authorities.

(26) Material contracts

1. Licensing agreements

(1) A company invested in the Company in "Patented Glyco Antigen Technology" as shares, amounting to $10,000 in September 2002. According to the contract signed by the mutual parties, the Company shall pay the milestone license fee of USD 2,000 thousand in cash in 2014; the payment had been paid in July 2017.

(2) The Company and A company signed a licensing contract in April 2011, in which A company agreed to license the technology relating to hybridomas and monoclonal antibodies to the Company. According to the contents prescribed in the contract, the Company shall pay USD 400 thousand of licensing fee at the time of signing the contract, and pay another USD 400 thousand in February 2012. According to the contract, if the Company failed to generate relevant income from applying this technology by March 2014, the Company may return the licensing and ask A company for a refund. Instead, the Company decided not to return the licensing in April 2014.

2. Cooperation agreements

The Company signed a cooperation agreement of osteoporosis biosimilars ("SPD") with Mitsubishi Gas Chemical Trading, Inc. in Japan in July 2021, and the two parties jointly invested and developed SPD. The costs to be amortized and income to be shared shall be calculated proportionally agreed in the contract signed by the mutual parties.

(27) Loss per share

	2022		
		Weighted average number of ordinary shares outstanding	
	Loss after tax	Shares (in thousands)	Loss per share (NT$)
Basic loss per share (Note)			
Net loss in current period to owners of the parent	($ 219,822)	99,456	($ 2.21)

	2021		
	Weighted average number of ordinary shares outstanding		
	Loss after tax	Shares (in thousands)	Loss per share (NT$)
Basic loss per share(Note)			
Net loss in current period to owners of the parent	($ 172,493)	97,038	($ 1.78)

Note: The Company's potential ordinary share was with antidilutive effect as of December 31, 2022 and2021, therefore, its diluted loss per share was not calculated.

(28) Supplemental cash flow information

1. Investing activities with partial cash payments:

	2022	2021
Purchase of property, plant and equipment	$ 7,320	$ 7,088
Add: Beginning balance of payable on machinery and equipment	2,202	1,953
Less: Ending balance of payable on machinery and equipment	(833)	(2,202)
Cash paid during the year	$ 8,689	$ 6,839

2. Cash flow not affected by investing activities:

	2022	2021
Conversion of convertible bonds to ordinary shares	$ 5,128	$ -

(29) Changes in liabilities generated from financing activities

	2022	2021
	Short-term borrowings	Short-term borrowings
At January 1	$ -	$ -
Changes in cash flow from financing activities	5,000	-
At December 31	$ 5,000	$ -

7. Related-party transactions

(1) Significant related-party transactions

There were no significant related-party transactions for the years ended December 31, 2022 and 2021.

(2) Remuneration of key management personnel

	2022	2021
Salaries and wages and other short-term employee benefits	$ 15,674	$ 15,446
Post-employment benefits	523	522
Share-based payment	1,853	1,203
	$ 18,050	$ 17,171

8. Assets pledged as collateral

The list of assets pledged as collateral was as follows:

Assets	Carrying value December 31, 2022	Carrying value December 31, 2021	Object
Land	$ 210,599	$ -	Performance guarantee of bonds Short-term, borrowings
Buildings and structures	368,537	-	〃
	$ 579,136	$ -	

9. Significant contingencies and unrecognized contract commitments

(1) Contingencies

None.

(2) Contract commitments

As of December 31, 2022 and 2021, the Group has signed commissioned experiments and production contracts, and the amount to be paid in the future is $251,132 and $200,713, respectively.

10. Significant disasters loss

None.

11. Significant subsequent events

Please refer to Note 6(16)6.

12. Other

(1) Capital management

The Group's capital management objectives are to ensure the Company can operate continuously, maintain an optimal capital structure to reduce capital costs, and provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Group may adjust dividends paid to shareholders or issue new shares.

(2) Financial instruments

1. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income		
Designated equity investments	$ 13,518	$ 14,205
Financial assets at amortized cost		
Cash and cash equivalents	$ 82,187	$ 125,067
Financial assets at amortized cost	596,582	206,526
Accounts receivable	46	350
Other receivables	4,325	911
Refundable deposits (classified as "other non-current assets")	22	57
	$ 683,162	$ 332,911

Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	274	$ -
Financial liabilities at amortized cost		
Short-term borrowings	$ 5,000	$ -
Notes payable	900	900
Other payables	36,996	24,707
Bonds payable	218,679	-
Guarantee deposits received (classified as “other non-current liabilities”)	3,708	3,421
	$ 265,283	$ 29,028

2. Financial risk management policies

(1) The Group’s daily activities expose to a variety of financial risks, including market risk (i.e. currency risk and price risk), credit risk and liquidity risk. The overall risk management policy focuses on unpredictable events in financial markets and seeks to mitigate potential adverse effects on the Group’s financial condition and financial performance.

(2) Risk management is carried out by the finance department of the Group in accordance with the policies approved by the Board of Directors. The Group’s finance department is responsible for identifying, evaluating and hedging financial risks through close cooperation with the operating units. Principles of the overall risk management and policies on specific scopes and matters are prescribed in written by the Board of Directors, including currency risk, credit risk, use of derivative and non-derivative financial instruments, and investments of surplus liquidity.

3. Nature and degrees of significant financial risks

(1) Market risk

Currency risk

A. The Group’s business involves some non-functional currency operations (its functional currency is TWD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations was as follows:

	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (TWD)
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	$ 1,018	30.71	$ 31,230
CNY：TWD	10,315	4.408	45,534
JPY：TWD	37,434	0.232	8,696

	Foreign currency (in thousands)	Exchange rate	Carrying amount (TWD)
Financial liabilities			
Monetary item			
USD：TWD	$ 361	30.71	$ 11,104
JPY：TWD	26,815	0.232	6,259

	December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (TWD)
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	$ 22	27.68	$ 604
CNY：TWD	10,606	4.344	46,091
Financial liabilities			
Monetary item			
USD：TWD	$ 245	27.68	$ 6,798

B. Total exchange losses recognized (including amount realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 were ($480) and ($1,067), respectively.

C. The analysis of foreign currency market risks due to significant exchange rate fluctuations was as follows:

	2022		
	Sensitivity analysis		
	Fluctuations	Effect of profit or loss	Effect of comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	1%	$ 312	$ -
CNY：TWD	1%	455	-
JPY：TWD	1%	87	-
Financial liabilities			
Monetary item			
USD：TWD	1%	111	-
JPY：TWD	1%	63	-

	2021		
	Sensitivity analysis		
	Fluctuations	Effect of profit or loss	Effect of comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	1%	$ 6	$ -
CNY：TWD	1%	461	-
Financial liabilities			
Monetary item			
USD：TWD	1%	68	-

Price risk

A. The Group was exposed to equity price risk through its investments in listed financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages this exposure by diversifying of a portfolio of investments with preset limits.

B. The Group mainly invests in equity instruments issued by domestic companies. The prices of these equity investments will be affected by uncertainty of their future value. If the price of an equity investment had increased or decreased by 1%, with all other variable factors remaining constant, the Company's gains or losses on equity investments at fair value through other comprehensive income would have increased or decreased by $135 and $142 for the years ended December 31, 2022 and 2021, respectively.

(2) Credit risk

A. Credit risk refers to the risk of financial losses to the Group arising from default by the clients or counterparties' unfulfilled contract obligations on financial instruments. The primary credit risk is from the accounts receivable that the counterparty is unable to repay according to the payment term.

B. The Group establishes credit risk management from a group perspective. For banks and financial institutions, only those with reliable credit quality can be accepted as transaction counterparties. According to the internal defined credit policy, each new customer must conduct management and credit risk analysis before setting the terms and conditions for payment and delivery. Internal risk control is to assess the credit quality of customers by considering their financial status, past experience and other factors. Individual risk limit is prescribed based on internal or external ratings, and the use of credit facilities is regularly monitored.

C. The Group adopts the following assumptions under IFRS 9, if there has been a significant increase in credit risk on the financial instrument since its initial recognition:
When a contract payment was past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since the initial recognition.

D. When an investment with an independent credit rating had downgraded by two levels, the Group would have judged that credit risk of the investment has increased significantly.

E. The Group adopts the assumptions under IFRS 9, the default occurs when a contract payment was past due over 90 days.

F. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(A) it is probable that the issuer will enter bankruptcy or other financial reorganization due to its financial difficulties;

(B) the disappearance of an active market for that financial asset because of the issuer's financial difficulties;

(C) default or delinquency of interest or principal repayments by the issuer;

(D) adverse changes in national or regional economic conditions that may cause a default by the issuer.

G. The Group classifies customers' accounts receivable by nature of customers categories. The Company applies the simplified approach by using loss rate method as the basis to estimate expected credit loss.

H. The Group used forecast ability to adjust historical and timely information in specific period to estimate loss allowances of accounts receivable. The expected loss rate of customers in the creditworthy group is 0.2%. The total carrying value of accounts receivable for the years ended December 31, 2022 and 2021 were $46 and $350, respectively, and loss allowances were $0 and $0, respectively.

(3) Liquidity risk

A. Cash flow forecast is performed by the finance department of thent funds for operational needs. These forecasts also take into account the Group's goal of internal technical licensing time schedule.

B. The Group's non-derivative financial liabilities in the following table are categorized based on the maturity and are analyzed based on the remaining period at the balance sheets date to the agreed maturity date.

Non-derivative financial liabilities:

December 31, 2022	Less than 2 months	2 months to 1 year	1 to 5 years	Total
Short-term borrowings	$ 16	$ 5,033	$ -	$ 5,049
Notes payable	450	450	-	900
Other payables	36,996	-	-	36,996
Bonds payable	-	-	228,100	228,100

Non-derivative financial liabilities:

December 31, 2021	Less than 2 months	2 months to 1 year	1 to 5 years	Total
Notes payable	$ 450	$ 450	$ -	$ 900
Other payables	24,707	-	-	24,707

(3) Fair value information

1. The definitions of each level in valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that entities can access at the measurement date. The inputs of the level are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is the 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 assets or liabilities.

2. Financial instruments not measured at fair value

The carrying amount of cash and cash equivalents, financial assets at amortized cost, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, other payables and guarantee deposits received is the reasonable approximation of fair value.

3. Financial and non-financial instruments at fair value were classified by nature, features and risks of assets and liabilities and levels of fair value hierarchy, the related information was as follows:

(1) Information on the Group's assets and liabilities by nature was as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income- Equity securities	$ 13,513	$ 5	$ -	$ 13,518
Financial assets at fair value through profit or loss- Puttable right and buy-back right of convertible bonds	-	-	274	274
	$ 13,513	$ 5	$ 274	$ 13,792

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income- Equity securities	$ 14,200	$ 5	$ -	$ 14,205

(2) Method and assumptions used for the measurement of fair value were as follows:

A. Quoted prices as fair value inputs (i.e. Level 1) for instruments were listed as follows:

	Emerging companies shares (NT$)
Quoted prices	Closing price

B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is calculated by referring to the current fair value and evaluation techniques of other substantive conditions.

4. There were no transfers in either direction between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.
5. Changes in Level 3 for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
	Derivatives	Derivatives
At January 1	$ -	$ -
Acquisition in the current period	480	-
Derecognition of conversion of bonds payable in the current period	(206)	-
At December 31	$ 274	$ -

6. The valuation process of Level 3 fair value was carried out by the financial department of the Group on the independent fair value verifications of financial instruments. It used independent source data to regularly review the valuation results to close to the market status, and ensure the results are reasonable.
7. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement for the year ended December 31, 2022 was as follows:

	December 31, 2022 Fair value	Valuation technique	Significant unobservable inputs	Rate range (weighted-average)	Inter-relationship between significant unobservable inputs and fair value measurement
Derivatives：					
Puttable right and buy-back right of convertible bonds	$ 274	Binomial tree model	Volatility	45.88% (45.88%)	The higher the share price volatility is, the higher the fair value will be.

For the year ended December 31, 2021: None.

8. The Group carefully evaluated the valuation model and parameters to be used; however, the measurement would be different if different valuation models or valuation parameters are used. For financial liabilities using Level 3 inputs, if the valuation parameters increased or decreased by 1% did not have significant impact on current-period profit or loss for the year ended December 31, 2022.

13. Other disclosure

(1) Information on significant transactions

1. Financing provided to others: None.
2. Endorsements and guarantees provided to others: None.
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Business relationships among the parent company and subsidiaries, and significant intercompany transactions: None of transactions amount reaching NT$1 million.

(2) Information on investees

Name, location and other information of investees (excluding investees in Mainland China): Please refer to Table 2。

(3) Information on investment in Mainland China

1. Basic information: None.
2. Significant transactions either directly or indirectly through a third area, with investees in Mainland China: None.

(4) Information of major shareholders

Major shareholders: None of major shareholders' shareholding reaching 5% of equity in the current period.

