生華生物科技
SENHWA BIOSCIENCES

Stock Code: 6492

Senhwa Biosciences, Inc.

2023 Annual Report

Bringing Hope to Life

Publication Date: May 3, 2024
Annual Report is disclosed at: http://www.senhwabio.com
FSC Information Reporting Website: http://mops.twse.com.tw

Notice to readers: This English-version annual report is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Name, title, contact number, and email of the Company's spokesperson and deputy spokesperson:

(I) Spokesperson:

Name: Sarah Chang	Contact number:(02)8911-9856
Title: Vice President & Chief Financial Officer	Email:sarahchang@senhwabio.com

(II) Deputy Spokesperson:

Name: Joanne Lo	Contact Number:(02)8911-9856
Title: Business Development Director	Email: joannelo@senhwabio.com

II. Contact information of the headquarters, branch offices, and plants:

(I) Headquarters:

Address:10F, No. 225, Section 3, Peihsin Road, Hsintien District, New Taipei City 23143, Taiwan	Contact number:(02)8911-9856

(II)Branch offices and plants:

None

III. Name, address, website, and telephone number of the stock transfer agent:

Name: Department of Stock Affairs, SinoPac Securities Corporation	Website:http://www.sinotrade.com.tw
3F., No.17, Bo'ai Rd., Taipei City 100002, Taiwan (R.O.C.)	Phone number:(02)2381-6288

IV. Contact information of the CPA-auditor of the Financial Report:

Names of CPAs: CPAs Shu-Fen Yu and Sheng-Wei Deng	Website:http://www.pwc.tw
Name of CPA firm: PricewaterhouseCoopers, Taiwan	Phone number:(02)2729-6666
Address: 27F, No. 333, Section 1, Keelung Rd, Xinyi District, Taipei City	

V. Name of any overseas securities trading agency and method for searching the information of the said overseas securities trading agency: None

VI. Company Website: http://www.senhwabio.com

Table of Contents

Chapter 1. Letter to Shareholders

Dear shareholders,

Senhwa Biosciences, Inc. accomplished several important goals in 2023, including the signing of a five-year collaboration agreement with the National Cancer Institute (NCI) of the U.S. National Institutes of Health (NIH) to advance a new drug, Pidnarulex (CX-5461), into human clinical trials in cancers with an unmet medical need, which is expected to begin in 2024; and the final administration of the last subject in a human clinical trial of Pidnarulex for the treatment of skin cancer and basal cell tumors in the United States, with data locking and data analysis to be conducted. The human clinical trial for the treatment of skin cancer and basal cell tumors in the U.S. has completed the last dosing of the last subject and will proceed with data lock and data analysis. Phase II human clinical trials of Silmitasertib (CX-4945) for the treatment of community-acquired pneumonia (CAP), a pan-viral infection, were also approved by the U.S. FDA and Taiwan's Ministry of Health and Welfare in 2023, which will further explore the potential for development in the field of anti-infectives.

A total of 55 new drugs were approved by the U.S. FDA in 2023, a new high in the last 5 years, second only to the 59 in 2018, of which the number of approvals for therapies related to cancer and rare diseases is still the largest, accounting for 44% and 25%, respectively. In terms of innovation, of the 55 new drugs approved in 2023, 6 will be first-in-market innovative therapies. notably, 65% of these first-in-market therapies are small molecule drugs, most of which are developed by small biotechnology companies, demonstrating that biopharmaceutical start-ups have been an important source of innovation in the industry over the past few years. this FDA policy trend is consistent with the Company's focus on the development of first-in-market innovative small molecule drugs with novel mechanisms, This FDA policy trend coincides with the Company's focus on developing innovative small molecule anticancer drugs with novel mechanisms that are the first of their kind in the market. We believe that with this philosophy and the FDA's attitude of generating new drugs, we will be able to achieve our goals.

The following is a summary of our results of operations for 2023 and our business plan for 2024:

I. 2023 Performance Review

(I) Implementation of Business Plan

The Company had important progress on results of all novel drug R&D projects in 2023, but the revenue has not generated yet. The operating revenue was primarily from the labor service income of NT$ 1,000 thousand. Our R&D expenditure for all novel drug development plan was NT$ 256,871 thousand, non-operating revenue was NT$ 16,066 thousand, the current net loss for 2023 was NT$ 296,306 thousand, Compared to 2022, the net loss decreased by 53,326 thousand yuan or 15.25%.

The major advances in the development of new drugs this year will be described by project later.

(II) Analysis of Financial Income and Expenditure and Profitability

The major expenditure item for the Company's consolidated income and expenditure for 2023 was the expenditure for the development of novel drugs.

Items		2023
Financial structure	Debts ratio (%)	3.39
	Long-term fund to PP&E ratio (%)	23420.42
Profitability	Return on assets (%)	(19.61)
	Return on equity (%)	(20.22)
	Net profit margin (%)	(29630.60)
	Earnings per share (NT$)	(3.32)

(III) Research and Development Status

The achievements of the Company’s drug development in 2023 are summarized as follows:

1.Pidnarulex (CX-5461)

Pidnarulex (CX-5461) is a first-in-class small molecule targeted drug with a novel mechanism of action in the DNA damage response (DDR) pathway, which accelerates apoptosis through synthetic lethality in the treatment of tumor cells with specific genetic defects. Pidnarulex (CX-5461) was awarded the "Breast Cancer Dream Team"by Stand Up To Cancer Canada (SU2C Canada) in 2016 for its novel mechanism which demonstrated multi-cancer treatment potential in results of phase I human clinical trials conducted by SU2C. To further validate the effect of Pidnarulex in specific mutated genes including BRCA1/2 and PALB2, the Company initiated a multi-country, multi-center clinical trial in September 2021 and enrolled e the first patient in Canada. We hope that this clinical trial will reaffirm Pidnarulex’s precision medicine characteristics in cancer patients with specific gene defrects, and has opportunity to develop cross-cancer innovative targeted therapy. The experiment is still proceeding in the United States and Canada.

On December, 2022, our company received notification from the National Cancer Institute (NCI), a subsidiary of the National Institutes of Health (NIH) in the United States. The notification stated that after undergoing three rounds of rigorous review by the Special Emphasis Panel (SEP) and Internal Committee over nearly six months, our investigational new drug, Pidnarulex (CX-5461), stood out among numerous applications worldwide. It was successfully selected to enter the NIH-supported NExT program (NCI Experimental Therapeutics Program) and officially signed a five-year collaboration agreement with the National Cancer Institute (NCI) in March 2023. The collaboration aims to advance clinical trials of Pidnarulex (CX-5461) in cancer patients with unmet medical needs, scheduled to commence in 2024. NIH will lead and be responsible for executing the design and development direction of future clinical trials for Pidnarulex (CX-5461), as well as covering all major clinical expenses. Our company will actively collaborate with the NExT unit to plan and achieve new milestones for Pidnarulex.

2.Silmitasertib (CX-4945)

(1) Basal cell carcinoma

Silmitasertib (CX-4945) is an inhibitor of protein kinase CK2 (casein kinase II). In several preclinical studies, CK2 has been found to be a crucial regulator in the hedgehog signaling pathway, with a constraining and regulatory effect on downstream

protein genes (e.g., Gli). CX-4945 made use of this mechanism in another skin cancer indication basal cell carcinoma (BCC), in the execution of the clinical trial approved by the U.S. FDA in November 2018. The first subject was enrolled in April 2019. The last subject was enrolled in February 2023, and recruitment was terminated. Currently, data collection and analysis are ongoing.

This experiment has preliminarily observed the safety and early efficacy in BCC patients. The experiment has entered its final stage.

(2) Medulloblastoma

Senhwa collaborated with the medical research team of Stanford University and signed a cooperation agreement with the Pediatric Brain Tumor Consortium (PBTC) in May 2018 to jointly develop and plan a clinical study for treatment of Medulloblastoma (a kind of MB children brain tumor). PBTC is an authoritative institution for international pediatric brain tumor research and treatment, responsible for implementing and supervising clinical trialswhile Senhwa is responsible for providing Silmitasertib (CX-4945) for clinical trial use. PBTC included the cooperation project as the focus of research. Aside from the funding from PBTC to execute the clinical project, the project also received sponsorships from the Cancer Therapy Evaluation Program (CTEP) operated by the National Cancer Institute (NCI). The clinical trial was approved by the U.S. FDA in January 2019 and enrolled its first subject in July 2019. Currently, it is in the course of phase I/II clinical trials.

Silmitasertib (CX-4945) was granted Fast Track Designation and Orphan Drug Designation by the U.S. FDA in August and December 2021, respectively, and this will facilitate expedited review of the drug's application for U.S. FDA's approval and it will enjoy seven years of market exclusivity in the U.S. if it is approved for the market in the future.

(3) Community-Acquired Pneumonia

Silmitasertib (CX-4945), a human protein kinase CK2 inhibitor, has been shown in preclinical studies to inhibit the replication of viruses, including the New Coronavirus and the human influenza virus. At the same time, by modulating CK2 in host cells, it can regulate immune factors and has the therapeutic potential to reduce the incidence of autoimmune diseases and severe illnesses in infected patients. It has been proven in our human clinical trials in the U.S. to help patients recover more quickly.

The Company applied to the U.S. FDA and the Taiwan Ministry of Health and Welfare in October and December 2023, respectively, and was approved to conduct a Phase II human clinical trial of pan-viral infection of community-acquired pneumonia in the U.S. and Taiwan in November and December 2023, respectively. In addition to treating patients with CKP, this trial also added patients with influenza virus in order to demonstrate that Silmitasertib (CX-4945) is independent of virus type and mutation as a mechanism to regulate host cells, and to realize the potential of Silmitasertib (CX-4945) to be developed into a broad-spectrum antiviral drug in the future.

(IV) Budget Execution

The Company did not publicly disclose any financial forecasts ; however, the overall budget execution was within the range set by the Company.