14. Segment information

(1) General information

The main business of the Group and its subsidiaries is the development of new antibody drugs, technical consultants engaged in antibody manufacturing, and exclusive investment. Therefore, the chairman of the Group's operating decision maker evaluates performance and allocates resources with the two segment s of antibody new drugs and exclusive investment, and these two segments are the reporting segments.

(2) Measurement of segment information

The accounting policies of the Group's operating segments are the same as the summary description of important accounting policies stated in Note 4 to the financial report. The profit and loss of the operating segment of the Company is measured by the net operating loss and serves as the basis for evaluating the performance of the operating segment.

(3) Information on segmental profit and loss, assets and liabilities

The reportable segmental information provided to key operating decision makers is as follows:

	2022			
	Antibody new drug	Exclusive investment	Consolidation reversal	Total
Revenues from external customers	$ 30,085	$ -	$ -	$ 30,085
Internal segment revenue	-	-	-	-
Segmental Income	$ 30,085	$ -	$ -	$ 30,085
Segment profit and loss	($ 238,637)	($ 64)	$ 60	($ 238,641)
Segment profit and loss includes:				
Depreciation and amortization	$ 39,956	$ -	$ -	$ 39,956
Income tax expense	$ -	$ -	$ -	$ -

Segment Assets	$ 1,696,369	$ 20,579	$ -	$ 1,716,948
Segment Liabilities	$ 271,337	$ -	$ -	$ 271,337

	2021			
	Antibody new drug	Exclusive investment	Consolidation reversal	Total
Revenues from external customers	$ 5,475	$ -	$ -	$ 5,475
Internal segment revenue	-	-	-	-
Segmental Income	$ 5,475	$ -	$ -	$ 5,475
Segment profit and loss	($ 194,924)	($ 64)	$ 60	($ 194,928)
Segment profit and loss includes:				
Depreciation and amortization	$ 40,132	$ -	$ -	$ 40,132
Income tax expense	$ -	$ -	$ -	$ -
Segment Assets	$ 1,374,535	$ 20,468	$ -	$ 1,395,003
Segment Liabilities	$ 36,070	$ -	$ -	$ 36,070

(4) Reconciliation information of segment profit and loss

The company's segmental net operating loss reported to the chief operating decision maker adopts the same measurement method as the income and expenses in the consolidated profit and loss statement, so the reconciliation items with the operating net loss are the same as the consolidated profit and loss statement.

(5) Product and Service Information

Please refer to Note 6(18).

(6) Regional information

The Group's regional revenue is classified according to the geographical location of customers, while non-current assets are classified according to the geographical location of assets. The group's regional information for 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Japan	$ 19,275	$ -	$ 3,123	$ -
India	10,342	-	-	-
Taiwan	468	990,281	2,352	1,022,053
	$ 30,085	$ 990,281	$ 5,475	$ 1,022,053

(7) Important Customer Information

The Group's revenue from a single customer in 2022 and 2021 as a percentage of the Group's operating revenue more than 10% are detailed as follows:

	2022			2021		
	Revenue	Percentage of consolidated revenue	Segment	Revenue	Percentage of consolidated revenue	Segment
A	$19,230	64%	Antibody new drug	$2,548	47%	Antibody new drug
B	-	-	〃	574	10%	〃
C	350	1%	〃	1,460	27%	〃
D	10,342	34%	〃	-	-	〃
E	-	-	〃	79	1%	〃
F	-	-	〃	619	11%	〃
	$29,922			$5,280		

GlycoNex Inc. and Subsidiary

Marketable securities held (excluding investments in subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Marketable securities (Note 1)				Ending balance				
Name of holder	Category	Name	Relationship with company	Account	Shares (in thousands)	Carrying amount (Note 2)	Shareholding ratio	Fair value	Remark
The Company	Shares	TAIWAN ADVANCE BIO-PHARMACEUTICAL INC.	A company measures the Company's financial assets at fair value through profit or loss	Non-current financial assets at fair value through other comprehensive income	763	$ 13,513	0.85%	$ 13,513	
GlycoNex Investment Inc.	Shares	Original BioMedicals Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1	5	0.00%	5	

Note 1: Marketable securitiesmentioned in this table refer to shares, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 “Financial Instruments”.

Note 2: For those measured at fair value, please fill in the balance of carrying amount after valuation of fair value adjusted and accumulated impairments deducted; for those not measured at fair value, please fill in the balance of carrying amout of the original acquisition cost or amortized cost less accumulated impairments.

GlycoNex Inc. and Subsidiary

Name, location and other information of investees (excluding investees in Mainland China)

For the year ended December 31, 2022

Table 2

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

				Original investment amount		Balance as of December 31, 2022					
Name of investor	Name of investee	Location	Main business	December 31, 2022	December 31, 2021	Shares (in thousand)	Percentage of ownership	Carrying amount	Net income (losses) of investee	Investment profits or losses recognized by the Company as of December 31, 2022	Remark
The Company	GlycoNex Investment Inc.	Taiwan	General investment	$ 20,000	$ 20,000	2,000,000	100.00	$ 20,579	$ 160	$ 160	Subsidiary

5. Company's Individual Financial Statements for the Most Recent Year Audited and Certified by Accountants.

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To GlycoNex Incorporation

Opinion

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

In our opinion, the accompanying 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" 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 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 Company's 2022 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

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

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Existence and occurrence of bank deposits

Description

Refer to Notes 4(5) and (7) for accounting policies on cash and cash equivalents and financial assets at amortised cost and Notes 6(1) and (2) for account details in the financial statements.

As at December 31, 2022, the balances of cash and cash equivalents and financial assets at amortised cost amounted to NT$658,203 thousand, constituting 38% of total assets. As the bank deposits are high risk in nature, are material to the financial statements and the determination as to whether the bank deposits qualify as cash equivalent relies on management judgement, we considered the existence and occurrence of bank deposits a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. We sent out audit confirmations to banks and financial institutions for specific agreements and bank accounts, in order to confirm the existence, rights and obligations of the related cash and cash equivalents.
2. We checked the term of the time deposits to determine whether it meets the definition of cash equivalents.
3. For year end bank reconciliations, we compared the account balance to the general ledger, as well as the balance of the bank account to bank statements, deposit books or bank confirmations, and we checked the accuracy and reasonableness of the bank reconciliation adjustments.
4. Inspected the source documents of significant cash receipts and payments to verify whether the transactions are for business purposes.

Impairment of property, plant and equipment

Description

Refer to Note 4(13) for the accounting policy on property, plant and equipment, Note 5 for uncertainty of accounting estimates and assumptions of impairment assessment and Note 6(6) for account details in the financial statements.

As at December 31, 2022, the balance of property, plant and equipment amounted to NT$989,919 thousand, constituting 58% of total assets. Management has estimated the abovementioned assets' recoverable amounts because the Company has not generated profit during the research and development stage and there is indication that the assets might have been impaired. The calculation of recoverable

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amounts rely on subjective judgements and thus have a greater degree of uncertainty. Given the material amount of long-term assets, we considered the impairment assessment of long-term assets a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. We obtained the evaluation form for impairment indication from the management to examine its reasonableness.
2. We assessed whether the fair value of property, plant and equipment was properly referenced to sources such as recent public transactions of similar real estate.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

For and on behalf of PricewaterhouseCoopers, Taiwan
March 16, 2023

The accompanying 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 financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, 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.

	Assets	Notes	December 31, 2022 AMOUNT		%	December 31, 2021 AMOUNT		%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	75,621	4	$	121,218	9
1136	Financial assets at amortised cost - current	6(2)		582,582	34		189,920	13
1170	Accounts receivable, net			46	-		350	-
1200	Other receivables			4,317	-		907	-
1220	Current income tax assets			199	-		164	-
1410	Prepayments	6(3)		29,478	2		25,526	2
1470	Other current assets			310	-		140	-
11XX	**Total current assets**			692,553	40		338,225	24
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(4)		13,513	1		14,200	1
1550	Investments accounted for under equity method	6(5)		20,579	1		20,468	2
1600	Property, plant and equipment	6(6) and 8		989,919	58		1,021,936	73
1900	Other non-current assets			384	-		174	-
15XX	**Total non-current assets**			1,024,395	60		1,056,778	76
1XXX	**Total assets**		$	1,716,948	100	$	1,395,003	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Current borrowings	6(8) and 8	$ 5,000	1	$ -	-
2130	Contract liabilities - current	6(19)	76	-	76	-
2150	Notes payable		900	-	900	-
2200	Other payables	6(9)	36,996	2	24,707	2
2300	Other current liabilities		1,512	-	1,523	-
21XX	**Total current liabilities**		44,484	3	27,206	2
	Non-current liabilities					
2500	Non-current financial liabilities at fair value through profit or loss	6(10)	274	-	-	-
2530	Corporate bonds payable	6(11) and 8	218,679	13	-	-
2600	Other non-current liabilities	6(12)(13)	7,900	-	8,864	1
25XX	**Total non-current liabilities**		226,853	13	8,864	1
2XXX	**Total liabilities**		271,337	16	36,070	3
	Equity					
	Share capital	6(15)				
3110	Common stock		1,070,980	62	974,818	70
3130	Certificates of bond-to-stock conversion		11,685	1	-	-
	Capital Surplus	6(16)				
3200	Capital surplus		587,473	34	563,634	40
	Accumulated deficit	6(17)				
3350	Accumulated deficit		(218,700)	(13)	(172,645)	(13)
	Other equity interest	6(18)				
3400	Other equity interest		(5,827)	-	(6,874)	-
3XXX	**Total equity**		1,445,611	84	1,358,933	97
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the reporting period	11				
3X2X	**Total liabilities and equity**		$ 1,716,948	100	$ 1,395,003	100

	Items	Notes	Year ended December 31 2022 AMOUNT	%	2021 AMOUNT	%
4000	Operating revenue	6(19)	$ 30,085	100	$ 5,475	100
5000	Operating costs	6(24)(25)	(16,118)	(53)	(2,014)	(37)
5950	Gross profit, net		13,967	47	3,461	63
	Operating expenses	6(24)(25)				
6100	Selling expenses		(4,425)	(15)	(4,532)	(83)
6200	General and administrative expenses		(50,772)	(169)	(48,846)	(892)
6300	Research and development expenses		(197,407)	(656)	(145,007)	(2648)
6000	Total operating expenses		(252,604)	(840)	(198,385)	(3623)
6900	Operating loss		(238,637)	(793)	(194,924)	(3560)
	Non-operating income and expenses					
7100	Interest income	6(2)(20)	4,421	15	2,596	47
7010	Other income	6(7)(21)	19,672	65	20,965	383
7020	Other gains and losses	6(22)	(773)	(3)	(1,184)	(22)
7050	Finance costs	6(23)	(4,358)	(15)	-	-
7055	Impairment loss determined in accordance with IFRS 9		(307)	(1)	-	-
7070	Share of profit of associates and joint ventures accounted for under the equity method		160	1	54	1
7000	Total non-operating income and expenses		18,815	62	22,431	409
7900	**Loss before income tax**		(219,822)	(731)	(172,493)	(3151)
7950	Income tax expense	6(26)	-	-	-	-
8200	**Net loss**		($ 219,822)	(731)	($ 172,493)	(3151)
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plan	6(13)	$ 1,122	4	($ 162)	(3)
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(4)(18)	(687)	(2)	(5,161)	(94)
8300	**Total other comprehensive income (loss) for the year**		$ 435	2	($ 5,323)	(97)
8500	**Total comprehensive loss for the year**		($ 219,387)	(729)	($ 177,816)	(3248)
	Loss per share (in dollars)	6(28)				
9750	Basic loss per share			($ 2.21)		($ 1.78)
9850	Diluted loss per share			($ 2.21)		($ 1.78)

2021											
Balance at January 1, 2021		$ 975,078	$ -	$ 719,518	$ -	$ 4,546	$ 9	($ 159,996)	$ 31	$ 391	$ 1,539,577
Net loss for the year		-	-	-	-	-	-	(172,493)	-	-	(172,493)
Other comprehensive loss for the year	6(18)	-	-	-	-	-	-	(162)	(5,161)	-	(5,323)
Total comprehensive loss		-	-	-	-	-	-	(172,655)	(5,161)	-	(177,816)
Capital reserve used to offset against accumulated deficit	6(17)	-	-	(159,996)	-	-	-	159,996	-	-	-
Disposal of financial assets at fair value through other comprehensive income - non-current	6(4)(18)	-	-	-	-	-	-	10	(10)	-	-
Vesting of restricted stocks to employees	6(14)	-	-	156	-	(156)	-	-	-	-	-
Retirement of restricted stocks to employees	6(14)	(260)	-	-	-	(443)	-	-	-	703	-
Compensation costs of restricted stocks to employees	6(14)	-	-	-	-	-	-	-	-	(2,828)	(2,828)
Balance at December 31, 2021		$ 974,818	$ -	$ 559,678	$ -	$ 3,947	$ 9	($ 172,645)	($ 5,140)	($ 1,734)	$ 1,358,933
2022											
Balance at January 1, 2022		$ 974,818	$ -	$ 559,678	$ -	$ 3,947	$ 9	($ 172,645)	($ 5,140)	($ 1,734)	$ 1,358,933
Net loss for the year		-	-	-	-	-	-	(219,822)	-	-	(219,822)
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	1,122	(687)	-	435
Total comprehensive loss		-	-	-	-	-	-	(218,700)	(687)	-	(219,387)
Issuance of common stock for cash	6(15)	45,000	-	57,500	-	-	-	-	-	-	102,500
Compensation costs of common stock for cash	6(14)	-	-	1,835	-	-	-	-	-	-	1,835
Capital reserve used to offset against accumulated deficit	6(17)	-	-	(172,645)	-	-	-	172,645	-	-	-
Issuance of convertible bonds	6(11)	-	-	-	35,870	-	-	-	-	-	35,870
Conversion of convertible bonds	6(11)	51,282	11,685	116,955	(15,570)	-	-	-	-	-	164,352
Retirement of restricted stocks to employees	6(14)	(120)	-	-	-	(106)	-	-	-	226	-
Compensation costs of restricted stocks to employees	6(14)	-	-	-	-	-	-	-	-	1,508	1,508
Balance at December 31, 2022		$ 1,070,980	$ 11,685	$ 563,323	$ 20,300	$ 3,841	$ 9	($ 218,700)	($ 5,827)	$ -	$ 1,445,611

CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 219,822)	($ 172,493)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(24)	39,337	39,804
Amortization	6(24)	619	328
Share of profit of associates and joint ventures accounted for under the equity method		(160)	(54)
Interest expense	6(23)	4,358	-
Interest income	6(20)	(4,421)	(2,596)
Compensation costs of restricted stocks to employees	6(14)	1,508	(2,828)
Compensation costs of common stock for cash	6(14)	1,835	-
Expected credit impairment loss		307	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		304	(334)
Other receivables		(3,457)	(777)
Prepayments		(3,952)	(5,921)
Other current assets		(170)	15
Changes in operating liabilities			
Contract liabilities - current		-	(219)
Other payables		13,663	1,643
Other current liabilities		(11)	(40)
Other non-current liabilities		(129)	(165)
Cash outflow generated from operations		(170,191)	(143,637)
Interest received		4,043	2,618
Interest paid		(1,643)	-
Income taxes refund		83	106
Dividends received		49	131
Net cash flows used in operating activities		(167,659)	(140,782)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets measured at amortised cost		(392,662)	122,296
Acquisition of property, plant and equipment	6(6)(29)	(8,689)	(6,839)
Proceeds from disposal of financial assets at fair value through other comprehensive income – non-current	6(4)	-	617
Decrease (increase) in refundable deposits (shown as other non-current assets)		35	(35)
Increase in other non-current assets		(864)	(218)
Net cash flows (used in) provided by investing activities		(402,180)	115,821
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock for cash	6(15)	103,500	-
Cost of issuance of common stock for cash (shown as deduction of capital reserve)		(1,000)	-
Increase in short-term loans	6(30)	66,000	-
Decrease in short-term loans	6(30)	(61,000)	-
Increase (decrease) in deposits received (shown as other non-current liabilities)		287	(27)
Issuance of convertible bonds	6(11)	420,630	-
Cost of issuance of convertible bonds	6(11)	(4,175)	-
Net cash flows provided by (used in) financing activities		524,242	(27)
Net decrease in cash and cash equivalents		(45,597)	(24,988)
Cash and cash equivalents at beginning of year		121,218	146,206
Cash and cash equivalents at end of year		$ 75,621	$ 121,218

GlycoNex Inc.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars,
Unless Otherwise Specified)

1. Company history

GlycoNex Inc. (the "Company") was incorporated in February 2001 in accordance with the authorization of the Ministry of Economic Affairs in the Republic of China (R.O.C.). The Company was listed on Taipei Exchange on December 18, 2012, and it mainly engaged in new antibody drug developments and the technical consultant of antibodies production.

2. Approval date and procedures of the financial statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 16, 2023.

3. New standards, amendments and interpretations adopted

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted

The following IFRSs are effective for annual periods beginning on or after January 1, 2022:

New standards/Amendments/Interpretations	Effective date issued by IASB
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 Company assessed that the adoption of the above standards and interpretations would not have any material impact on its financial condition and financial performance.

(2) The impact of IFRS endorsed by FSC but not yet effective

The following IFRSs are effective for annual periods beginning on or after January 1, 2023:

New standards/Amendments/Interpretations	Effective date issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The Company assessed that the adoption of the above standards and interpretations would not have any material impact on its financial condition and financial performance.

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC are set out below:

New standards/Amendments/Interpretations	Effective date issued by IASB
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 IASB
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
Amendments 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 Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

The Company assessed that the adoption of the above standards and interpretations would not have any material impact on its financial condition and financial performance.

4. Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements, unless specified otherwise.

(1) Statement of compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

1. Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:
   (1) Financial assets and liabilities at fair value through profit or loss (including derivative instruments) are measured at fair value.
   (2) Financial assets at fair value through other comprehensive income are measured at fair value.
   (3) Net defined benefit liability is recognized as the pension plan assets less the present value of the defined benefit obligation.
2. The management has to make certain significant accounting estimates based on their professional judgment and decide the accounting policy. Any change in the assumption could result in a significant change in the individual financial statements. The management of the Company and subsidiaries believes that the assumptions used in the parent company only statements are appropriate. For highly complicated matters, matters requiring high level of judgments, significant judgments that could have an impact on the consolidated financial statements and estimates and key sources of assumption uncertainty, please refer to Note 5 for further details.

(3) Foreign currency translations

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the office operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollar.

Foreign currency transaction and balance

1. Foreign currency transactions are converted into functional currency using the spot exchange rate on the transaction day or the measurement day, and the conversion difference resulting from such transactions is recognized as current profit or loss.
2. The balance of foreign currency assets and liabilities will be adjusted according to the spot exchange rate on the balance sheets date, and the conversion difference resulting from the adjustment shall be recognized as current profit or loss.
3. All currency exchange profits and losses are classified as "other gains and losses" in the statements of comprehensive income.

(4) Classification of current and non-current assets and liabilities

1. An asset is classified as current under one of the following criteria:
   (1) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle.
   (2) It is held primarily for the purpose of trading.
   (3) It is expected to be realized within twelve months after the reporting period.
   (4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   All other assets that do not meet the above criteria are classified as non-current.
2. A liability is classified as current under one of the following criteria:
   (1) It is expected to be settled in the normal operating cycle.
   (2) It is held primarily for the purpose of trading.
   (3) It is due to be settled within twelve months after the reporting period.
   (4) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

   All other liabilities that do not meet the above criteria are classified as non-current.

(5) Cash equivalents

Cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments should be recognized as cash equivalents.

(6) Financial assets at fair value through other comprehensive income

1. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income; or a debt investment that meets the following criteria at the same time:
   (1) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
   (2) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Regular way transactions of financial assets at fair value through other comprehensive income are recognized and derecognized on a trade date basis.

3. On initial recognition of an investment is measured at fair value plus its transaction cost, and the subsequent measurement at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income; on derecognition, the cumulative gains or losses that were originally recognized in other comprehensive income shall be reclassified to retain earnings instead of profit or loss. Dividend income is recognized in profit or loss when the Company's right to receive payment is established, which in the case that cash inflows are likely generated from the economic benefits related to dividends and the amount of dividends can be reliably measured.

(7) Financial assets at amortized cost

1. A financial asset is measured at amortized cost if it meets both of the following conditions:
   (1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
   (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Regular way transactions of financial assets at amortized cost are recognized and derecognized on a trade date basis.
3. Time deposits that do not meet the criteria of classifying as cash equivalents, the holding period is short, and the discount has little impact, are measured at the investment amount.

(8) Accounts and notes receivable

1. Refers to the accounts and notes that have been unconditionally received in exchange for the right to the value of the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable that are interests unpaid, which the discount has little impact, the Company uses the original invoice amount to measure the amount.

(9) Financial asset impairment

On every day of the balance sheets date, the Company considers all reasonable and corroborative information (including forward-looking information) about receivables from financial assets at amortized cost and part of the account that contains major financial affairs. For those whose credit risk has not increased significantly since the initial recognition, the amount of loss will be adjusted against the expected credit loss for 12 months. For those whose credit risk has increased significantly since the initial recognition, the credit loss balance shall be adjusted against the loss based on the expected credit loss amount during the duration. Regarding accounts receivable that do not include major components in financial statements, the balance of losses is offset against the amount of expected credit losses during the duration.

(10) Derecognition of financial assets

The Company derecognizes a financial asset only when situation happens as follows:

1. The contractual rights to the cash flows from the financial asset expire.
2. The contractual rights to the cash flows from the financial asset have been transferred and all the risks and rewards of the financial asset ownership have been removed.
3. The Company neither transfers nor retains substantially all the risks and rewards of ownership and not continues to control the transferred asset.

(11) Operating lease – as a lessor

Lease income from operating leases, net of any incentives given to the lessee, is amortized on a straight-line basis over the lease term and recognized as current profit or loss.

(12) Subsidiaries accounted for using equity method

1. Subsidiary refers to an entity under the command of the Company (include structural entity). When the Company is exposed to variable remuneration from the entity's participation or has rights to such variable remuneration, and when it has the ability to influence the remuneration through the power of the entity, the Company controls the entity.
2. The unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.
3. The company recognizes the amount of profit and loss obtained by the subsidiary as current profit or loss, and the amount of other comprehensive income after the acquisition is recognized as other comprehensive income. If the Company recognizes the loss of a subsidiary is equal to or exceeds the equity in the subsidiary, the Company continues to recognize the loss based on the shareholding ratio.
4. In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current profit or loss and other comprehensive income of the parent company only financial statements shall be the same as the current profit or loss and other comprehensive income in the financial report prepared on a consolidated basis attributable to the owners of the parent company. The reported owner's equity shall be the same as the equity attributable to the owner of the parent company in the financial report prepared on the basis of the consolidation.

(13) Property, plant and equipment

1. Property, plant and equipment are accounted on the basis of acquisition costs, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are accounted in the carrying amount of the asset or recognized as a separate asset only when the future economic benefits related to the item are likely to flow into the Company and the cost of the item can be reliably measured. The carrying amount of the replacement shall be derecognized. All other maintenance costs are recognized as current profit or loss when incurred.
3. Land is not depreciated. Plant and equipment are measured at the cost model and calculated on a straight-line basis based on the estimated useful lives. The Company reviews the residual value, estimated useful lives, and depreciation method of each asset at the end of the fiscal year. If the expectation of the residual value or the estimated useful lives is different from the previous estimation, or the expected consumption pattern for the future benefits contained in the asset changes significantly, it shall be handled on the date incurred in accordance with International Accounting Standard No. 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Estimated useful lives of assets are listed as follows:

Buildings and structures	5	～	50 years
Testing equipment	5	～	10 years
Office equipment	3	～	6 years
Other equipment	3	～	6 years

(14) Impairment of non-financial assets

The Company estimates the recoverable amount of assets that show signs of impairment on the balance sheets date. When the recoverable amount is lower than the asset carrying amount, the impairment loss is recognized. Recoverable amount refers to the higher value of an asset at fair value minus the cost of disposal or its value in use. When there is none or reduction of impairment in the assets recognized in the previous year, the impairment loss shall be reversed, but the carrying amount increment of the asset by the reverse of the impairment loss shall not exceed the carrying amount of the asset which was assumed no impairment and was deducted depreciation or amortization.

(15) Loans

Loans refer to short-term borrowings from banks that are measured at fair value deducts transaction costs on the initial recognition. Subsequently, any difference between the price after deducting transaction costs and the redemption price shall be recognized as interest expenses in profit or loss during the period of circulation accounted for using the effective interest method and amortization procedures.

(16) Accounts and notes payable

1. Note payable refers to debts arising from a purchase of raw materials, commodities or labor services for business or non-business purposes.
2. Due to the discount has little effect, the Company uses the initial invoice amount to measure short-term accounts payable and notes payable with interest unpaid.

(17) Financial liabilities at fair value through profit or loss

1. Liabilities that are incurred principally for the purpose of repurchasing them in the near term. Liabilities that are held for trading, except for derivative financial liabilities that are designated as hedging instruments, or financial liabilities that, upon initial recognition, are designated as measured at fair value through profit or loss. When a financial liability meets one of the following criteria, the Company designates it as measured at fair value through profit or loss on its initial recognition:
   (1)is a hybrid (combined) contract; or
   (2)can eliminate or substantially reduce the inconsistency of measurements or recognitions; or
   (3)is an instrument for managing on a fair value basis and evaluate performances, in accordance with written risk management policies.
2. The Company measures it at fair value on initial recognition, and the relevant transaction costs are recognized in profit or loss, and subsequently measured at fair value, and its gains or losses are recognized in profit or loss.