II. Summary of 2024 Business Plan

(I) Operating Objectives:

The Company will continue to adhere to the model of "Development in parallel with Research" for the drug development in 2024. The Company adopts professional project management methods to integrate domestic and foreign R&D resources in the hope of completing the deployment of the industrial value chain for drug development in the most efficient manner under the framework of the international division of labor. In addition, based on the results of various clinical trials, the Company will actively strive for various

cooperation development opportunities with international pharmaceutical companies or large institutions.

(II) Business Plan

Looking forward, the Company's R&D in 2024 will remain focused on two drug developments at present. The key objectives in 2024 are as follows:

1. Continue to advance the development projects of the drug candidate Pidnarulex (CX-5461) used in the solid tumor clinical trials in Canada and the U.S and the NExT Program.
2. Continue to advance development projects for the drug candidate Silmitasertib (CX-4945), including: (1) close clinical trial of BCC; (2) assist medical research team of Stanford University to advance clinical trial of pediatric brain tumor-medulloblastoma; and (3) anti-inflammatory clinical trials for Community-Acquired Pneumonia.
3. Committed to regional licensing of patented technologies or using t strategic alliance to cooperate with other companies.

III. Impact of External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

Except cancer is a major disease threatening the health of the global population and one of the main causes of death worldwide, various viral and bacterial infections caused by immune liabilities in the post-epidemic era are heating up. Currently, the lack of antibiotic diversity and drug resistance caused by abuse, and it will lead to a condition for which there is no cure in the future. Globally, the aging population and shifts in lifestyle have led to the prevalence of cancer, which, coupled with continuously rising medical costs, seriously affect people's quality of life. Therefore, cancer treatment, in developed and developing countries alike, is an acute and inevitable issue. Despite the slow recovery of global economic activity following the COVID-19 epidemic, immunological liabilities caused by the ongoing mutation of the new coronavirus remain a major threat to human health. The Company focuses on developing first-in-class novel anti-cancer drugs; our management team possesses healthy international viewpoints and extensive experiences in business management. The Company is one of the few biotechnology companies in Taiwan with international drug development competencies. We will continue to reinforce our competitive strengths and improve our research capacity for clinical management and international competitiveness to create values for the Company.

Senhwa Biosciences, Inc.

Chairman	Benny T. Hu
General Manager	Jin-Ding Huang
CFO	Sarah Chang

Chapter 2. Company Profile

I. Date of Incorporation: November 16, 2012

II. Company History:

Time	Event
November 2012	Senhwa was established on Nov.16, 2012 with a paid-up capital of NT$339,992 thousand.
April 2013	Signed a novel drug technology asset contract with a U.S. biotechnology company.
	Established a subsidiary company in the U.S.
	Project CX-5461: We collaborated with Peter MacCallum Cancer Centre (PMCC) in Melbourne, Australia, and officially commenced the phase I human clinical trials.
September 2013	Performed a capital increase of NT$25,000 thousand. The paid-in capital was NT$364,992 thousand after the capital increase.
October 2013	Performed a capital increase from the capital reserve of NT$59,339 thousand. The paid-in capital was NT$424,331 thousand after the capital increase.
November 2013	Received 2013 innovative investment subsidies from New Taipei City.
	Performed a capital increase from the capital reserve of NT$198,000 thousand. The paid-in capital was NT$622,331 thousand after the capital increase
February 2014	Project CX-4945: The U.S. FDA approved the execution of phase I/II human clinical trials.
March 2014	Stationed in the Nankang Biotech Incubation Center and formulated plans for developing second-generation drugs in Taiwan.
	Signed a cooperation contract with the Development Center for Biotechnology (DCB).
April 2014	Passed the review of the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA) to be qualified as a biotech and new pharmaceuticals company and was entitled to the preferential incentives of investment tax credit provisions specified under the Act for the Development of Biotech and New Pharmaceuticals Industry.
	Project CX-5461: The Company attended the annual meeting of the American Association for Cancer Research (AACR) in 2014. Our partner PMCC provided a presentation and disclosed the results of CX-5461's in animal studies at the meeting.
May 2014	Passed the review of the MOEA's Industrial Development Bureau and received the approval letter for the biotech and new pharmaceuticals investment projects for "SHP01-1 CX-5461 inhibitor of RNA polymerase type" and "SHP01-2 CX-4945 inhibitor of protein kinase CK2 (casein kinase II)." The shareholders' investment tax credit specified in the Act for the Development of Biotech and New Pharmaceuticals Industry is applicable to shareholders.
June 2014	Project CX-4945: The human clinical trials were officially commenced in the U.S.

Time	Event
July 2014	Performed a capital increase from employee stock options of NT$5,000 thousand. The paid-in capital was NT$627,331 thousand after the capital increase.
August 2014	Performed a capital increase in cash of NT$27,600 thousand. The paid-in capital was NT$654,931 thousand after the capital increase.
September 2014	Won the prize in the 2014 Taiwan Healthcare and Agricultural Biotech Industries Innovation and Excellence Awards.
October 2014	Completed the public offering of the Company's shares and the stock code is 6492.
December 2014	The Company's stocks were registered on the emerging market.
	Project CX-4945: The Company filed an application to the Ministry of Food and Drug Safety (MFDS) of Republic of Korea for the novel drug CX-4945 to be used in treating cholangiocarcinoma.
January 2015	Project CX-4945: The Company received approval from MFDS for the execution of the phase I/II human clinical trials.
September 2015	Project SHP01-2-B: We signed a global patent license contract with Chaperone Therapeutics, Inc., U.S., to exclusively license the Company's preclinical candidate SHP01-2-B to Chaperone, for the development of drugs for neurodegenerative diseases.
October 2015	Project CX-5461: CX-5461 was selected as the drug for the Canadian SU2C-CBCF Breast Cancer Dream Team in 2015.
	Project CX-4945: We received approval from the Taiwan Food and Drug Administration (TFDA) for the execution of the phase I/II human clinical trials.
February 2016	Project CX-4945: The Company received consent from the Research Ethics Committee of China Medical University Hospital for human trials.
March 2016	Project CX-5461: We signed a clinical trial contract with NCIC Clinical Trials Group (NCIC CTG).
	Project CX-5461: In March 2016, Health Canada, the competent Canadian authority of medicine and health care, issued a no objection letter to CCTG, the Company's clinical trial partner, to approve the use of the Company's CX-5461 in phase I/II human clinical trials for treating solid tumors and breast cancer.
July 2016	The Company was assessed as a tech company by Industrial Development Bureau. MOEA.
September 2016	Project SHP01-2-B: The Company received an upfront payment from its licensed partner, Chaperone Therapeutics, Inc., in the form of 15% of the equity in Chaperone Therapeutics, Inc. in ordinary shares with a total of 409,400 shares.
December 2016	Project CX-4945: U.S. FDA granted the orphan drug designation for cholangiocarcinoma.

Time	Event
	Performed a capital increase from employee stock options of NT$2,925 thousand. The paid-in capital was NT$657,856 thousand after the capital increase.
January 2017	The Securities Listing Review Committee and the 22nd Joint Meeting of the 8th Directors and Supervisors of Taipei Exchange passed the resolution that Company's shares would be traded on Taipei Exchange.
	Project CX-4945: The Company was invited to attend the ASCO Gastrointestinal Cancers Symposium to publish its results of phase I clinical trials for treating cholangiocarcinoma with the novel drug CX-4945 being developed by using posters in 2017.
March 2017	Performed a capital increase from employee stock options of NT$100 thousand. The paid-in capital was NT$657,956 thousand after the capital increase.
April 2017	Performed a capital increase by issuing new shares of NT$85,000 thousand before the listing on TPEx. The paid-in capital was NT$742,956 thousand after the capital increase.
	The Company was officially listed on TPEx.
September 2017	Performed a capital increase from employee stock options of NT$500 thousand. The paid-in capital was NT$743,456 thousand after the capital increase
November 2017	Project CX-5461: Our clinical partner PMCC in Melbourne, Australia, was invited to participate in the 59th annual meeting of the American Society of Hematology, and it published results of phase I clinical trials with CX-5461, the Company’s novel drug, for the treatment of hematologic malignancies.
December 2017	Received the 14th National Innovation Award from the Institute for Biotechnology and Medicine Industry.
December 2017	Performed a capital increase from employee stock options of NT$470 thousand. The paid-in capital was NT$743,926 thousand after the capital increase.
March 2018	Project CX-5461: The chief management officer of the Company’s partner, Canadian Cancer Trials Group (CCTG), published the results of the phase I clinical trials of the Company’s novel breast cancer drug CX-5461 at the 16th Targeted Anticancer Therapies (TAT 2018) organized by the European Society of Medical Oncology by way of an oral report, the highest level of presentation.
March 2018	Performed a capital increase from employee stock options of NT$240 thousand. The paid-in capital was NT$744,166 thousand after the capital increase.
May 2018	Project CX-4945: Officially commenced the phase II randomized study for the treatment of cholangiocarcinoma; the first subject was included at the Mayo Clinic in the U.S. on May 10, 2018.
	Project CX-4945: We signed a formal cooperation agreement with the Pediatric Brain Tumor Consortium (PBTC) to jointly develop and organize the execution of the phase I/II human clinical trial by using CX-4945 for the treatment of children malignant brain tumors.