(18) Convertible bonds payable

The convertible bonds payable issued by the Company are embedded with conversion rights (that is, a holder has the right to choose to convert it into the Company's ordinary shares, and the conversion of a certain number of shares for a certain amount), puttable rights and buy-back rights. On initial issuance, the issue price is classified as financial assets, financial liabilities or equity according to the issuance conditions, which are handled as follows:

1. Embedded puttable rights and buy-back rights: On initial recognition, the net amount of its fair value is classified as "financial assets or liabilities at fair value through profit or loss"; subsequently, on the balance sheets date, it is evaluated at the current fair value, and the difference is recognized as "gains or losses on financial assets or liabilities at fair value through profit or loss".
2. The principal contract of convertible bonds payable is measured at fair value on initial recognition, and the difference between the fair value and redemption price is recognized as the premium or discount on bonds payable; the effective interest method is subsequently adopted and recognized in profit or loss as an adjustment item of "finance cost" during the period of bond circulation at amortization procedures.
3. The conversion right embedded in the Company's issue of convertible bonds payable meets the definition of equity. On initial recognition, after deducting "financial assets or liabilities at fair value through profit or loss" and "net bonds payable" from the issue amount, the residual value is classified as "capital surplus-share option" and will not be re-measured subsequently.

4. Any directly attributable transaction costs of the issuance are allocated to the liability and equity components in proportion to their original carrying amounts according to each component mentioned in the preceding paragraph.
5. When the holders converted, the liability components (including "bonds payable" and "financial assets or liabilities at fair value through profit or loss") are accounted for the subsequent measurement method of their classification, and then add the carrying amount of "capital surplus-share option" to the carrying amount of the above-mentioned liability components as the issuance cost of the ordinary share.

(19) Derecognition of financial liabilities

When the contractual obligations are fulfilled, canceled, or expired, the Company will derecognize the financial liabilities.

(20) Employee benefits

1.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid as an expense in exchange for service rendered by employees.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the amount of retirement fund on the basis of employee's responsibilities is recognized as the cost of benefit plan in the current period. For those prepaid retirement amount can be returned in cash or as the deduction in the future payment, are recognized as assets.

(2) Defined benefit plans

A. The net benefit liabilities under the defined benefit plan are calculated by discounting the number of future benefits the employee earned now or in the past, and the present value of defined benefit liabilities on the balance sheets date deduct the fair value of the beneficial asset. The net benefit liabilities are determined by the actuary's calculations every year using the projected unit credit method. The discount rate refers to the market yield of government bonds (on the balance sheets date) that are consistent with the currency and period of defined benefit plans on the balance sheets date.

B. Remeasurement of the defined benefit plans is recognized in other comprehensive income in the current period, and presented in retained earnings.

3. Termination benefits

Termination benefits are benefits provided to employees who terminate their employment before the normal retirement date or when employees decide to accept the Company's offer of benefits in exchange for termination of employment. The Company recognizes expenses when the offer of termination benefits can no longer be withdrawn or when the related restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully compensated 12 months after the balance sheets date should be discounted.

4. Remuneration to employees, directors and supervisors

Remuneration to employees, directors and supervisors are recognized as expenses and liabilities when there are legal or expected obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual and estimated allotment after the subsequent resolution, it shall be dealt with the changes in accounting estimates. If employee remuneration is paid by shares, the basis for calculating the number of shares is the closing price on the day before the resolution of the Board of Directors.

(21) Share-based payments

1. Equity-settled share-based payment agreement refers to the employee services obtained

by measuring at fair value of the equity instruments given on the grant date, which are recognized as remuneration costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instruments shall reflect the effects of vesting and non-vesting conditions of the market price. The recognized remuneration cost is adjusted according to the amount of rewards that are expected to meet the service conditions and non-vesting conditions of the market price, until the final amount is recognized based on the vesting number of shares on the vesting date. In addition, the Company chooses to use the date of confirming the number of subscribed shares with employees as the grant date, and it will be applied consistently in subsequent financial reports.

2. Restricted employee shares:
   (1) Refers to the equity instruments measured at fair value given on the grant date, which is recognized as remuneration costs during the vesting period.
   (2) Employees acquire new restricted employee shares with gratuitous consideration and resign within the vesting period, it will be deemed that the vested conditions have not been met on the day of resignation. The Company will recover the shares with no consideration and cancel them according to law.

(22) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for the income tax items included in other comprehensive income or equity, which are separately listed in other comprehensive income or directly listed in the equity, the income tax is recognized in profit or loss.
2. The Company calculates the current income tax based on the tax rate that has been legislated on the balance sheets date of the country where it operates and generates taxable income. The management regularly evaluates the status of income tax declarations with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. In the next year after the subsequent earnings generated, after the shareholders' meeting ratified the earning distribution proposal, the distribution of actual earnings will be confirmed and the retained earnings income tax expenses will be recognized.
3. Deferred income tax adopts the balance sheet method, and recognizes the temporary difference between the tax base of assets and liabilities and their book amounts in the balance sheets. If the deferred income tax originates from the original recognition of assets or liabilities in the transaction (not including business combination) and does not affect accounting profits or accounting at the time of the transaction. Tax income (taxable loss) is not recognized. Deferred income tax adopts the tax rate (and Tax Acts) that has been enacted or substantive legislated on the balance sheet date and is expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized within the scope where temporary differences are likely to be used to offset future taxable income, and unrecognized and recognized deferred tax assets are reassessed on each balance sheets date.

5. When there is a legal enforcement right to offset the recognized current income tax assets and liabilities, and there is an intention to pay off on a net basis or to realize assets and liabilities at the same time, the current income tax assets and current income tax liabilities are mutually exclusive. When there is statutory enforcement power to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer taxed by the same tax authority, or by different taxpayers but each entity intends to the deferred income tax assets and liabilities are offset against each other when the net basis is settled or the assets and liabilities are realized at the same time.

(23) Share capital

1. Ordinary shares are classified as equity. The net amount directly attributable to the increase in the issuance of new shares after deduction of taxes is listed as a price reduction in equity.
2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, shall be recognized as a decrease in shareholders' equity net of tax. When the buy-back shares are subsequently reissued, the difference between the consideration received, after deducting any directly attributable incremental costs and the effects of income tax, and the carrying amount is recognized as an adjustment item to shareholders' equity.

(24) Revenue recognition

The Company provides commissioned technical services and identifies performance obligations in accordance with customers contracts. Services revenue is recognized as revenue when each performance obligation is met. Customers pay the contract price according to the agreed payment schedule. When services provided by the Company exceeds the accounts payable by a customer, it is recognized as a contract asset, and when the accounts payable by a customer exceeds the services rendered by the Company, it is recognized as a contract liability.

5. Significant accounting judgments, assumptions, and the major sources of estimation uncertainty

When the preparation of the parent company only financial statements, the management has made accounting estimations and assumptions on the balance sheets date based on reasonable forecasts to future events. There is no need to use significant accounting judgments for the adoption of accounting policies. The major accounting judgments and assumptions may be different from the actual results and will be continuously evaluated and adjusted from historical experience and other factors. These estimations and assumptions have the risk that the book value of assets and liabilities will be adjusted significantly in the next fiscal year. The explanations on major accounting judgments, assumptions and estimation uncertainty are as follows:

Significant accounting estimations and assumptions

Impairment of property, plant and equipment

In the process of evaluating the potential impairment, the Company relies on subjective judgments related to the specific asset groups considering of the nature of the industry and market conditions. For an indication of impairment, the asset is to be estimated its recoverable amount. Any changes in these estimates based on changed economic and market conditions or business strategies could result in significant impairment charges in future years.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 21	$ 38
Demand deposits	29,089	78,772
Foreign currency deposits	11,511	5,023
Cash equivalents-time deposits	35,000	37,385
	$ 75,621	$ 121,218

1. The Company maintains good credit quality with financial institutions and interacts with many financial institutions to disperse credit risks. The possibility of defaults is expected to be very low.
2. None of cash and cash equivalents of the Company were pledged as collateral.

(2) Financial assets at amortized cost

Item	December 31, 2022	December 31, 2021
Current:		
Time deposits (Note)	$ 582,582	$ 189,920

Note: Time deposits with a deposit period of more than 3 months and no more than 1 year.

1. Financial assets at amortized cost recognized in profit or loss were as follows:

	2022	2021
Interest income	$ 4,005	$ 2,292

2. None of financial assets at amortized cost of the Company were pledged as collateral.
3. Regardless of the collateral held or other credit enhancements, the maximum amount of credit risk exposure of the Company outstanding financial assets at amortized cost on December 31, 2022, and 2021 were $582,582 and $189,920, respectively.
4. For credit risk information on financial assets at amortized cost, please refer to Note 12(2).

(3) Prepayments

	December 31, 2022	December 31, 2021
Prepayments of commissioned research expenses	$ 24,791	$ 21,527
Excess business tax paid	4,275	3,648
Other	412	351
	$ 29,478	$ 25,526

(4) Financial assets at fair value through other comprehensive income

Item	December 31, 2022	December 31, 2021
Non-current:		
Equity instruments		
Emerging companies shares	$ 19,321	$ 19,321
Valuation adjustments	(5,808)	(5,121)
	$ 13,513	$ 14,200

1. The Company chooses to classify the share investments that are strategic investments as financial assets at fair value through other comprehensive income. The fair value of these investments for the years ended December 31, 2022 and 2021 were $13,513 and $14,200, respectively.
2. For the year ended December 31, 2021, the Company sold emerging companies shares with fair value of $617 for the reserve of future R&D expenditures, and the cumulative gains on disposal were $10. None of financial assets was sold for the year ended December 31, 2022.
3. Financial assets at fair value through other comprehensive income recognized in profit or loss and comprehensive income were as follows:

	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value changes recognized in other comprehensive income	($ 687)	($ 5,161)
Derecognition of cumulative gains transferred to retained earnings	$ -	$ 10

4. Regardless of the collateral held or other credit enhancements, the maximum amount of credit risk exposure of the Company's financial assets at fair value through other comprehensive income on December 31, 2022, and 2021 were $13,513 and $14,200, respectively.
5. None of financial assets at fair value through other comprehensive income of the Company were pledged as collateral.

(5) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
GlycoNex Investment Inc.	$ 20,579	$ 20,468

For information on subsidiaries of the Company, please refer to Note 4(3) of the 2022 consolidated financial statements.

(6) Property, plant and equipment

	Land			Buildings and structures			Testing equipment	Office equipment	Other equipment	Total
	Company-use	For leasing	Subtotal	Company-use	For leasing	Subtotal				
January 1, 2022										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 130,417	$ 6,627	$ 5,232	$ 1,282,293
Accumulated depreciation	-	-	-	(87,417)	(56,746)	(144,163)	(105,961)	(6,131)	(4,102)	(260,357)
	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936
2022										
January 1	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936
Additions	-	-	-	-	-	-	6,433	887	-	7,320
Depreciation	-	-	-	(15,683)	(10,138)	(25,821)	(12,272)	(444)	(800)	(39,337)
December 31	$ 141,625	$ 193,464	$ 335,089	$ 287,401	$ 347,543	$ 634,944	$ 18,617	$ 939	$ 330	$ 989,919
December 31, 2022										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 136,241	$ 7,231	$ 5,232	$ 1,288,721
Accumulated depreciation	-	-	-	(103,100)	(66,884)	(169,984)	(117,624)	(6,292)	(4,902)	(298,802)
	$ 141,625	$ 193,464	$ 335,089	$ 287,401	$ 347,543	$ 634,944	$ 18,617	$ 939	$ 330	$ 989,919

	Land			Buildings and structures			Testing equipment	Office equipment	Other equipment	Total
	Company-use	For leasing	Subtotal	Company-use	For leasing	Subtotal				
January 1, 2021										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 123,521	$ 6,616	$ 5,232	$ 1,275,386
Accumulated depreciation	-	-	-	(71,449)	(46,608)	(118,057)	(93,687)	(5,770)	(3,220)	(220,734)
	$ 141,625	$ 193,464	$ 335,089	$ 319,052	$ 367,819	$ 686,871	$ 29,834	$ 846	$ 2,012	$ 1,054,652
2021										
January 1	$ 141,625	$ 193,464	$ 335,089	$ 319,052	$ 367,819	$ 686,871	$ 29,834	$ 846	$ 2,012	$ 1,054,652
Additions	-	-	-	-	-	-	6,896	192	-	7,088
Depreciation	-	-	-	(15,968)	(10,138)	(26,106)	(12,274)	(542)	(882)	(39,804)
December 31	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936
December 31, 2021										
Cost	$ 141,625	$ 193,464	$ 335,089	$ 390,501	$ 414,427	$ 804,928	$ 130,417	$ 6,627	$ 5,232	$ 1,282,293
Accumulated depreciation	-	-	-	(87,417)	(56,746)	(144,163)	(105,961)	(6,131)	(4,102)	(260,357)
	$ 141,625	$ 193,464	$ 335,089	$ 303,084	$ 357,681	$ 660,765	$ 24,456	$ 496	$ 1,130	$ 1,021,936

Please refer to Note 8 for property, plant and equipment pledged as collateral.

(7) Lease－As lessor

1. The underlying assets leased by the Company include land and buildings, which typically run for a contract period of 6 months to 8 years. A lease contract is an individual negotiation and contains a variety of different terms and conditions. In order to secure the use of leased assets, the lessee is usually not allowed to sublease, lend, or sell all or part of the leased assets.
2. The Company recognized rent income of $19,380 and $20,965 based on operating lease contracts for the years ended December 31, 2022 and 2021, respectively, and none of them was a variable lease payment.
3. The maturity analysis of lease payments for the Company's operating leases was as follows:

	December 31, 2022	December 31, 2021
Year 2022	$ -	$ 17,564
Year 2023	17,538	11,436
Year 2024	10,926	4,173
Year 2025	8,813	2,766
Year 2026	8,615	2,568
Year 2027	8,530	2,559
After the year 2028	5,463	3,447
Total	$ 59,885	$ 44,513

(8) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured loans from banks	$ 5,000	$ -
Financing facilities	$ 30,000	$ -
Interest rate range	1.80%	-

(9) Other payables

	December 31, 2022	December 31, 2021
Salaries and bonus payable	$ 11,566	$ 10,666
Commissioned experiment expenses payable	15,709	4,317
Materials payable	2,476	2,815
Services expenses payable	3,089	2,656
Payable on machinery and equipment	833	2,202
Other	3,323	2,051
	$ 36,996	$ 24,707

(10) Financial liabilities at fair value through profit or loss

Item	December 31, 2022	December 31, 2021
Non-current:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivative liabilities (Domestic secured puttable right of convertible bonds)	$ 274	$ -

(11) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ 228,100	$ -
Less: Discount on bonds payable	(9,421)	-
	$ 218,679	$ -

1. The conditions of the Company's third issuance of domestic secured convertible bonds are as follows:
   (1) The Company has been approved by the competent authority to raise and issue the third domestic secured convertible bonds, amounting to $400,000 of the total face value at 0% coupon rate. Aggregate amount of the issuance is $420,630 based on 105.16% of the face value for a 3-year issue period, and the period of bond circulation begins from June 27, 2022 to June 27, 2025. The Company will repay the convertible bonds in cash in one lump sum according to the face value of bonds upon maturity. These convertible bonds were listed for trading on the TPEx on June 27, 2022.
   (2) From the next day after the issuance of convertible bonds three months later to ten days before the maturity date, the bondholder may at any time request the Company for conversion into common shares, except during the period in which transfer of ordinary shares is suspended by laws and regulations. The ordinary shares after conversion shall rank pair passu with the issued and outstanding shares of the Company.
   (3) The conversion price of convertible bonds was determined according to the pricing model prescribed in the conversion regulations (the conversion price of $27.3 per share). In case of anti-dilution provisions on the conversion price subsequently, the conversion price will be adjusted in accordance with the pricing model in the conversion regulations.
   (4) Bondholders may request the Company for redemptions at 100% of the bonds face value when the convertible bonds have been issued for two years.
   (5) The Company may redeem all bonds in cash at the bonds face value, when, from the next day after the issuance of convertible bonds three months later to 40 days prior to maturity of the issuance period, when the closing price of the Company's ordinary share exceeds the current conversion price by 30% for 30 consecutive business days; or from the next day after the issuance of convertible bonds three months later to 40 days prior to maturity of the issuance period, when the outstanding balance of converted bonds is 10% lower than the original issuance amount.
   (6) According to the conversion regulations, all the convertible bonds that the Company has recovered (including bought back by the TPEx), repaid or converted will be cancelled, and all the rights and obligations attached to the bonds will also be extinguished without reissuance.
2. The Company signed a commissioned contract with Taishin International Bank Co. Ltd. ("Taishin Bank") for the issuance of secured bonds. The Company has committed to maintain the following financial ratios in the quarterly consolidated financial report starting from the three months ended September 2022:
   (1) The debt ratio shall not exceed 50% (inclusive).
   (2) The current ratio shall maintain above 200% (inclusive).
   (3) The net worth shall be more than $1 billion (inclusive).

   If the Company fails to achieve the above commitments, Taishin Bank will raise the guaranteed rate.

3. When issuing convertible bonds, the Company separated the conversion right of equity nature from each component of liabilities in accordance with IAS 32, and classify them as “capital surplus-share option”, amounting to $35,780. In addition, as the embedded buy-back and puttable right are not closely related to the economic characteristics and risks of the main contract debt instrument, they were separated from equity in accordance with IFRS 9, and classified as net amount of “financial liabilities at fair value through profit or loss”. The effective interest rate of the main contract debt after separation was 1.6042%.
4. The face value of convertible bonds issued by the Company was $400,000. As of December 31, 2022, the cumulative face value of $171,900 has been converted into 6,297 thousand ordinary shares. As the base date of newly issued shares for conversion in the fourth quarter of 2022 were March 2023, the face value was classified as “share capital-bond conversion entitlement certificates”, and the issuance at premium was classified as “capital surplus-additional paid-in capital”.
5. Please refer to Note 8 for bonds pledged as collateral.

(12) Other non-current liabilities

	December 31, 2022	December 31, 2021
Net defined benefit liability	$ 4,192	$ 5,443
Guarantee deposits received	3,708	3,421
	$ 7,900	$ 8,864

(13) Pension

1.(1) The Company has established defined benefit retirement measures in accordance with the provisions of the “Labor Standards Act”, which are applicable to service years of all regular employees before the implementation of the “Labor Pension Regulations” on July 1, 2005, and the follow-up service years of employees who choose to comply the Labor Standards Act after the implementation of the “Labor Pension Regulations”. For employees who meet the retirement conditions, the pension payment is calculated based on the length of service and the average salary of the 6 months before retirement. Two bases are given for each year of service within 15 years (inclusive), and one base is given for each year of service over 15 years, but the cumulative maximum is limited to 45 bases. The Company allocates 2% of the total salary per month as the retirement fund, which is deposited in Bank of Taiwan by a special account named the Labor Pension Fund Supervisory Committee. In addition, the Company should calculate the amount of pensions for those who meet the statutory retirement conditions in the next year before the end of each year and make a provision for the difference before the end of March of the following year.

(2) The amount recognized in the balance sheets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 7,425	$ 8,279
Fair value of plan assets	(3,233)	(2,836)
Net defined benefit liability (classified as 「Other non-current liabilities」)	$ 4,192	$ 5,443

(3) Changes in net defined benefit liability were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	$ 8,279	($ 2,836)	$ 5,443
Interest expense (income)	58	(20)	38
	8,337	(2,856)	5,481
Remeasurements:			
Return on plan assets (excluding amount included in interest income or expense)	-	(210)	(210)
Effects of changes in financial assumptions	(234)	-	(234)
Experience adjustments	(678)	-	(678)
	(912)	(210)	(1,122)
Contribution of retirement funds	-	(167)	(167)
Balance at December 31	$ 7,425	($ 3,233)	$ 4,192

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	$ 8,138	($ 2,692)	$ 5,446
Interest expense (income)	24	(8)	16
	8,162	(2,700)	5,462
Remeasurements:			
Return on plan assets (excluding amount included in interest income or expense)	-	(39)	(39)
Effects of changes in demographic assumptions	6	-	6
Effects of changes in financial assumptions	(265)	-	(265)
Experience adjustments	460	-	460
	201	(39)	162
Contribution of retirement funds	-	(181)	(181)

Pension paid	(84)	84	-
Balance at December 31	$ 8,279	($ 2,836)	$ 5,443

(4) The assets of the Company's defined benefit retirement fund are items within the scope and amount of entrusted business projects stipulated by the Bank of Taiwan in accordance with Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund". The annual investment plan of the fund (that is, deposits in domestic and overseas financial institutions, investment in domestic and overseas listings, over-the-counter or private equity securities, investment in domestic and overseas real estate securitization products, etc.) to handle entrusted business, and related operation are supervised by the Pension Fund Supervision Committee. When using the fund, the minimum income of its annual final accounting distribution shall not be lower than the income calculated based on the two-year time deposit interest rate of local banks in Taiwan. If it is insufficient, it shall be supplemented by the State Treasury after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it cannot disclose the classification of fair value of the plan in accordance with Paragraph 142 of IAS 19. For fair value of the fund's total assets as of December 31, 2022 and 2021, please refer to the report published by the government on the annual use of labor pension funds.

(5) The actuarial assumptions of pension payments were summarized as follows:

	2022	2021
Discount rate	1.20%	0.70%
Future salary increase rate	4.00%	4.00%

The hypothesis of the future mortality rate is based on published statistics and experience.

The effects of the present value of defined benefit obligation arising from changes in principal actuarial assumptions were analyzed as follows:

	Discount rate		Future salary increase rate	
	Increased 1%	Decreased 1%	Increased 1%	Decreased 1%
December 31, 2022				
Impact on the present value of defined benefit obligation	($ 453)	$ 463	$ 377	($ 371)
December 31, 2021				
Impact on the present value of defined benefit obligation	($ 626)	$ 643	$ 540	($ 530)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(6) The expected contribution payment to be made by the Company to the retirement plan for the year ended December 31, 2023 is $160.

2.(1) Since July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution plan procedure in accordance with the "Labor Pension Act", which are applicable to domestic employees. The Company applies the labor retirement pension system stipulated by the "Labor Pension Act" for employees' choice, with a monthly contribution of 6% of the salary to the employee's personal account of The Bureau of Labor Insurance, and the payment depends on the employee's personal pension. The amount of the special account and accumulated income is received in the form of a monthly pension or a lump-sum pension.

(2) For the years ended December 31, 2022 and 2021, the Company recognized costs of the retirement payments according to the above-mentioned method of $1,927 and $1,808, respectively.

(14) Share-based payment

1. The Company's share-based payment arrangement as of December 31, 2022 was as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Conditions
Restricted employee shares plan	2018.05.15	175	3 years	Completion of service tenure and performance conditions
Restricted employee shares plan	2020.02.24	750	34 months	Completion of service tenure and performance conditions
Cash capital increase reserved for employees subscription	2022.08.08	450	Not applicable	Vested immediately

The restricted employee shares issued by the Company cannot be sold, pledged, transferred, gifted to others, disposed of by setting or in other ways within the vesting period, and have no rights for dividend, bonus, appropriation of capital surplus and cash capital increase. If an employee resigns within the vesting period, the vesting conditions will be deemed unqualified on the effective date of resignation, and the Company will recover and cancel the share in accordance with laws.

2. The details of share-based payment arrangement were as follows:

	2022	2021
	Shares (in thousands)	Shares (in thousands)
Outstanding at January 1	444	478
Shares expired in the current period	(12)	(26)
Restricted shares released in the current period	-	(8)
Outstanding at December 31	432	444

3. The maturity and exercise price of share-based payment outstanding on the balance sheets date were as follows:

			December 31,2022		December 31, 2021	
Type of arrangement	Approval for issuance	Maturity	Shares (in thousands)	Exercise price (in NT$)	Shares (in thousands)	Performance price (in NT$)
Restricted employee shares	April 12, 2019	December 31, 2022	432	-	444	-

4. The fair value of restricted employee shares granted by the Company was based on the market price per share on the grant date, the relevant information was as follows:

Type of arrangement	Grant date	Share price (NT$)	Exercise price (NT$)	Expected lifetime	Fair value per share (NT$)
Restricted employee shares	2018.05.15	30.50	-	3 years	30.50
Restricted employee shares	2020.02.24	19.40	-	3 years	19.40

5. The Company used Black-Scholes option pricing model to estimate the fair value of share option on cash capital increase reserved for employees subscription granted by the Company, the relevant information was as follows:

Issuer	Type	Grant date	Share price (NT$)	Exercise price (NT$)	Expected volatility	Expected lifetime	Expected dividend	Risk-free interest rate	Fair value per share (NT$)
The Company	Cash capital increase reserved for employees subscription	2022.08.08	$27	$ 23	33.09%	0.003 year	0%	0.69%	$ 4.10

6. Expenses arising from share-based payment transactions were as follows:

	2022	2021
Equity-settled	$ 3,343	($ 2,828)

(15) Share capital

1. As of December 31, 2022, the Company's authorized capital was $2,000,000 in 200,000 shares with a par value of $10 per share, and the paid-in capital was $1,070,980. Payments of the issued shares by the Company had been received. The reconciliation of outstanding ordinary shares (in thousands) at the beginning and ending period was as follows:

	2022	2021
At January 1	97,038	97,030
Cash capital increase	4,500	-
Restricted employee shares released	-	8
Conversion of convertible bonds	5,128	-
At December 31	106,666	97,038

2. The Board of Directors of the Company resolved on March 17, 2022 to issue 4,500

thousand ordinary shares for cash capital increase, with a par value of $10 per share. The total capital increase was $103,500 on August 15, 2022, as the base date, and the payment of shares were fully received.

3. The Company decided to make the second distribution of restricted employee shares for 175 thousand shares by the resolution of the Board of Directors on May 11, 2018. The base date of newly issued shares was May 15, 2018, and the subscription price per share was $0. Ordinary shares at this issuance, before the completion of vesting conditions shall rank pair passu with the issued and outstanding shares of the Company except for conversion right of restricted shares and no rights for distributions of dividend, bonus, appropriation of capital surplus and cash capital increase. As of December 31, 2022, there were 43 thousand shares, 18 thousand shares and 8 thousand shares that met the vesting conditions and were released on April 1, 2019, March 31, 2020 and March 31, 2021, respectively.