Time	Event
November 2018	Project CX-4945: The execution of the human clinical trial for the use of CX-4945 on the new skin cancer indications BBC was approved by the U.S. FDA.
December 2018	Performed a capital increase from employee stock options of NT$590 thousand. The paid-in capital was NT$744,756 thousand after the capital increase.
January 2019	Project CX-4945: The execution of the human clinical trial for the use of CX-4945 on the new pediatric indications MB was approved by the U.S. FDA. The trial has the design of phase I and phase II clinical trials, and it concurrently includes subjects from 12 prestigious children's hospitals and cancer centers across the United States subordinated to PBTC, including Stanford Health Care and Stanford Children's Health, Memorial Sloan-Kettering Cancer Center, the top cancer specialist center in the U.S., St. Jude Children's Research Hospital in the U.S., which is the top pediatric medical research hospital, and the Cincinnati Children's Hospital Medical Center.
March 2019	Project SHP01-2-B: As the R&D progress of Chaperone falls behind schedule, it remains unable to complete the development of the candidate and commence the GLP toxicology experiment, resulting in a delay in being qualified for the "novel drug clinical trial review" application. In order to protect shareholders' interests and the development potential of the Company's intangible assets, the Board of Directors (the "Board") determined to terminate the license contract with Chaperone Therapeutics, Inc.
April 2019	Project CX-4945: Formally commenced the human clinical trial for the use of CX-4945 on curing skin cancer BBC and included the first subject.
	Project CX-5461: The phase I dose-escalation experiment for the breast cancer trial was completed in Canada, achieving the primary evaluation indicators.
July 2019	Project CX-4945: Formally commenced the human clinical trial for the use of CX-4945 on curing pediatric brain tumor MB and included the first subject.
September 2019	Project CX-5461: A notice was received on September 1, 2019 (US time) during the breast cancer trial in Canada, indicating that the first subject was included for the expansion cohort trial.
December 2019	Project CX-5461: Our clinical partner CCTG published the clinical trial results related to the Company's novel breast cancer drug CX-5461 at the SABCS in 2019.
	Performed a capital increase from employee stock options of NT$230 thousand. The paid-in capital was NT$744,986 thousand after the capital increase.
February 2020	Project CX-5461: Included in the list for evaluations by the major pharmaceutical company Pfizer and The Prostate Cancer Foundation; the Company has the opportunity to receive a fully-funded trial and medicinal sponsorship from Pfizer, and the Company shall provide the include the use of Pfizer's PARP inhibitor in human clinical trials for the treatment of prostate cancer treatment free of charge.

Time	Event
April 2020	Project CX-4945: To actively settle the outbreak of COVID-19, the National Institute of Allergy and Infectious Diseases (NIAID) under the U.S. National Institutes of Health (NIH) signed a cooperation agreement with the Company for a series of clinical trials by using the novel drug Silmitasertib (CX-4945) on combatting COVID-19.
June 2020	Performed a capital increase from employee stock options of NT$325 thousand. The paid-in capital was NT$745,311 thousand after the capital increase.
August 2020	Project CX-4945: The human clinical trial for the use of CX-4945 on the new skin cancer indications BBC entered the phase I and phase II human clinical expansion cohort trials, and the inclusion of the first subject and the drug administration in accordance with the course of treatment were completed on August 12, 2020.
	Project CX-4945: We signed a cooperation memorandum with one of the largest medical systems Banner Health in the U.S. to apply for the EAIND for the novel drug CX-4945 (Silmitasertib) and IIT for the treatment of patients with COVID-19. Furthermore, we formally signed a cooperation memorandum with CARE, Georgia, to apply for using the novel drug CX-4945 (Silmitasertib) on the IIT for the treatment of patients with COVID-19.
September 2020	Performed a capital increase in cash by issuing new shares of NT$150,000 thousand. The paid-in capital was NT$895,311 thousand after the capital increase.
	Performed a capital increase from employee stock options of NT$1,270 thousand. The paid-in capital was NT$896,581 thousand after the capital increase.
October 2020	Project CX-4945: The international multi-center phase I/II human clinical trial for cholangiocarcinoma recorded the achievement of targets during the interim analysis and ended the trial ahead of schedule.
November 2020	Project CX-4945: Our partner Banner Health Medical Institution in the U.S., applied for the phase II human clinical trials for COVID-19 to the U.S. FDA and received the approval for the execution in the same month.
	Project CX-4945: Our cooperation partner, CARE, Georgia, the U.S., applied for the phase II human clinical trials for COVID-19 to the U.S. FDA and officially received the approval for the execution.
December 2020	Project CX-4945: Formally commenced the phase II human clinical trials for the treatment of COVID-19; the first subject was included at CARE, Georgia, the U.S.
	Project CX-5461: The execution of the human clinical curing effect expansion cohort trial for patients with specific genetic defects and multiple solid tumors was approved by the U.S. FDA and Health Canada.
January 2021	Project CX-4945: The phase II human clinical trials were formally commenced for treating patients with severe COVID-19 symptoms; completed the first subject inclusion on January 22, 2021.
March 2021	Performed a capital increase from employee stock options of NT$55 thousand. The paid-in capital was NT$896,636 thousand after the capital increase.

Time	Event
May 2021	Project CX-4945: In response to the seriousness of the COVID-19 pandemic in Taiwan, the Ministry of Health and Welfare has granted emergency use authorization for the application of the new drug Silmitasertib to treat patients with severe symptoms of COVID-19 for compassionate use to the National Yang Ming Chiao Tung University Hospital. The Ministry of Health and Welfare has also approved the use of Silmitasertib in five hospitals for compassionate use. The five hospitals include National Taiwan University Hospital, Taipei Veterans General Hospital, Taoyuan General Hospital, Ministry of Health and Welfare, and Taipei City Hospital, etc.
June 2021	Performed a capital increase from employee stock options of NT$638 thousand. The paid-in capital was NT$897,274 thousand after the capital increase.
August 2021	Project CX-4945: Signed an agreement with Center for Drug Evaluation (CDE), Taiwan for inclusion of Silmitasertib, a novel drug currently under development, into the COVID-19 COVID-19 Project Index Case Drug Regulatory Scientific Advisory Counseling Agreement.
	Project CX-4945: The subject inclusion of phase II human clinical trials of Silmitasertib for the treatment of COVID-19 patients with moderate symptoms was completed in the U.S.
	Project CX-4945: The new drug was granted Fast Track Designation status by the U.S. FDA, and this will help speed up the process of applying for U.S. drug certification.
	Project CX-4945: The data of phase II human clinical trials of Silmitasertib for the treatment of COVID-19 patients with severe symptoms in the U.S. was reviewed and approved by the independent clinical data monitoring committee (DMC).
September 2021	Project CX-5461: The scale-up clinical trial for the treatment of patients with specific genetic defects and multiple solid tumors has been initiated and the first patient has been included in Canada.
	Project CX-5461: The Company signed a clinical cooperation agreement with the Peter MacCallum Cancer Centre (PMCC) in Melbourne, Australia, and a human clinical trial of Pidnarulex (CX-5461) in combination with Pfizer's PARP inhibitor will be conducted for the treatment of prostate cancer.
	Performed a capital increase from employee stock options of NT$162 thousand. The paid-in capital was NT$897,436 thousand after the capital increase.
October 2021	Project CX-4945: Data from the phase II clinical trial in the treatment of patients with moderate symptoms of COVID-19 were presented at the 2021 ISIRV-WHO conference. With a median recovery time of 6 days in the Silmitasertib-treated group, compared to 14 days in the control group, the trial has achieved statistically and clinically significant differences.
December 2021	Project CX-4945: The novel drug for the treatment of medulloblastoma (brain tumor) has been granted Orphan Drug Designation by the U.S. FDA and will enjoy seven years of market exclusivity in the U.S. if it is marketed in the future.

Time	Event
January 2022	Project CX-4945: The novel drug received the notification of Orphan Drug Designation from the U.S. FDA for the treatment of biliary treat tract cancer, and it will enjoy seven years of market exclusivity in the U.S. if it is marketed in the future.
	Project CX-5461: U.S. FDA granted the new drug Fast Track Designation (FTD) for the treatment of breast and ovarian cancers with specific genetic defects. This will help speed up the process of applying for U.S. drug certification for this novel drug.
March 2022	Project CX-4945: Positive human clinical trial data for advanced basal cell carcinoma was selected and presented at the 2022 American Academy of Dermatology (AAD) Annual Meeting.
May 2022	The Board of Directors has approved the appointment of important executive, and Dr. Jin-Ding Huang is appointed as the Chief Scientific Officer.
June 2022	Project CX-5461: In combination study with Pfizer's Talazoparib for the treatment of prostate cancer granted approval to initiate from Australian Human Research Ethics Committee (HREC).
	The Company received notification from the clinical partner, Banner Health, an American healthcare institution, it has been decided to terminate the clinical trial of Silmitasertib for the treatment of severe COVID-19 due to difficulties in enrolling patients. The relevant data will be reviewed by the Independent Data Monitoring Committee (DMC).
October 2022	The Board of Directors has approved the appointment of important executives, and Dr. Jin-Ding Huang is appointed as the new President & CEO.
	Project CX-5461: The investigational new drug (IND), Pindnarulex, in combination with Pfizer's Talazoparib for the treatment of prostate cancer has been officially commenced and has completed the enrollment of the first patient.
December 2022	Project CX-5461: The Company received notification that the IND, Pidnarulex has been successfully selected to participate in a five-year collaborative development program under the National Institutes of Health (NIH)-sponsored NExT Program. The clinical expenses will be funded by NIH, aiming to expedite the development of Pidnarulex for market approval.
February 2023	Project CX-4945: The administration of the first dose to the last patient in the human clinical trial for the treatment of skin cancer - basal cell carcinoma in the United States has been completed, and the enrollment has been terminated.
	Project CX-4945: The Company has applied to the Taiwan FDA for Phase II IND approval of Silmitasertib as a treatment for hospitalized patients with COVID-19 who may experience cytokine storms or severe inflammatory responses caused by the SARS-CoV-2 virus.
March 2023	Project CX-5461: The Company has officially signed a five-year collaboration agreement with the National Cancer Institute (NCI), a division of the NIH in the United States. This collaboration aims to jointly advance the unmet medical needs of cancer-related human clinical

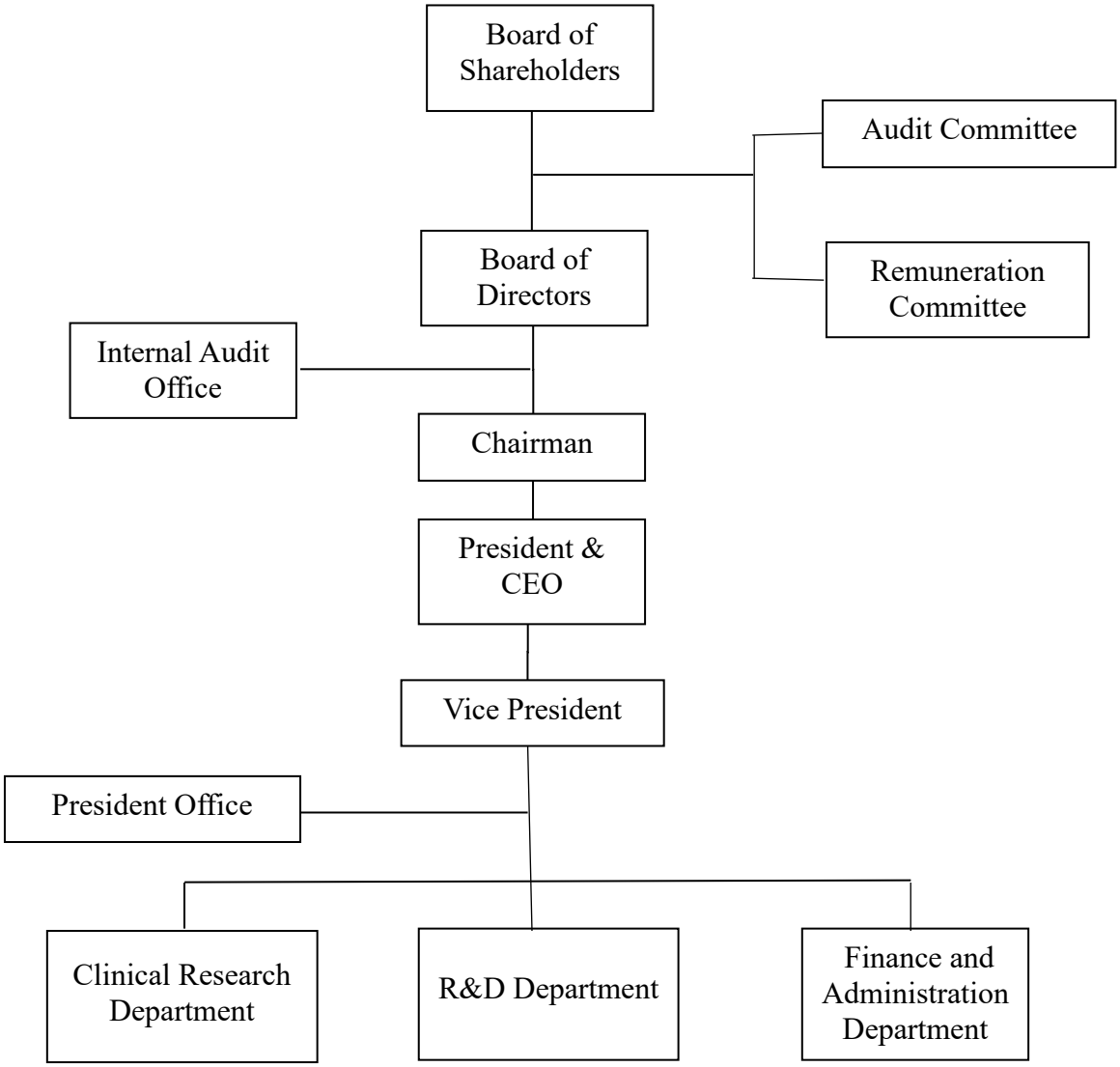
Time	Event
	trials of the new drug, Pidnarulex.
April 2023	Project CX-4945: The Company completed an End of Phase (EOP) meeting with the U.S. Food and Drug Administration (FDA) regarding the Phase 1/2 trial for Cholangiocarcinoma (CCA). The Company will consider the FDA's recommendations to explore the use of Silmitasertib in combination with other therapies for the treatment of various indications, including but not limited to Cholangiocarcinoma (CCA).
	Project CX-4945: The Company received Taiwan FDA approval for Phase II clinical trial of the new drug, Silmitasertib to treat hospitalized patients with COVID-19 who may experience cytokine storms or severe inflammatory responses caused by the SARS-CoV-2 virus.
August 2023	Project CX-4945: The administration of the last dose (LPLV) to the last patient in the human clinical trial of the new drug, Silmitasertib (CX-4945) for the treatment of skin cancer - basal cell carcinoma in the United States was completed, and data locking and analysis will be performed.
October 2023	Project CX-4945: The company has applied to the U.S. FDA for multicenter Phase II human clinical trial IND approval of the candidate new drug, Silmitasertib, for the treatment of community-acquired pneumonia (CAP) caused by pan-viral infections.
November 2023	Project CX-4945: The patient enrollment for the Phase II clinical trial of the Company's new drug, Silmitasertib, for treating moderate and severe hospitalized patients with COVID-19 was officially initiated, and the first patient has been enrolled.
	Project CX-4945: The Company's new drug Silmitasertib (has passed the 30-day IND review by the U.S FDA), and the Phase II human clinical trial for CAP caused by pan-viral infections will be initiated.
December 2023	Project CX-4945: The Company has applied to the TFDA for multicenter Phase II human clinical trial approval of the new drug, Silmitasertib, for the treatment of CAP caused by pan-viral infections.
	Project CX-4945: The Company received approval from the TFDA for the execution of the Phase II human clinical trial of the new drug, Silmitasertib, for the treatment of CAP caused by pan-viral infections.
January 2024	Project CX-4945: Due to strategic considerations, the Company decided to send a letter to National Cheng Kung University Hospital, prematurely terminating the Phase II clinical trial of the new drug Silmitasertib for treating single, moderate, and severe hospitalized patients with COVID-19.
March 2024	Project CX-4945: The patient enrollment for the Phase II clinical trial of the Company's new drug, Silmitasertib, for the treatment of CAP caused by coronavirus or influenza virus was officially initiated, and the first patient has been enrolled.


HEALTH
TRAINING
HAPPINESS
RELAXATION
LIFESTYLE
WELLBEING
ATHLETE
FIT
ENJOYMENT
RELAXED
SPORT
RUNNING
HEALTHCARE
ACTIVITY
MOTION
MEDICAL
HEALTHY
MAINTENANCE
ENVIRONMENT
DIET
EVERYDAY
MIND
EXERCISE
DIETING
FITNESS
GYM
HEALTHCARE
MAINTENANCE
MENTAL
SELF-CARE
FIT
HAPPY
INFORMATION
HEALTHY
CHEERFUL
NATURE
ENERGY
ACTIVITY
MUSCLE
LIVING
POSITIVE
BODY
ENJOYMENT
HEALTHY
PHYSICAL
FIT
ATHLETE
MENTAL
ENERGY
MEDICAL
SCIENCE
LIFESTYLE
HEALTHY
SPORT
NUTRITION
HEALTHCARE
CARE
HEALTHCARE

Chapter 3. Corporate Governance Report

I. Organization

(I) Organization structure



(II) Responsibilities and Functions of Major Departments

Department	Main Duties
Internal Audit Office	Responsible for evaluating the effectiveness of the Company's internal controls and internal audits.
President Office	Responsible for guiding the operating directions and business objectives of the Company, conducting performance examination, including: 1. Development management of the domestic and foreign project and designated plans, overall planning and control execution, evaluations and development of external industrial cooperation, completion of projects progress schedule, assessment and management of budget and risks. 2. Human resource management systems. 3. Company-wide seal management. 4. Handling of legal affairs and intellectual property right affairs, management, and maintenance of various contracts. 5. Processing of various external public relation business. 6. Establishment, maintenance, and management of investor relations. 7. Planning for the Company's sustainable development strategies, and the promotion and execution of CSR reports. 8. Quality assurance. 9. Handling of shareholders' meetings, the meetings of the Board, Audit Committee, and Remuneration Committee.
Clinical Research Department	Responsible for the development of clinical business management, including: 1. Clinical project management: Responsible for the planning, execution, management, and review of clinical trials, including the preparation and submission for review of trial plans, selection of and cooperation with CRO, monitoring of clinical execution progress, adverse reaction report for clinical drugs, statistics and analysis of trial results, and clinical reports. 2. Non-clinical research: Execute preclinical animal trials and organize and execute pharmacokinetics research according to the development projects of clinical trials and be responsible for the entrusted execution and management of outsourced research projects. 3. Regulation and inspection registration: Complete the planning of drug discovery strategies, preparation, compilation, and submission for review of inspection registration documents in accordance with the regulations.
R&D Department	Responsible for: 1. Preparation development: Responsible for the planning of active pharmaceutical ingredients and new dosage forms, entrusted research, execution and management. 2. Chemical manufacturing and control: Overall management of entrusted synthesis of active pharmaceutical ingredients and drugs for clinical trials, inventory management of drugs, dosage prescription, administration, and storage for relevant entrusted research, and prepare inspection registration documents. 3. Development of external R&D resources for R&D projects: For example: Apply for the government's technology project plan and carry out plan management in accordance with the relevant specifications stated in the government's plan and be responsible for the entrusted execution and management of outsourced research projects.

Department	Main Duties
Administrative and Finance Department	1. Finance Department: Responsible for the Company's financial management. 2. Account Department: Responsible for the preparation and review of the Company's financial statements, processing of taxation affairs. 3. Administration Department: Responsible for general affairs and procurement, administration documentation, and relevant information operations.