   The Company decided to make the third distribution of restricted employee shares for 750 thousand shares by the resolution of the Board of Directors on May 11, 2018. The base date of newly issued shares was February 24, 2019, and the subscription price per share was $0. Ordinary shares at this issuance, before the completion of vesting conditions shall rank pair passu with the issued and outstanding shares of the Company except for conversion right of restricted shares and no rights for distributions of dividend, bonus, appropriation of capital surplus and cash capital increase. As of December 31, 2022, there were 298 thousand shares that met the vesting conditions and were released on April 20, 2020.

(16) <u>Capital surplus</u>

1. According to the Company Act, when losses have been covered and no cumulative deficits, capital surplus can be distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. The above-mentioned capital surplus includes income derived from the issuance of new shares at a premium and income from endowments received by the Company. According to relevant regulations prescribed in the Securities and Exchange Act, capital increases by transferring capital surplus in excess of the par value shall not exceed 10% of the Company's paid-in capital. The Company shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.
2. Please refer to Note 6(11) for the explanation of capital surplus-share option.

(17) <u>Accumulated deficit</u>

1. The Company's Articles of Incorporation provide that, when allocating earnings, the Company shall first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (until the accumulated legal capital reserve equals the Company's paid-in capital), then set aside a special capital reserve in accordance with relevant laws or regulations by the competent authority, and then any remaining profit together with any unappropriated retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution.
2. The Company is in its growth phase, wherein it considers the domestic and foreign competitive investment environment, long-term capital budget planning and future operational growth and capital needs, thus, the policy of low cash dividends plus additional dividend is currently adopted. Earnings distribution should not be lower than 10% of the appropriated earnings for the current year; however, if the appropriated earnings are lower than 1% of the paid-in capital, they may be resolved to be fully

transferred into the account of retained earnings. When distributing earnings, the cash dividends should not be lower than 10% of the total amount of dividend in order to satisfy the shareholders' demand on cash inflows. However, if the amount of cash dividends paid per share is less than $1, the distribution may be paid in shares instead.

3. Legal reserve can only be used to offset accumulated deficit or to issue new shares or cash to shareholders in proportion to their shareholding; where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.
4. 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.
5.(1) The Company decided to offset deficits of $159,996 by capital surplus, which was resolved in the shareholders' meeting held on July 9, 2021.
  (2) The Company decided to offset deficits of $172,645 by capital surplus, which was resolved in the shareholders' meeting held on June 23, 2022.
  (3) For the above-mentioned offsetting deficits made by the resolution in the shareholders' meetings, please refer to TWSE Market Observation Post System ("MOPS").
6. The Board of Directors of the Company proposed to offset 2022 deficits of $218,700 by capital surplus in the board meeting on March 16, 2023. As of March 16, 2023, this proposal has not been resolved by the shareholders' meeting.
7. Please refer to Note 6(25) for the information on remuneration to employees and directors and supervisors.

(18) Other equity

	2022		
	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Employee unearned remuneration	Total
At January 1	($ 5,140)	($ 1,734)	($ 6,874)
Valuation adjustments	(687)	-	(687)
Restricted employee shares reacquired	-	226	226
Restricted employee shares payment	-	1,508	1,508
At December 31	($ 5,827)	$ -	($ 5,827)

	2021		
	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Employee unearned remuneration	Total
At January 1	$ 31	$ 391	$ 422
Valuation adjustments	(5,161)	-	(5,161)
Valuation adjustments transferred to retained earnings	(10)	-	(10)
Restricted employee shares reacquired	-	703	703
Restricted employee shares payment	-	(2,828)	(2,828)
At December 31	($ 5,140)	($ 1,734)	($ 6,874)

(19) Operating revenue

	2022	2021
Revenue from contracts with customers	$ 30,085	$ 5,475

1. Disaggregation of revenue

   The Company derives revenue from the transfer of services at a point in time, major geographical areas are as following:

	2022			
	Japan	India	Taiwan	Total
Revenue from commissioned technical services	$ 19,275	$ 10,342	$ 468	$ 30,085

	2021			
	Japan	India	Taiwan	Total
Revenue from commissioned technical services	$ 3,123	$ -	$ 2,352	$ 5,475

2. Contract liability

   The Company recognized contract liabilities related to customer contract revenue as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liability:			
Contract of commissioned technical services	$ 76	$ 76	$ 295

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at January 1, 2022 and 2021 were $0 and $295.

(20) Interest income

	2022	2021
Interest income from bank deposits	$ 416	$ 304
Interest income from financial assets at amortized cost	4,005	2,292
	$ 4,421	$ 2,596

(21) Other income

	2022	2021
Rent income	$ 19,380	$ 20,965
Other income-other	292	-
	$ 19,672	$ 20,965

(22) Other gains and losses

	2022	2021
Foreign exchange losses	($ 535)	($ 1,046)
Miscellaneous expenses	(238)	(138)
	($ 773)	($ 1,184)

(23) Financial costs

	2022	2021
Interest expenses:		
Bank loans	$ 33	$ -
Convertible bonds	2,715	-
Other	1,610	-
	$ 4,358	$ -

(24) Expenses by nature

	2022	2021
Employee benefit expenses	$ 55,114	$ 46,098
Depreciation on property, plant and equipment	$ 39,337	$ 39,804
Amortization on other non-current assets	$ 619	$ 328

(25) Employee benefit expenses

	2022	2021
Salaries and wages	$ 46,610	$ 38,097
Labor and health insurance	3,898	3,623
Pension	1,965	1,824
Remuneration to directors	1,023	1,049
Other personnel expenses	1,618	1,505
	$ 55,114	$ 46,098

1. According to the Articles of Incorporation, the Company shall allocate no less than 5% of employees' remuneration and no more than 3% of directors' remuneration if there is any balance after deducting for accumulated deficits according to the current profit.
2. The Company had accumulated loss for the years ended December 31, 2022 and 2021, therefore, remuneration to employees and directors were not accrued.
3. For information relating to remuneration to employees and directors approved by the Board of Directors, please refer to MOPS.

(26) Income tax

1. Income tax expense

The components of income tax expense were as follows:

	2022	2021
Current income tax expense:		
Total current tax	$ -	$ -
Total deferred tax	-	-
Income tax expense	$ -	$ -

2. A reconciliation of income tax expense and accounting profit

	2022	2021
Income tax expense at the statutory rate on loss before tax	($ 43,964)	($ 34,499)
Non-deductible (Accrued) expenses at tax regulations	412	(31)
Tax exempt income at tax regulations	(32)	(11)
Deferred tax assets unrecognized in respect of current tax losses	43,584	34,541
Income tax expense	$ -	$ -

3. The information of the Company's unutilized business losses for which no deferred tax assets were recognized were as follows:

December 31, 2022

Occurrence year	Filing/Assessment	Unutilized creditable amount	Unrecognized deferred tax assets	Expiry year
2013	Assessment	$ 22,190	$ 22,190	2023
2014	Assessment	42,485	42,485	2024
2015	Assessment	70,640	70,640	2025
2016	Assessment	95,544	95,544	2026
2017	Assessment	142,084	142,084	2027
2018	Assessment	297,420	297,420	2028
2019	Assessment	248,474	248,474	2029
2020	Assessment	192,755	192,755	2030
2021	Filing	175,747	175,747	2031
2022	Estimates	217,922	217,922	2032
		$ 1,505,261	$ 1,505,261	

December 31, 2021

Occurrence year	Filing/Assessment	Unutilized creditable amount	Unrecognized deferred tax assets	Expiry year
2013	Assessment	$ 22,190	$ 22,190	2023
2014	Assessment	42,485	42,485	2024
2015	Assessment	70,640	70,640	2025
2016	Assessment	95,544	95,544	2026
2017	Assessment	142,084	142,084	2027
2018	Assessment	297,420	297,420	2028
2019	Assessment	248,474	248,474	2029
2020	Assessment	192,755	192,755	2030
2021	Filing	172,703	172,703	2031
		$ 1,284,295	$ 1,284,295	

4. The Company's profit-seeking enterprise annual income tax return up to 2020 had been examined by the tax authorities.

(27) Material contracts

1. Licensing agreements
   (1) A company invested in the Company in "Patented Glyco Antigen Technology" as shares, amounting to $10,000 in September 2002. According to the contract signed by the mutual parties, the Company shall pay the milestone license fee of USD 2,000 thousand in cash in 2014; the payment had been paid in July 2017.
   (2) The Company and A company signed a licensing contract in April 2011, in which A company agreed to license the technology relating to hybridomas and monoclonal antibodies to the Company. According to the contents prescribed in the contract, the Company shall pay USD 400 thousand of licensing fee at the time of signing the contract, and pay another USD 400 thousand in February 2012. According to the contract, if the Company failed to generate relevant income from applying this technology by March 2014, the Company may return the licensing and ask A company for a refund. Instead, the Company decided not to return the licensing in April 2014.
2. Cooperation agreements
   The Company signed a cooperation agreement of osteoporosis biosimilars ("SPD") with Mitsubishi Gas Chemical Trading, Inc. in Japan in July 2021, and the two parties jointly invested and developed SPD. The costs to be amortized and income to be shared shall be calculated proportionally agreed in the contract signed by the mutual parties.

(28) Loss per share

	2022		
		Weighted average number of ordinary shares outstanding	
	Loss after tax	Shares (in thousands)	Loss per share (NT$)
Basic loss per share (Note)			
Net loss in current period	($ 219,822)	99,456	($ 2.21)

	2021		
		Weighted average number of ordinary shares outstanding	
	Loss after tax	Shares (in thousands)	Loss per share (NT$)
Basic loss per share(Note))			
Net loss in current period	($ 172,493)	97,038	($ 1.78)

Note: The Company's potential ordinary share was with antidilutive effect as of December 31, 2022 and2021, therefore, its diluted loss per share was not calculated.

(29) Supplemental cash flow information

1. Investing activities with partial cash payments:

	2022	2021
Purchase of property, plant and equipment	$ 7,320	$ 7,088
Add: Beginning balance of payable on machinery and equipment	2,202	1,953
Less: Ending balance of payable on machinery and equipment	(833)	(2,202)
Cash paid during the year	$ 8,689	$ 6,839

2. Cash flow not affected by investing activities:

	2022	2021
Conversion of convertible bonds to ordinary shares	$ 5,128	$ -

(30) Changes in liabilities generated from financing activities

	2022	2021
	Short-term borrowings	Short-term borrowings
At January 1	$ -	$ -
Changes in cash flow from financing activities	5,000	-
At December 31	$ 5,000	$ -

7. Related-party transactions

(1) Significant related-party transactions

There were no significant related-party transactions for the years ended December 31, 2022 and 2021.

(2) Remuneration of key management personnel

	2022	2021
Salaries and wages and other short-term employee benefits	$ 15,674	$ 15,446
Post-employment benefits	523	522
Share-based payment	1,853	1,203
	$ 18,050	$ 17,171

8. Assets pledged as collateral

The list of assets pledged as collateral was as follows:

	Carrying value		
Assets	December 31, 2022	December 31, 2021	Object
Land	$ 210,599	$ -	Performance guarantee of bonds Short-term, borrowings
Buildings and structures	368,537	-	〃
	$ 579,136	$ -	

9. Significant contingencies and unrecognized contract commitments

(1) Contingencies

None.

(2) Contract commitments

As of December 31, 2022 and 2021, the Company has signed commissioned experiments and production contracts, and the amount to be paid in the future is $251,132 and $200,713, respectively.

10. Significant disasters loss

None.

11. Significant subsequent events

Please refer to Note 6(17)6.

12. Other

(1) Capital management

The Company's capital management objectives are to ensure the Company can operate continuously, maintain an optimal capital structure to reduce capital costs, and provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Company may adjust dividends paid to shareholders or issue new shares.

(2) Financial instruments

1. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income		
Designated equity investments	$ 13,513	$ 14,200
Financial assets at amortized cost		
Cash and cash equivalents	$ 75,621	$ 121,218
Financial assets at amortized cost	582,582	189,920
Accounts receivable	46	350
Other receivables	4,317	907
Refundable deposits (classified as "other non-current assets")	22	57
	$ 662,588	$ 312,452

Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 5,000	$ -
Notes payable	900	900
Other payables	36,996	24,707
Bonds payable	218,679	-
Guarantee deposits received (classified as "other non-current liabilities")	3,708	3,421
	$ 265,283	$ 29,028

2. Financial risk management policies

(1) The Company's daily activities expose to a variety of financial risks, including market risk (i.e. currency risk and price risk), credit risk and liquidity risk. The overall risk management policy focuses on unpredictable events in financial markets and seeks to mitigate potential adverse effects on the Company's financial condition and financial performance.