II. Directors, President, Vice Presidents, Assistant Vice Presidents, and Department Heads

(I) Information on Directors

1. Basic Information

April 23, 2024; Unit: Share; %

Title	Nationality or Place of Registration	Name	Gender and Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Others' Name		Experience (Education)	Concurrent Position Held with the Company or Other Companies	Managerial Officer or Director Who is a Spouse or Relative within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Chairman	Republic of China (R.O.C.)	Benny T. Hu	Male 71-80 years old	June 30, 2023	3 years	November 1, 2012	1,822,161	2.03	1,822,161	2.03	–	–	–	–	MBA, Wharton School of the University of Pennsylvania, USA Director, Wistron Information Technology and Services Corporation Chairman, Alliance Holdings Limited (Beijing) Founder, Whitesun Equity Partners President, CDIB & Partners Investment Holding Corp. Chairman, China Development Industrial Bank President, China Development Industrial Bank Chairman, China Securities Investment Trust Co., Ltd. President, China Securities Investment Trust Co., Ltd. Executive Vice President, International Securities Investment Trust Co., Ltd. Manager, Bankers Trust New York Corporation Vice Chairman, ShanghaiMart Co., Ltd.	Executive Director, Chinese National Federation of Industries Chairman, NTU Innovation & Incubation Co., Ltd. Chairman, CDIB Bioscience Venture 1, Inc. Chairman, Panlabs Biologics Inc. Chairman, Key Asic Inc. Chairman, Ding Li Development Ltd. Chairman, Hung-Tuan Industry Co., Ltd. Chairman, Yang-Pin Investment Co., Ltd. Chairman, HuaSheng International Co., Ltd. Chairman, Lian-An Health Management Co., Ltd. Chairman, Strait Venture Capital Investment Co., Ltd. Chairman, Arm Capital Investment Management Co., Ltd. Chairman, Arm IoT Capital GP Limited Chairman, Three Directions Investment Co., Ltd. Chairman, Sun Well Healthcare Co., Ltd. Chairman, CDIB Bioscience Venture Management (BVI), Inc. Chairman, Ever Rich Investment Inc. Director, Jia-bei Monetary Flow Co., Ltd. Director, Chong-ben Construction Co., Ltd. Supervisor, Ding Li Enterprise Management Co., Ltd.	–	–	–	–
Director	Republic of China (R.O.C.)	Representative: Jin-Ding Huang	Male 61-70 years old	June 30, 2023	3 years	March 1, 2022	–	–	–	–	–	–	–	–	Ph.D. in Pharmaceutical Chemistry, University of California, San Francisco, USA Vice Dean, College of Medicine, National Cheng Kung University Director, Department of Pharmacology, National Cheng Kung University Chair, Institute of Clinical Pharmacy and Pharmaceutical Sciences, National Cheng Kung University Director, Sunny Pharmtech Inc. President and Director, EUSOL Biotech Co., Ltd. Supervisor, Hsiang-yong Biotechnology Management Co., Ltd.	President & CEO of the Company	–	–	–	–

Title	Nationality or Place of Registration	Name	Gender and Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Others' Name		Experience (Education)	Concurrent Position Held with the Company or Other Companies	Managerial Officer or Director Who is a Spouse or Relative within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
	Republic of China (R.O.C.)	Ding Li Development Ltd.	-	June 30, 2023	3 years	November 1, 2012	4,386,007	4.89	4,386,007	4.89	–	–	–	–	–	Director, Panlabs Biologics Inc. Director, Chong-ben Construction Co., Ltd.	–	–	–	–
Director	Republic of China (R.O.C.)	Representative: Jeff Chen	Male 41-50 years old	June 30, 2023	3 years	June 16, 2017	–	–	–	–	–	–	–	–	MSc in Information Systems Management, Carnegie Mellon University, USA Researcher, Harvard Business School	Chairman, Chuan-Pu Investment Holding Co., Ltd. Director, Tian-Pu Co., Ltd. Director, Harn Shiuan Co., Ltd. Director, Adimmune Corporation Director, Weng-teng Investment Co., Ltd. Director, Taiwan Styrene Monomer Corporation Director, Bank of Kaohsiung Co., Ltd.	–	–	–	–
	Republic of China (R.O.C.)	Chuan-Pu Investment Holding Co., Ltd.	-	June 30, 2023	3 years	June 16, 2017	1,242,576	1.38	1,242,576	1.38	–	–	–	–	–	Director, JKO Asset Management Co., Ltd. Director, Bank of Kaohsiung Co., Ltd.	–	–	–	–
Director	Republic of China (R.O.C.)	Jo Shen	Female 71-80 years old	June 30, 2023	3 years	June 30, 2023	–	–	–	–	–	–	–	–	Ph.D. in Chemistry, Lehigh University, USA MSc in Chemistry, Iowa State University, USA BSc in Chemical Engineering, National Taiwan University Co-founder, Director, President, ScinoPharm Taiwan, Ltd. Vice President, Syntex	Venture Partner, Vivo Capital Vice Chairman, Taiwan Bio Industry Organization Independent Director, Lumosa Therapeutics. Co., Ltd. Director, Formosa Pharmaceuticals, Inc. Director, Handa Pharmaceuticals, Inc. Director, Obigen Pharma, Inc. Director, AnHorn Medicines Co., Ltd. Independent Director, Steminent Biotherapeutics, Inc. Advisory Committee Member, National Health Research Institutes Advisory Committee Member, Biomedical Translation Research Center Consultant, LifeMax Biotechnology, Inc. Consultant, Merry Life Biomedical Company, Ltd.	–	–	–	–
Independent Director	Republic of China (R.O.C.)	Yeu-Chuyr Chang	Female 61-70 years old	June 30, 2023	3 years	March 9, 2015	–	–	–	–	–	–	–	–	MBA, Avila University, Missouri, USA Vice President, Business Department, Chu-ching Insurance Brokers Co., Ltd. Director, Hsin-Fu Joint Wealth Management Consultancy Co., Ltd. Executive Vice President, Summit Capital International Group Limited Taiwan Branch (Belize) Lecturer of economics, Fu Jen Catholic University Lecturer of economics, Shih Chien University	Executive Vice President, Hsin cho yueh Ltd. Remuneration Committee Member, Senhwa Biosciences, Inc. Audit Committee Member, Senhwa Biosciences, Inc.	–	–	–	–
Independent Director	Republic of China (R.O.C.)	Tong Young Lee	Male 51-60 years old	June 30, 2023	3 years	June 11, 2020	–	–	–	–	–	–	–	–	Ph.D. in Pathology, Nation Taiwan University Postdoctoral Researcher/Lecturer, Harvard Medical School, U.S. Researcher, Boston Children's Hospital, U.S. Researcher, Beth Israel Deaconess Medical Center, U.S. Director/Vice President, Fountain Biopharma Inc. Vice President, Synovel Sciences Inc. Vice President, Microbio Co., Ltd. Vice President, Diamond Biofund, Inc.	Chairman & CEO, StemCyte Taiwan Co., Ltd. Chairman & CEO, BiotechEast Co., Ltd. Director, Protect Bio Inc. Remuneration Committee Member, Senhwa Biosciences, Inc. Audit Committee Member, Senhwa Biosciences, Inc.	–	–	–	–

Title	Nationality or Place of Registration	Name	Gender and Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Others' Name		Experience (Education)	Concurrent Position Held with the Company or Other Companies	Managerial Officer or Director Who is a Spouse or Relative within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Independent Director	Republic of China (R.O.C.)	Yung Lin Ma	Male 41-50 years old	June 30, 2023	3 years	June 11, 2020	–	–	–	–	–	–	–	–	Ph.D. in Biomedical Sciences at Washington University, USA Manager, Biotech Incubation Center, Academia Sinica Director, Business Development Department, Medigen Biotech Corp.	Chairman & CEO, Apollo Medical Optics, Ltd. Director, RelaJet Tech (Taiwan) Co., Ltd. Remuneration Committee Member, Senhwa Biosciences, Inc. Audit Committee Member, Senhwa Biosciences, Inc.	–	–	–	–

2. Major Shareholders of Corporate Shareholders:

April 23, 2024

Name of corporate shareholders	Major shareholders of corporate shareholders
Ding li Development Ltd.	Benny T. Hu(100.00%)
Chuan-Pu Investment Holding Co., Ltd.	Jeff Chen(99.666%) Yen-Chun Lin(0.328%) Tien-Pu Chen(0.003%) Shu-Hui Tseng(0.003%)

3. Major Shareholders of Major Corporate Shareholders: Not applicable.

4. Disclosure of Professional Qualifications of Directors and Independence of the Independent Directors:

Qualifications / Name	Professional qualification and experience	Independence	Number of public companies in which the member concurrently serves as a Independent Director
Chairman Benny T. Hu	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company	Where none of the circumstances in the paragraphs of Article 30 of the Company Act applies	0
Director Ding Li Development Ltd. Representative: Jin-Ding Huang	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company and currently serving as an instructor or higher post in a public or private college or university in the field of the business sector of the Company	Where none of the circumstances in the paragraphs of Article 30 of the Company Act applies	0
Director Chuan-Pu Investment Holding Co., Ltd. Representative: Jeff Chen	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company	Where none of the circumstances in the paragraphs of Article 30 of the Company Act applies	0
Director Jo Shen	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company	Where none of the circumstances in the paragraphs of Article 30 of the Company Act applies	2
Independent Director Yeu-Chuyr Chang	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company and currently serving as an instructor or higher post in a public or private college or university in the field of finance	Meeting of all the following independence criteria two years prior to the date elected and during their term of office: 1. Not employed by the Company or an affiliate. 2. Not a Director or Supervisor of the Company or any of its affiliates. (However, if an Independent Director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations, this requirement shall not apply). 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person in the name of others, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in shareholdings. 4. Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3). 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representatives to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (However, if an Independent Director is	0
Independent Director Tong-Young Lee	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company		0

Qualifications / Name	Professional qualification and experience	Independence	Number of public companies in which the member concurrently serves as a Independent Director
Independent Director Yung-Lin Ma	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company	engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations, this requirement shall not apply). 6. Not a director, supervisor, or employee of another company that the majority of its directors or the shares with voting rights are controlled by the same person (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent). 7. Not a director, supervisor, or employee of another company or an institution who is concurrently the Chairperson, President & CEO, or equivalent positions of the Company or a spouse thereof (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent). 8. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (However, if a specific company or institution holds more than 20% and no more than 50% of the total issued shares of the Company and if an Independent Director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations, this requirement shall not apply). 9. Not any professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the most recent two fiscal years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. Provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, which exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not meeting any conditions defined in Article 30 of the Company Act. 12. Where the person is not elected in the capacity of the government, a judicial person, or a representative thereof as provided in Article 27 of the Company Act.	0

(1) Diversity for and Independence of the Board of Directors:

A. Diversity for the Board of Directors:

Pursuant to the Article 20 of the Corporate Governance Best Practice Principles of the Company, the composition of the Board of Directors shall be determined by taking diversity into consideration, and an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

a. Basic requirements and values: Gender, age, nationality, and culture.

b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

a. Ability to make operational judgments.

b. Ability to perform accounting and financial analysis.

c. Ability to conduct management administration.

d. Ability to conduct crisis management.

e. Knowledge of the industry.

f. An international market perspective.

g. Ability to lead.

h. Ability to make policy decisions.