(2) Risk management is carried out by the finance department of the Company in accordance with the policies approved by the Board of Directors. The Company's finance department is responsible for identifying, evaluating and hedging financial risks through close cooperation with the operating units. Principles of the overall risk management and policies on specific scopes and matters are prescribed in written by the Board of Directors, including currency risk, credit risk, use of derivative and non-derivative financial instruments, and investments of surplus liquidity.

3. Nature and degrees of significant financial risks

(1) Market risk

Currency risk

A. The Company's business involves some non-functional currency operations (its functional currency is TWD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations was as follows:

	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (TWD)
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	$ 1,018	30.71	$ 31,230
CNY：TWD	9,678	4.408	42,660
JPY：TWD	37,434	0.232	8,696

	Foreign currency (in thousands)	Exchange rate	Carrying amount (TWD)
Financial liabilities			
Monetary item			
USD：TWD	$ 361	30.71	$ 11,104
JPY：TWD	26,815	0.232	6,259

	December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (TWD)
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	$ 22	27.68	$ 604
CNY：TWD	9,982	4.344	43,374
Financial liabilities			
Monetary item			
USD：TWD	$ 245	27.68	$ 6,798

B. Total exchange losses recognized (including amount realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 were ($535) and ($1,046), respectively.

C. The analysis of foreign currency market risks due to significant exchange rate fluctuations was as follows:

	2022		
	Sensitivity analysis		
	Fluctuations	Effect of profit or loss	Effect of comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	1%	$ 312	$ -
CNY：TWD	1%	427	-
JPY：TWD	1%	87	-
Financial liabilities			
Monetary item			
USD：TWD	1%	111	-
JPY：TWD	1%	63	-

	2021		
	Sensitivity analysis		
	Fluctuations	Effect of profit or loss	Effect of comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD：TWD	1%	$ 6	$ -
CNY：TWD	1%	434	-
Financial liabilities			
Monetary item			
USD：TWD	1%	68	-

Price risk

A. The Company was exposed to equity price risk through its investments in listed financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company manages this exposure by diversifying of a portfolio of investments with preset limits.

B. The Company mainly invests in equity instruments and open-end funds issued by domestic companies. The prices of these equity investments will be affected by uncertainty of their future value. If the price of an equity investment had increased or decreased by 1%, with all other variable factors remaining constant, the Company's gains or losses on equity investments at fair value through other comprehensive income would have increased or decreased by $135 and $142 for the years ended December 31, 2022 and 2021, respectively.

(2) Credit risk

A. Credit risk refers to the risk of financial losses to the Company arising from default by the clients or counterparties' unfulfilled contract obligations on financial instruments. The primary credit risk is from the accounts receivable that the counterparty is unable to repay according to the payment term.

B. The Company establishes credit risk management from a group perspective. For banks and financial institutions, only those with reliable credit quality can be accepted as transaction counterparties. According to the internal defined credit policy, each new customer must conduct management and credit risk analysis before setting the terms and conditions for payment and delivery. Internal risk control is to assess the credit quality of customers by considering their financial status, past experience and other factors. Individual risk limit is prescribed based on internal or external ratings, and the use of credit facilities is regularly monitored.

C. The Company adopts the following assumptions under IFRS 9, if there has been a significant increase in credit risk on the financial instrument since its initial recognition:

When a contract payment was past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since the initial recognition.

D. When an investment with an independent credit rating had downgraded by two levels, the Company would have judged that credit risk of the investment has increased significantly.

E. The Company adopts the assumptions under IFRS 9, the default occurs when a contract payment was past due over 90 days.

F. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(A) it is probable that the issuer will enter bankruptcy or other financial reorganization due to its financial difficulties;

(B) the disappearance of an active market for that financial asset because of the issuer's financial difficulties;

(C) default or delinquency of interest or principal repayments by the issuer;

(D) adverse changes in national or regional economic conditions that may cause a default by the issuer.

G. The Company classifies customers' accounts receivable by nature of customers categories. The Company applies the simplified approach by using loss rate method as the basis to estimate expected credit loss.

H. The Company used forecast ability to adjust historical and timely information in specific period to estimate loss allowances of accounts receivable. The expected loss rate of customers in the creditworthy group is 0.2%. The total carrying value of accounts receivable for the years ended December 31, 2022 and 2021 were $46 and $350, respectively, and loss allowances were $0 and $0, respectively.

(3) Liquidity risk

A. Cash flow forecast is performed by the finance department of the Company. It monitors rolling forecasts of liquidity requirements to ensure sufficient funds for operational needs. These forecasts also take into account the Company's goal of internal technical licensing time schedule.

B. The Company's non-derivative financial liabilities in the following table are categorized based on the maturity and are analyzed based on the remaining period at the balance sheets date to the agreed maturity date.

Non-derivative financial liabilities:

December 31, 2022	Less than 2 months	2 months to 1 year	1 to 5 years	Total
Short-term borrowings	$ 16	$ 5,033	$ -	$ 5,049
Notes payable	450	450	-	900
Other payables	36,996	-	-	36,996
Bonds payable	-	-	228,100	228,100

Non-derivative financial liabilities:

December 31, 2021	Less than 2 months	2 months to 1 year	1 to 5 years	Total
Notes payable	$ 450	$ 450	$ -	$ 900
Other payables	24,707	-	-	24,707

(3) Fair value information

1. The definitions of each level in valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that entities can access at the measurement date. The inputs of the level are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is the 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 assets or liabilities.

2. Financial instruments not measured at fair value

The carrying amount of cash and cash equivalents, financial assets at amortized cost, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, other payables and guarantee deposits received is the reasonable approximation of fair value.

3. Financial and non-financial instruments at fair value were classified by nature, features and risks of assets and liabilities and levels of fair value hierarchy, the related information was as follows:

(1) Information on the Company's assets and liabilities by nature was as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income- Equity securities	$ 13,513	$ -	$ -	$ 13,513
Financial assets at fair value through profit or loss- Puttable right and buy-back right of convertible bonds	-	-	274	274
	$ 13,513	$ -	$ 274	$ 13,787

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income- Equity securities	$ 14,200	$ -	$ -	$ 14,200

(2) Method and assumptions used for the measurement of fair value were as follows:

A. Quoted prices as fair value inputs (i.e. Level 1) for instruments were listed as follows:

	Emerging companies shares (NT$)
Quoted prices	Closing price

B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is calculated by referring to the current fair value of other substantive conditions.

4. There were no transfers in either direction between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.
5. Changes in Level 3 for the years ended December 31, 2022 and 2021 were as follows:

	2022 Derivatives	2021 Derivatives
At January 1	$ -	$ -
Acquisition in the current period	480	-
Derecognition of conversion of bonds payable in the current period	(206)	-
At December 31	$ 274	$ -

6. The valuation process of Level 3 fair value was carried out by the financial department of the Company on the independent fair value verifications of financial instruments. It used independent source data to regularly review the valuation results to close to the market status, and ensure the results are reasonable.
7. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement for the year ended December 31, 2022 was as follows:

	December 31, 2022 Fair value	Valuation technique	Significant unobservable inputs	Rate range (weighted-average)	Inter-relationship between significant unobservable inputs and fair value measurement
Derivatives：					
Puttable right and buy-back right of convertible bonds	$ 274	Binomial tree model	Volatility	45.88% (45.88%)	The higher the share price volatility is, the higher the fair value will be.

For the year ended December 31, 2021: None.

8. The Company carefully evaluated the valuation model and parameters to be used; however, the measurement would be different if different valuation models or valuation parameters are used. For financial liabilities using Level 3 inputs, if the valuation parameters increased or decreased by 1% did not have significant impact on current-period profit or loss for the year ended December 31, 2022.

13. Other disclosure

(1) Information on significant transactions

1. Financing provided to others: None.
2. Endorsements and guarantees provided to others: None.
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Business relationships among the parent company and subsidiaries, and significant intercompany transactions: None of transactions amount reaching NT$1 million.

(2) Information on investees

Name, location and other information of investees (excluding investees in Mainland China): Please refer to Table 2。

(3) Information on investment in Mainland China

1. Basic information: None.
2. Significant transactions either directly or indirectly through a third area, with investees in Mainland China: None.

(4) Information of major shareholders

Major shareholders: None of major shareholders' shareholding reaching 5% of equity in the current period.

14. Segment information

The segment information was disclosed in the consolidated financial statements in accordance with IFRS 8.

GlycoNex Inc.

Marketable securities held (excluding investments in subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Marketable securities (Note 1)				Ending balance				
Name of holder	Category	Name	Relationship with company	Account	Shares (in thousands)	Carrying amount (Note 2)	Shareholding ratio	Fair value	Remark
The Company	Shares	TAIWAN ADVANCE BIO-PHARMACEUTICAL INC.	A company measures the Company's financial assets at fair value through profit or loss	Non-current financial assets at fair value through other comprehensive income	763	$ 13,513	0.85%	$ 13,513	
GlycoNex Investment Inc.	Shares	Original BioMedicals Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1	5	0.00%	5	

Note 1: Marketable securitiesmentioned in this table refer to shares, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 “Financial Instruments”.

Note 2: For those measured at fair value, please fill in the balance of carrying amount after valuation of fair value adjusted and accumulated impairments deducted; for those not measured at fair value, please fill in the balance of carrying amout of the original acquisition cost or amortized cost less accumulated impairments.

GlycoNex Inc.

Name, location and other information of investees (excluding investees in Mainland China)

For the year ended December 31, 2022

Table 2

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

				Original investment amount		Balance as of December 31, 2022					
Name of investor	Name of investee	Location	Main business	December 31, 2022	December 31, 2021	Shares (in thousand)	Percentage of ownership	Carrying amount	Net income (losses) of investee	Investment profits or losses recognized by the Company as of December 31, 2022	Remark
The Company	GlycoNex Investment Inc.	Taiwan	General investment	$ 20,000	$ 20,000	2,000,000	100.00	$ 20,579	$ 160	$ 160	Subsidiary

6. Financial difficulties occurred in the company and its related enterprises for the most recent year and up to the date of annual report printing: None

VII.Financial Condition and Performance Analysis and Risk Factors

1.Finicial Condition

Unit: NT$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current Asset	713,127	358,688	354,439	98.82
Property, plant and equipment	989,919	1,021,936	(32,017)	(3.13)
Other Assets	13,902	14,379	(477)	(3.32)
Total Assets	1,716,948	1,395,003	321,945	23.08
Current liabilities	44,484	27,206	17,278	63.51
Noncurrent liabilities	226,853	8,864	217,989	2,459.26
Total liabilities	271,337	36,070	235,267	652.25
Capital	1,082,665	974,818	107,847	11.06
Capital reserve	587,473	563,634	23,839	4.23
Retained earnings	(218,700)	(172,645)	(46,055)	26.68
Other interests	(5,827)	(6,874)	1,047	(15.23)
Total equity	1,445,611	1,358,933	86,678	6.38

Explanations for significant changes exceeding 20% and amounting to over NT$ 10 million during the period are as follows:

1. Increase in Current Assets: The increase is due to the cash capital increase and issuance of domestic third-secured convertible corporate bonds in 2022, which resulted in the inflow of raised funds stored in bank time deposits.
2. Increase in Total Assets: The increase is primarily attributed to the increase in current assets in 2022.
3. Increase in Current Liabilities: The increase is due to the increase in short-term borrowings and payable research fees in 111.
4. Increase in Non-current Liabilities: The increase is caused by the increase in corporate bond payables in 2022.
5. Increase in Total Liabilities: The increase is a result of the increase in both current and non-current liabilities in 2022.
6. Decrease in Retained Earnings: The decrease is primarily due to the increased losses in 2022.

2. Finicial Performance

（1）Comparative Financial Performance Analysis

Unit:NT$ thousand

Item \ Year	2022	2021	Amount of increase(decrease)	Percentage change (%)
Operating income	30,085	5,475	24,610	449.50
Operating cost	16,118	2,014	14,104	700.30
Operating margin	13,967	3,461	10,506	303.55
Operating expenses	252,608	198,389	54,219	27.33
Operating profit（loss）	(238,641)	(194,928)	(43,713)	22.43
Non-operating income and expenses	18,819	22,435	(3,616)	(16.12)
Income （loss）from continuing operations before income tax	(219,822)	(172,493)	(47,329)	27.44
Income tax profit(loss)	0	0	0	0.00
Net income（loss）	(219,822)	(172,493)	(47,329)	27.44

Explanation of major reasons for the significant changes exceeding 20% and amounting to overNT$ 10 million between the current and previous periods are as follows:

1. Increase in operating revenue、operating costs、gross profit: This is due to an increase in commissioned technical service income in 2022.
2. Increase in operating expenses: This is attributed to an increase in management expenses and research and development expenses in 2022.
3. Increase in operating loss: The increase in operating expenses in 2022 led to an increase in operating loss.
4. Increase in pre-tax net loss: This is due to an increase in operating expenses and non-operating expenses in 2022.
5. Increase in net loss for the period: This is a result of the increase in operating expenses and non-operating expenses in 2022.