The Company's Board of Directors consists of 7 Directors, including 3 Independent Directors, with 14% of the Directors being employees and 43% being Independent Directors. For the tenure of the Independent Directors, one of the Independent Directors has served for 9 years while the other two has served for 3 years, and their qualifications and conditions are all in compliance with the regulations for Independent Directors set forth in the laws and regulations. The Company also pays attention to gender equality in the composition of the board of directors and has increased the number of female directors to two seats (accounting for 28% of the total seats). The implementation status is listed as follows:

Core Diversification Item / Director	Basic composition									Industry experiences				Expertise			
	Nationality	Gender	Concurrently serving as the Company's employees	Age				Term of office and year of services of Independent Directors		Banking	Securities	Insurance	Asset management	Accounting	Laws	Information technology	Risk management
				41 to 50	51 to 60	61 to 70	71 to 80	Less than 3 years	3 to 9 years								
Benny T. Hu	Republic of China (R.O.C.)	Male					V			V	V		V	V	V	V	V
Jin-Ding Huang	Republic of China (R.O.C.)	Male	V			V									V		V
Jeff Chen	Republic of China (R.O.C.)	Male		V						V	V		V	V	V	V	V
Jo Shen	Republic of China (R.O.C.)	Female					V						V			V	V
Yeu-Chuyr Chang	Republic of China (R.O.C.)	Female				V			V			V	V	V	V	V	V
Tong Young Lee	Republic of China (R.O.C.)	Male			V				V				V			V	V
Yung-Lin Ma	Republic of China (R.O.C.)	Male		V					V				V			V	V

Core Diversification Item / Director	Gender	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
Benny T. Hu	Male	V	V	V	V	V	V	V	V
Jin-Ding Huang	Male	V	V	V	V	V	V	V	V
Jeff Chen	Male	V	V	V	V	V	V	V	V
Jo Shen	Female	V	V	V	V	V	V	V	V
Yeu-Chuyr Chang	Female	V	V	V	V	V	V	V	V
Tong-Young Lee	Male	V	V	V	V	V	V	V	V
Yung-Lin Ma	Male	V	V	V	V	V	V	V	V

B. Independence of the Board of Directors: The Company's Board of Directors consists of seven Directors, including three Independent Directors (43%). The three Independent Directors are not subject to the circumstances stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, including being the spouse or a relative within second degree of kinship with another Director.

(II) Information on President & CEO, Vice Presidents, Assistant Vice Presidents, and Management Team

April 30, 2024; Unit: Share; %

Title	Nationality	Name	Gender	Date of Appointment	Shareholding		Spouse's & Minor's Shareholding		Shareholding in Others' Name		Experience (Education)	Positions Currently Held with Other Companies	Managerial officers who are spouses or relatives within the second degree of kinship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
President & CEO	Republic of China (R.O.C.)	Jin-Ding Huang	Male	October 25, 2022	—	—	–	–	–	–	Ph.D. in Pharmaceutical Chemistry, University of California, San Francisco, USA Vice Dean, College of Medicine, National Cheng Kung University Director, Department of Pharmacology, National Cheng Kung University Chair, Institute of Clinical Pharmacy and Pharmaceutical Sciences, National Cheng Kung University Director, Sunny Pharmtech Inc. President and Director, EUSOL Biotech Co., Ltd. Supervisor, Hsiang-yong Biotechnology Management Co., Ltd.	–	–	–	–	–
Vice President and Chief Financial Officer and Supervisor of the Administrative and Finance Department	Republic of China (R.O.C.)	Sarah Chang	Female	February 27, 2014	3,675	0.03	–	–	–	–	Department of Accounting, Tunghai University Certified Public Accountant Senior Assistant Vice President, Underwriting Department, Industrial Bank of Taiwan Securities Co. Ltd. Vice President, Hua Nan Securities Senior Auditor, Deloitte Taiwan	–	–	–	–	–
Business Development Director	Republic of China (R.O.C.)	Joanne Lo	Female	February 16, 2023	–	–	–	–	–	–	Ph.D. in Institute of Clinical Pharmacy and , National Cheng Kung University Business Development Director, President Office, Senhwa Biosciences, Inc. Business Development Manager, Oneness Biotech Co., Ltd. Project Planning Manager, Nutrition Division, Abbott Laboratories Taiwan Branch Senior Business Development Manager, Lumosa Therapeutics Co., Ltd. Business Development Strategy Manager, ScinoPharm Taiwan, Ltd.	–	–	–	–	–
Director of R&D Management Department	Republic of China (R.O.C.)	Chen-Fu Liu	Male	March 1, 2018	–	–	–	–	–	–	Ph.D. in Chemistry, National Taiwan University Deputy Director, Research and Development Division, CVie Therapeutics Limited New Pharmaceuticals R&D and Regulatory Advisor, GNT Biotech & Medicals Corporation Researcher, TaiGen Biotechnology Co., Ltd. United States patents course certification, Winston & Strawn LLP United States patents course certification, CASRIP, School of Law, University of Washington Summer course certification, Michael G. Foster School of Business, University of Washington	–	–	–	–	–

Title	Nationality	Name	Gender	Date of Appointment	Shareholding		Spouse's & Minor's Shareholding		Shareholding in Others' Name		Experience (Education)	Positions Currently Held with Other Companies	Managerial officers who are spouses or relatives within the second degree of kinship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Director of Clinical Department	Republic of China (R.O.C.)	Kacy Huang	Female	November 10, 2022	–	–	–	–	–	–	School of Pharmacy, The University of Auckland, New Zealand Registered Pharmacist in New Zealand Licensed Pharmacist in Republic of China Drug Inspection and Registration Consultant, Unimed Pharmaceutical Enterprise Co., Ltd. Regulatory Pharmacist, Taisho Pharmaceuticals (Taiwan) Co., Ltd. Pharmacist, National Taiwan University Hospital Pharmacist, Northcross Pharmacy in New Zealand	–	–	–	–	–
Administrative Director	Republic of China (R.O.C.)	Gwen Chang	Female	November 10, 2022	–	–	–	–	–	–	Postgraduare Diploma in Journalism, University of Strathclyde, United Kingdom Executive Assistant to President Office, Senhwa Biosciences, Inc. Senior Recruitment Manager, Standard Chartered Bank (Taiwan) Limited Reporter and Producer, Sanlih-E Television Co., Ltd.	–	–	–	–	–
Director of Legal Affairs and Regulations	Republic of China (R.O.C.)	Han-Yu Li	Female	November 15, 2023	–	–	–	–	–	–	Master of Medical Science, Taipei Medical University Licensed Pharmacist in Republic of China Senior Regulatory Affairs Manager, TTY Biopharm Company Limited Pharmacist, MacKay Memorial Hospital, Taipei	–	–	–	–	–
Director of Drug Development	Republic of China (R.O.C.)	Zi-Yi Chao	Male	December 18, 2023	–	–	–	–	–	–	Ph. D. in Biological Engineering and Small-scale Technologies, University of California, Merced Senior Manager of Pharmaceutical Development, President Office, Senhwa Biosciences, Inc. Director, Sheng Yu Pharmaceutical Co., Ltd. Project Manager, Department of Medical Research, National Taiwan University Hospital	–	–	–	–	–
Strategy Officer	Republic of China (R.O.C.)	Hui-Ting Chen	Female	December 18, 2023	–	–	–	–	–	–	Master, School of Pharmacy, National Taiwan University Global Brand Director, Novartis Business Director, Novartis Taiwan Sales Director, Novartis Taiwan Operations Director, Novartis Taiwan	–	–	–	–	–
Manager and Supervisor of Internal Audit Office	Republic of China (R.O.C.)	Irene Chiu	Female	January 15, 2021	—	—	—	—	—	—	Accounting Department, Tamkang University Internal Audit Supervisor, Litemax Electronics Inc. Auditor, KPMG (Taiwan)	–	–	–	–	–

III. Remuneration to Directors, President, and Vice Presidents in the Most Recent Year (2023)

(I) Remuneration of Directors, Independent Directors, President & CEO, and Vice Presidents

1. Remuneration of Directors and Independent Directors

Unit: NT$1,000; %

Title	Name	Remuneration to Directors								Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Relevant remuneration received by directors who also serve as employees								Ratio of total remuneration (A+B+C+D+E+F+G) to net income after tax (%)		Remuneration received from investees other than subsidiaries or from the parent company
		Compensation (A)		Severance pay and pension (B)		Director's remuneration (C)		Business execution expenses (D)				Salary, bonus and allowances (E) (Note 1)		Severance pay and pension (F)		Employee's remuneration (G)						
																The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Amount in cash	Amount in shares	Amount in cash	Amount in shares	The Company	All companies in the financial report	
Chairman	Benny T. Hu	3,500	3,500	–	–	–	–	–	–	(1.18)	(1.18)	–	–	–	–	–	–	–	–	(1.18)	(1.18)	–
Director	Ding Li Development Ltd. Representative: Jin-Ding Huang	–	–	–	–	–	–	600	600	(0.20)	(0.20)	5,713	5,713	108	108	–	–	–	–	(2.16)	(2.16)	–
Director	Chuan-Pu Investment Holding Co., Ltd. Representative: Jeff Chen	–	–	–	–	–	–	600	600	(0.20)	(0.20)	–	–	–	–	–	–	–	–	(0.20)	(0.20)	–
Director (Note 2)	Jo Shen	–	–	–	–	–	–	300	300	(0.10)	(0.10)	–	–	–	–	–	–	–	–	(0.10)	(0.10)	–
Independent Director	Yeu-Chuyr Chang	–	–	–	–	–	–	600	600	(0.20)	(0.20)	–	–	–	–	–	–	–	–	(0.20)	(0.20)	–
Independent Director	Tong Young Lee	–	–	–	–	–	–	600	600	(0.20)	(0.20)	–	–	–	–	–	–	–	–	(0.20)	(0.20)	–
Independent Director	Yung-Lin Ma	–	–	–	–	–	–	600	600	(0.20)	(0.20)	–	–	–	–	–	–	–	–	(0.20)	(0.20)	–