(2) Expected sales quantity and its basis, potential impact on the company's future financial operations, and response plan: The company has utilized its expertise in antibody drug development and glycan analysis technology to establish a diversified operational platform with short-term, medium-term, and long-term revenue sources that offer stability and growth potential. On one hand, the company utilizes its rich GlycoSH™ antibody library to research and develop the latest types of targeted antibody drugs. On the other hand, it introduces mid-term business injections through the development of biosimilar drugs. The company's newest cancer antibody drug, GNX102, has obtained IND approval in the United States and Taiwan and has initiated human clinical trials. Simultaneously, the company is in discussions with global pharmaceutical companies regarding licensing opportunities, with licensing-related income serving as a long-term and breakthrough revenue driver for the company.

3. Analysis and Review of Cash Flow

(1) Analysis of Recent Year's Cash Flow Changes:

Unit: NT$ thousand; %

Item \ Year	2022	2021	Increase (Decrease)	
			Amount	Percentage (%)
Operating Activities Cash Inflow (Outflow)	(167,548)	(140,861)	(26,687)	18.95
Investing Activities Cash Inflow (Outflow)	(399,574)	113,215	(512,789)	(452.93)
Financing Activities Cash Inflow (Outflow)	524,242	(27)	524,269	(1,941,737.04)

Explanation of Changes in Cash Flows for 2022:

1. Increase in Cash Outflow from Operating Activities: This is mainly due to an increase in pre-tax net loss in 2022.
2. Increase in Cash Outflow from Investing Activities: This is primarily caused by an increase in fixed deposits with a maturity period of more than 3 months in 2022.
3. Increase in Cash Inflow from Financing Activities: This is mainly due to the cash capital increase and the issuance of the third domestically secured convertible bond in 2022.

(2) Improvement plan for insufficient liquidity: Our company has sufficient funds and there is no situation of insufficient liquidity.

(3) Cash liquidity analysis for the next year：

Unit: NT$ thousand

Beginning cash balance ①	Expected net cash flow from operating activities for the entire year ②	Expected total cash inflow for the entire year. ③	Cash surplus (deficiency) amount①＋②＋③	Remedial measures for the expected cash shortfall	
				Investment plan	financial plan
82,187	(303,136)	226,849	5,900	None	None

1. Analysis of Changes in Cash Flows for the Current Year:
(1) Operating Activities: The net cash outflow from operating activities is primarily due to an increase in pre-tax net loss.
(2) Investing Activities: The net cash inflow from investing activities is mainly from the maturity of fixed deposits.
(3) Financing Activities: The net cash inflow from financing activities is from cash capital increase and the issuance of secured convertible bonds.
2.Remedial Measures for Expected Cash Shortfall and Liquidity Analysis: (Not applicable).

4. Impact of significant capital expenditures on financial operations in the recent fiscal year

(1) Source and utilization of significant capital expenditures: There were no significant capital expenditures in 2022.

(2) Impact on financial operations: None.

5. Recent Year's Investment Policy, Major Reasons for Profit or Loss, Improvement Plans, and Future Investment Plans:

(1) Recent Year's Investment Policy, Major Reasons for Profit or Loss, and Improvement Plans:
The company established GlycoNex Investment Incorporation as a 100% subsidiary through investment on April 1, 2014. The main reason for profitability under the prudent investment policy was steady business operations. From 2014 to 2020, the company has been profitable every year, and there are no specific improvement plans.

(2) Future Investment Plans: The company does not have any investment plans for the upcoming year.

6. Risk Factors:

(1) Impact of Interest Rate, Exchange Rate Fluctuations, and Inflation on Company's Profit and Loss, and Response Measures:

1. Interest Rate Fluctuations:

A. Impact on Company's Revenue and Profit: As the company's operational funding mainly comes from internal sources, the impact of interest rate fluctuations on the company's revenue and profit is expected to be insignificant.

B. Specific Response Measures: With the company's operational scale and profitability improving, internal funding is becoming more abundant. Moreover, the company maintains a good relationship with its partner banks, ensuring sound financial stability and creditworthiness, which allows for better interest rate conditions. It is anticipated that future interest rate fluctuations will not have a significant impact on the overall operations of the company.

2. Exchange Rate Fluctuations:

The company actively collects and monitors market information regarding exchange rate trends and adopts specific measures to mitigate exchange rate risks.

3.Inflation:

A. Impact Analysis on the Company: In recent years, there has been a slight trend of inflation influenced by global resource and commodity price increases. However, the company has not experienced immediate significant effects from inflation thus far.

B. Specific Response Measures: The company closely monitors fluctuations in raw material market prices and maintains good interaction with suppliers. By anticipating trends in raw material prices, the company proactively sets purchasing quantities to mitigate the impact of price increases.

(2) Policies, Profit or Loss, and Response Measures for High-Risk, High-Leverage Investments, Funds Loaned to Others, Endorsements, and Derivative Trading: The company does not engage in high-risk, high-leverage investments. It has also not provided loans or endorsements to others, nor does it participate in derivative trading.

(3) Future Research and Development Plans and Projected Research and Development Expenses:

Regarding new drug development, the company will continue its research and development of novel antibody drugs and biosimilar drugs. It also maintains ongoing discussions with international pharmaceutical companies regarding co-development and licensing opportunities. In terms of contract services, as the company's technical capabilities continue to improve, it will expand the range of services provided, including scaling up antibody production services. Considering the development of new drug targets, expansion of contract service offerings, and the need for technological upgrades, the projected research material and commissioned research expenses for 2023 are estimated to be approximately NT$252,354,000.

(4) Impact of Significant Domestic and International Policy and Legal Changes on the Company's Financial Operations, and Response Measures:

The company complies with domestic and international regulations in its daily operations. It closely monitors the development of domestic and international policies and regulations, gathers relevant information for management decision-making, and consults with professionals to make timely adjustments to the company's operational strategies. To date, the company has not experienced any significant impacts on its financial operations due to significant domestic and international policy and legal changes.

(5) Impact of technological changes and industry transformations on the company's financial operations and corresponding measures：

The impact of technological changes and industry transformations on the company's financial operations can be divided into two aspects—

▓Revenue: Changes in technology and industry may affect the progress of the company's licensing agreements and the expansion speed of commissioned services, thereby causing differences in the company's earnings compared to the original estimates.

▓Expenses: With the changes in technology and industry, the company may need to adjust its research and development strategies, which can influence the amount and timing of R&D expenses.

To cope with such changes, our company's research and development team regularly holds meetings to discuss industry trends and our own research and development strategies. This allows us to quickly develop countermeasures in our research and development plans to mitigate the impact on earnings. Additionally, the finance department can promptly adjust budget allocation and actual expenses to minimize the effects of these changes on overall expenditures.

(6) The Impact of Changes in Corporate Image on Crisis Management and Response Measures:

Our company has been committed to maintaining its corporate image and complying with legal regulations. If there are any situations that may affect the company's image or violate laws and regulations, we will immediately activate our contingency mechanism and formulate appropriate strategies. However, as of the printing date of this annual report, there have been no incidents that have affected the company's corporate image.

(7) Expected Benefits, Potential Risks, and Response Measures of Mergers and Acquisitions:

Our company has no plans for mergers and acquisitions in the recent fiscal year and up to the printing date of the annual report. However, if there are any future merger or acquisition plans, we will follow the company's asset acquisition or disposal procedures, adopting a cautious evaluation approach to assess whether the merger can bring tangible performance to the company and ensure the protection of company interests and shareholders' rights.

(8) Expected Benefits, Potential Risks, and Response Measures of Expanding Production Facilities:

In response to future needs for new drug development and equipment technology upgrades, our company completed the expansion planning of production facilities in 2017.

Risk Statement: The return on assets cannot significantly improve in the short term.

Response Measure: Our company will continue to negotiate new drug targets and biosimilar drug licensing matters with global biopharmaceutical companies. Additionally, we will continue to increase the volume of commissioned services. With overall revenue growth, we expect to enhance asset utilization efficiency and shareholders' equity.

(9) Risks Faced and Response Measures for Concentration in Purchasing or Sales:

Risk Statement: Excessive concentration in purchasing or sales reduces the company's bargaining power, which may lead to increased costs and decreased profitability. It also increases the risk of sudden shortages in the supply chain and unexpected revenue declines.

Response Measure: For purchasing, our company's administrative purchasing department continuously searches for and negotiates with major suppliers for the main procurement items, establishing a supplier database to ensure a stable supply. For sales, we maintain ongoing negotiations with international suppliers for licensing opportunities and expand business relationships, diversifying our customer base to reduce concentration in sales.

(10) The Impact, Risks, and Response Measures of a Significant Transfer or Change in Shareholdings by Directors or Shareholders Holding over 10% of Shares:

Our company's chairman and other directors have been actively involved in company decision-making for a long time, and the company is dedicated to focusing on its core business. As of the printing date of this annual report, there is no significant risk of a large-scale transfer or change in shareholdings.

(11) The Impact, Risks, and Response Measures of Changes in Management Rights: None

(12) Litigation or Non-Litigation Events: None.

(13) Other Important Risks and Response Measures:

1. Cybersecurity Risk Assessment and Response Measures:

Risk Statement: Risk of intrusion into the physical environment or information security defenses.

Response Measures:

(1) Our company implements access control in the data center and assigns personnel to daily monitor the operation of equipment and environmental conditions to reduce the risk of environmental parameters affecting the operation of information equipment.

(2) The IT department has developed a disaster recovery plan. In addition to daily electronic data backups, regular tests are conducted for data restoration from both cloud and on-premises backups to ensure the normal operation and data integrity of the company's information systems. All computer equipment is installed with legitimate antivirus software, and firewalls are set up on the internal network. Contracts for firewall and off-site backup services are also signed with third-party telecom service providers.

(3) The IT department regularly promotes information security awareness internally, raising employees' vigilance against suspicious webpages and emails with potential security concerns.

(4) All office computers in our company run on Windows 10, and computer and server systems are kept up-to-date with automatic security updates to prevent hackers from exploiting vulnerabilities in outdated systems.

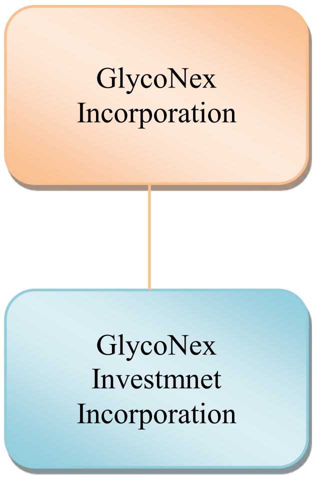
7.Other important items: None

VIII. Special Noted Matters

1. Related Information of Affiliated Companies：

(1) Consolidated Financial Statements of Affiliated Companies for 2022：

1. Organizational Chart of Affiliated Companies



2.Basic information of the related company

Unit: NT$ thousand

Name of the comapny	Setup Date	Adress	Paid-up Capital	Main business or production items
GlycoNex Incorporation	April 1, 2014	8th Floor, No. 97, Section 1, Xintai 5th Road, Xizhi District, New Taipei City	20,000	Various investment projects

3. Regarding entities presumed to have control or subsidiary relationships, there is information available on the common shareholders: None.

4. Industries covered by the overall operations of related enterprises:

Name of the company	Controlled (subsidiary) companies	Controlled (subsidiary) companies	The business operations and transaction arrangements among related companies
GlycoNex Investment Incorporation	GlycoNex Inc.	Subsidiary	Various investment projects

5. Information of the Directors, Supervisors, and General Manager Information of Each Related Company:

Name of the company	Job title	Name or Representative	Shareholding	
			Amount of the share	Shareholding ratio
GlycoNex Investmnet Incorporation	Chairman	The representative of GlycoNex Inc.: Tong-Hsuan Chang	2,000 thousand share	100%

6. Overview of Related Company Operations

Unit: NT$ thousand

Name of the company	The Capital Amount	The total assets	The total liabilities	Net value	Operating Revenue	Operating margin	Net profit or loss	Earning per share (NT$ dollars)
GlycoNex Investment Incorporation	20,000	20,579	-	20,579	-	(64)	160	0.08

The Business Relationship And Significant Trading Transactions Between The Parent Company And Its Subsidiaries

December 31, 2022

Unit: NT$ thousand

NO.	name of the transacting party	Trading partner	The relationship with the trading partner	Nature of business transactions			
				Subject	Amount	Terms of the Transaction	Ratio of the merged total assets
1	Our company	GlycoNex Incorporation	Parent company to subsidiary	Rent income	60	General trading terms and conditions	-

(2) Consolidated Financial Statements of Related Companies: Please refer to pages 85 to 136.

(3) Related party report: Our company is not controlled by or deemed to be a subsidiary of any other company, so there is no requirement to prepare a related party report.

2. Recent status of the private placement of securities up to the printing date of the annual report: None.
3. Holdings or disposal of company stock by subsidiaries up to the printing date of the annual report: None.
4. Other Necessary Supplementary Explanations: None.

IX. Significant events occurring in the most recent year and up to the printing date of the annual report that have a major impact on shareholders' equity or security prices: None.

GlycoNex Inc.

Chairman：Tong-Hsuan Chang