1. Please describe the policy, standards, packages, and structures of remuneration to Independent Directors, and the correlation between the aforementioned items and the Independent Directors' responsibilities, risks, and time investment: The Company has established the remuneration policy for Independent Directors in the Company's Articles of Incorporation and the rules governing the duties of Independent Directors. The compensation of Independent Directors is determined with reference to the extent of their participation in the Company's operations, the value of their contributions and the usual standards in the industry, and then submitted to the Remuneration Committee for consideration and approved by the Board of Directors.
2. Except for disclosures in the table above, the remuneration received by Directors for services (e.g. serving as a non-employee consultant for the parent company/all companies listed in this financial report/investee companies) provided to all companies listed in this financial report in the most recent year: None.

Note 1. The results are shown based on the salary recognized in the IFRS's "classification and measurement of share-based payment transactions". The salary thus includes employee stock options in addition to the salaries of Directors (Including Independent Directors) who serve concurrently as employees.

Note 2. Newly elected director in the Fifth Board of Directors Meeting on June 30, 2023.

Table of Remuneration Ranges

Remuneration range to Directors of the Company	Names of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies listed in this financial report	The Company	All companies listed in this financial report
Under NT$1,000,000	Jin-Ding Huang, Jeff Chen, Jo Shen, Yeu-Chuyr Chang, Tong-Young Lee, and Yung-Lin Ma	Jin-Ding Huang, Jeff Chen, Jo Shen, Yeu-Chuyr Chang, Tong-Young Lee, and Yung-Lin Ma	Jeff Chen, Jo Shen, Yeu-Chuyr Chang, Tong-Young Lee, and Yung-Lin Ma	Jeff Chen, Jo Shen, Yeu-Chuyr Chang, Tong-Young Lee, and Yung-Lin Ma
NT$1,000,000 (inclusive) to NT$2,000,000	—	—	—	—
NT$2,000,000 (inclusive) to NT$3,500,000	—	—	—	—
NT$3,500,000 (inclusive) to NT$5,000,000	Benny T. Hu	Benny T. Hu	Benny T. Hu	Benny T. Hu
NT$5,000,000 (inclusive) to NT$10,000,000	—	—	Jin-Ding Huang	Jin-Ding Huang
NT$10,000,000 (inclusive) to NT$15,000,000	—	—	—	—
NT$15,000,000 (inclusive) to NT$30,000,000	—	—	—	—
NT$30,000,000 (inclusive) to NT$50,000,000	—	—	—	—
NT$50,000,000 (inclusive) to NT$100,000,000	—	—	—	—
More than NT$100,000,000	—	—	—	—
Total	7 Persons	7 Persons	7 Persons	7 Persons

2. Remuneration of the President & CEO and Vice Presidents

Unit: NT$1,000; %

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and allowances (C) (Note 1)		Employee's remuneration (D)				Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Remuneration received from investees other than subsidiaries or from the parent company
								The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Amount in cash	Amount in shares	Amount in cash	Amount in shares	The Company	All companies in the financial report	
President	Jin-Ding Huang	4,750	4,750	108	108	963	963	—	—	—	—	(1.96)	(1.96)	—
Vice President	Sarah Chang	4,200	4,200	108	108	916	916	—	—	—	—	(1.76)	(1.76)	—

Note 1: The results are shown based on the salary recognized in the IFRS's "classification and measurement of share-based payment transactions". The salary thus includes employee stock options in addition to various remuneration.

Table of Remuneration Ranges

Remuneration Range to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company	All companies in the financial report
Under NT$1,000,000	—	—
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	—	—
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	—	—
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Jin-Ding Huang, Sarah Chang	Jin-Ding Huang, Sarah Chang
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	—	—
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	—	—
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	—	—
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	—	—
More than NT$100,000,000	—	—
Total	2 Persons	2 Persons

3. Remuneration for Paid Managerial Officers with Top Five Highest Remuneration

Unit: NT$1,000; %

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and allowances (C) (Note 1)		Employee's remuneration (D)				Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Remuneration received from investees other than subsidiaries or from the parent company
								The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Amount in cash	Amount in shares	Amount in cash	Amount in shares	The Company	All companies in the financial report	
President	Jin-Ding Huang	4,750	4,750	108	108	963	963	—	—	—	—	(1.96)	(1.96)	—
Vice President and Chief Financial Officer and Supervisor of the Administrative and Finance Department	Sarah Chang	4,200	4,200	108	108	916	916	—	—	—	—	(1.76)	(1.76)	—
Business Development Director	Joanne Lo	2,850	2,850	108	108	523	523	—	—	—	—	(1.17)	(1.17)	—
Director of R&D Department	Chen-Fu Liu	2,376	2,376	108	108	511	511	—	—	—	—	(1.01)	(1.01)	—
Director of Clinical Department	Kacy Huang	2,039	2,039	108	108	660	660	—	—	—	—	(0.95)	(0.95)	—

Note 1: The results are shown based on the salary recognized in the IFRS's "classification and measurement of share-based payment transactions". The salary thus includes employee stock options in addition to various remuneration.

(II) Name of managerial officers to which employee compensation is distributed, and the status of distribution: The Company has not yet generated profits and it does not distribute employee compensation.

(III) Analysis of the total remuneration as a percentage of net income after tax stated in the parent company only or individual financial statements paid by the Company and by all companies to the Company's Directors, Supervisors, President & CEO, and Vice Presidents in the consolidated financial statements in the most recent two years, and the description of the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its connectivity with business performance and future risks:

1. The total remuneration as a percentage of net income after tax stated in the parent company only or individual financial statements paid by the Company and by all companies to the Company's Directors, Supervisors, President & CEO, and Vice Presidents in the consolidated financial statements in the most recent two years is as follows:

Unit: NT$1,000; %

Items	2023				2022			
	The Company		Consolidated financial statements		The Company		Consolidated financial statements	
	Amount	%	Amount	%	Amount	%	Amount	%
Directors	6,800	(2.28)	6,800	(2.28)	7,619	(2.18)	7,619	(2.18)
Supervisors	—	—	—	—	—	—	—	—
President & CEO and Vice Presidents	11,045	(3.72)	11,045	(3.72)	6,628	(1.90)	6,628	(1.90)

2. Policies, standards, and packages for payment of remuneration to Directors, Supervisors, President & CEO, and Vice Presidents, the procedures for determining remuneration, and its connectivity with business performance:
   (1) The Company's remuneration policy for Directors is specified in Article 23 of the Articles of Incorporation.
   (2) The remuneration paid to the Company's President & CEO and Vice Presidents shall be determined by the Remuneration Committee, Audit Committee, and the Board based on their roles, contributions, operating performance, and future risks, with reference to the Company's remuneration system.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

Five meetings of the Board of Directors were held in the most recent year (2023) and one meeting the Board of Directors was held for the Board in 2024 as of the publication date of the Annual Report (a total of 6 meetings), the attendances of the Directors are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remarks (A)
Chairman	Benny T. Hu	6	0	100.00	Attended 6 meetings during the term of office
Director	Ding Li Development Ltd. Representative: Jin-Ding Huang	6	0	100.00	Attended 6 meetings during the term of office
Director	Chuan-Pu Investment Holding Co., Ltd. Representative: Jeff Chen	6	0	100.00	Attended 6 meetings during the term of office
Director	Jo Shen	4	0	100.00	Appointed on June 30, 2023 Attended 4 meetings during the term of office
Independent Director	Yeu-Chuyr Chang	6	0	100.00	Attended 6 meetings during the term of office
Independent Director	Tong-Young Lee	4	2	66.67	Attended 6 meetings during the term of office
Independent Director	Yung-Lin Ma	6	0	100.00	Attended 6 meetings during the term of office

Other matters to be disclosed:

I. The date of the Board meeting, the session, the content of the proposals, opinion of all Independent Directors, and the Company's actions in response to the opinions of Independent Directors shall be recorded should any of the following circumstances occur in the operations of the Board meeting:

(I) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee, and items listed in Article 14-3 of the Securities and Exchange Act are not applicable. Please refer the section of "Operations of the Audit Committee" in the Annual Report.

(II) In addition to the preceding matter, other resolutions of the Board meetings on which Independent Directors have dissenting opinions or qualified opinions, and that they are documented or issued through written statements: None.

II. Recusals of Directors due to conflicts of interests:

At the 16th meeting of the 4th Board of Directors on March 30, 2023, Director Benny T. Hu, Director Jin-Ding Huang, Director Jeff Chen and Independent Director Yeu-Chuyr Chang, Independent Director Tong-Young Lee, Independent Director Yung-Lin Ma recused themselves from the discussion and voting of Proposal 18: Nomination and deliberation of Director candidates (including Independent Directors, due to the conflict of interests.

At the 16th meeting of the 4th Board of Directors on March 30, 2023, Director Benny T. Hu and Director Jeff Chen recused themselves from the discussion and voting of Proposal 12: Consolidated amendment to the current salary projects for Directors and Managers, due to the conflict of interests.

At the 16th meeting of the 4th Board of Directors on March 30, 2023, Director Jin-Ding Huang recused himself from the discussion and voting of Proposal 15: Adjustment of salaries for certain executives and managers of the Company, due to the conflict of interests.

At the 3rd meeting of the 5th Board of Directors on November 9, 2023, Director Jin-Ding Huang recused himself from the discussion and voting of Proposal 7: The payment of year-end bonus to managers of the Company for 2023, due to the conflict of interests as Director Huang is concurrently the Company's President.

III. Information regarding evaluation cycles, periods, scope and method of evaluation of the Board of Directors of a listed company shall be disclosed:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Execute once a year	From January 1, 2023 to December 31, 2023	Board of Directors	Internal self-evaluation of the Board of Directors	The degree of participation in the operation of the Company, the improvement of the quality of the Board of Directors' decision-making, the compositions and structure of the Board of Directors, the election and continuous education of the Directors, and internal control.
Execute once a year	From January 1, 2023 to December 31, 2023	Individual Directors	Self-evaluation of the members of the Board	To master the Company's objectives and tasks, to recognize the responsibilities of Directors, to participate in the Company's operations, to manage and communicate internal relations, to implement professionalism and continuous education of Directors,

				and to conduct internal control.
Execute once a year	From January 1, 2023 to December 31, 2023	Individual Audit Committee members	Self-evaluation of Audit Committee members	Participation in the operation of the Company, awareness of the duties of the functional committee, improvement of the quality of the functional committee's decision-making, composition and election of the functional committee's members, and Internal control.
Execute once a year	From January 1, 2023 to December 31, 2023	Individual Remuneration Committee members	Self-evaluation by members of the Remuneration Committee	The degree of participation in the operation of the Company, awareness of the duties of the functional committee, improvement of the quality of decision-making of the functional committee, the composition and election of the functional committee members, and internal control.

The Company has completed the self-evaluation of the Board of Directors' performance for the FY 2023. The evaluation results will be presented during the Board of Directors meeting in Q1 FY2024, serving as a basis for review and improvement. The overall score for the Board of Directors' performance self-evaluation was 98% (out of 100%), and the overall score for the individual board members' performance self-evaluation was 98% (out of 100%), indicating a good overall performance of the Board. The overall score for the Audit Committee's performance self-evaluation was 97% (out of 100%), and the overall score for the Remuneration Committee's performance self-evaluation was 96% (out of 100%), indicating good overall performance.

IV. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent fiscal year (such as the establishment of an audit committee, the improvement of information transparency) and the assessment of implementation:

(I) Improvement of information transparency: The Company maintains transparency in its operations and values shareholder rights. Important proposals are immediately announced on MOPS after the meetings of the Board of Directors.

(II) The Company has established its Remuneration Committee and Audit Committee to improve and reinforce the management mechanisms of the Board of Directors.

(III) Continuing education of Directors: The Company's Directors participate in continuing education according to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" and comply with requirements regarding the continuing education of Directors.

(II) Operations of the Audit Committee:

1. Operations of the Audit Committee

The Company established its Audit Committee according to relevant laws and regulations. Seven Directors (including three Independent Directors) were elected and appointed at the shareholders' meeting on June 30, 2023. Five meetings were held for the Audit Committee in the most recent year (2023) and one meeting was held for the Audit Committee as of the publication date of the Annual Report in 2024 (a total of six meetings) (A); the attendances of the Directors are as follows:

Title	Name	Attendance in person [B]	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Independent Director	Yeu-Chuyr Chang	6	0	100.00	Attended 6 meetings during the term of office
Independent Director	Tong-Young Lee	4	2	66.67	Attended 6 meetings during the term of office
Independent Director	Yung-Lin Ma	6	0	100.00	Attended 6 meetings during the term of office

Other matters to be disclosed:

I. The date of the meeting, the session, the content of the proposals, resolution results of the Audit Committee, and the Company's actions in response to the opinions of the Audit Audit Committee shall be recorded should any of the following circumstances occur in the operations of the Audit Committee meeting.

(I) Items listed in Article 14-5 of the Securities and Exchange Act

(II) Except for the matters above, other resolutions not approved by the Audit Committee but approved by over two-thirds of all Directors instead.

The summary of (I) and (II) above is as follows:

Audit Committee	Proposal and follow-up actions	Items listed in Article 14-5 of the Securities and Exchange Act	Resolutions no approved by th Audit Committ but approved b over two-thirds all Directors instead
15th meeting of the 1st Audit Committee on March 30, 2023	1. Proposal for the approval of the 2022 business report and financial statements	V	None
	2. Proposal for the approval of the 2022 table of loss compensation	V	None
	3. Proposal for the approval of the accumulated losses and the execution report for the healthy operation plan for Q4 in 2022	V	None
	4. Proposal for the amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting".	V	None
	5. Proposal for the amendments to certain provisions of the "Regulations Governing the Compliance with the Establishment of Board of Directors and the Board's Exercise of Powers" and the "Rules of Procedure for Board of Directors Meetings"	V	None
	6. Proposal for the amendment to certain provisions of the "Regulations Governing the Prevention of Insider Trading" of the Company	V	None
	7. Proposal for the amendment to certain provisions of the "Corporate Governance Best Practice Principles" and the "Corporate Social Responsibility Best Practice Principles"	V	None
	8. Proposal for the amendments to certain	V	None

		provisions of the "Rules Governing Transactions with Group Companies, Specific Companies, and Related Parties"			
		9. Proposal for the approval of the 2022 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System"	V	None	
		10. Changes in the cash capital increase fund utilization plan of the Company in 2020	V	None	
		11. Consolidated amendment to the current salary projects for Directors and Managers of the Company	V	None	
		12. Proposal for the adjustment of salaries for certain executives and managers of the Company	V	None	
	Resolution of the Audit Committee: Approved by all attending Directors.				
	The Company's response to the opinions from the Audit Committee: The proposal was unanimously passed by the Audit Committee members, so it's not applicable.				
	16th Meeting of the 1st the Audit Committee May 12, 2023	1. Proposal for the approval of the Company's 2023 Q1 Consolidated Financial Report	V	None	
	Resolution of the Audit Committee: Approved by all attending Directors.				
	The Company's response to the opinions from the Audit Committee: The proposal was unanimously passed by the Audit Committee members, so it's not applicable.				
	2nd meeting of the 2nd Audit Committee on August 10, 2023	1. Approval of the Company's 2023 Q2 Consolidated Financial Report	V	None	
	Resolution of the Audit Committee: Approved by all attending Directors.				
	The Company's response to the opinions from the Audit Committee: The proposal was unanimously passed by the Audit Committee members, so it's not applicable.				
	3rd Meeting of the 2nd Audit Committee on November 9, 2023	1. Proposal for the approval of the Company's 2023 Q3 Consolidated Financial Report	V	None	
		2. Proposal for the amendment to certain provisions of the "Accounting System", "Accounting Professional Judgment Procedures in Accounting Policies and Changes in Accounting Estimates", "Other Management Controls-Management of Preparation Process of Financial Statements" and "Other Management Controls-Management of Applicable International Accounting Standards" of the Company	V	None	
		3. Proposal for the amendment to certain provisions of the "Regulations Governing Appointment and Exercise of Powers of the Boards of Directors" of the Company	V	None	
		4. Proposal to develop the FY 2024 audit plan of the Company and the U.S. subsidiary	V	None	
		5. Proposal to distribute the FY 2023 year-end bonus for managerial personnel of the Company	V	None	
		6. Proposal for the approval of the appointment of CPAs for reviewing or auditing the Company's financial statements for 2024 and the fee for	V	None	

	CPAs.			
Resolution of the Audit Committee: Approved by all attending Directors.				
4th Meeting of the 2nd Audit Committee on March 14, 2024	1. Proposal for the approval of the 2023 business report and financial statements	V	None	
	2. Proposal for the approval of the 2023 table of loss compensation	V	None	
	3. Proposal for the approval of the accumulated losses and the execution report for the healthy operation plan for Q4 in 2023	V	None	
	4. Proposal for the amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting"	V	None	
	5. Proposal for the amendments to certain provisions of the "Audit Committee Charter" and "Other Management Controls-Management of the Operation of Audit Committee Meeting"	V	None	
	6. Proposal for the establishment of "Sustainable Development Committee Charter"	V	None	
	7. Proposal for the approval of the "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System"	V	None	
	8. Consolidated amendment to the current salary projects for Directors and Managers of the Company	V	None	
	9. Proposal for the adjustment of salaries for certain managerial personnel of the Company	V	None	
	10. Proposal to adjust the Company's organizational operation structure, along with revisions to the Company's organizational chart	V	None	
Resolution of the Audit Committee: Approved by all attending Directors.				
The Company’s response to the opinions from the Audit Committee: The proposal was unanimously passed by the Audit Committee members, so it's not applicable.				

II. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the content of the proposal, reasons for recusal due to conflict of interests, and voting outcomes shall be stated: None.

III. Communication between Independent Directors, the Internal Audit Supervisor, and CPAs (including significant matters, methods, and results for the Company's financial and business positions):

(I) The internal audit report is regularly submitted to each Independent Director for review in the following month after being completed by the Internal Audit Manager. The Independent Directors and the Internal Audit Manager meet at least four times a year, and the Internal Audit Manager reports on the status of the Company's internal audit and the operation of internal control through the Audit Committee, so that the Independent Directors can fully see the implementation of internal control of the Company's business. A meeting may be called at any time in the event of a major irregularity.

(II) The Independent Directors and the CPAs shall meet at least four times a year, and the CPAs shall report and explain the relevant issues through the Audit Committee in order to fully see the latest finance performance (or financial reports), internal control operation and relevant regulations, systems and operation modes of laws and regulations for adequate communication. A meeting may be called at any time in the event of a major irregularity.

(III) Independent Directors attend Board meetings to review and the Company's quarterly, interim, and annual financial reports and make resolutions.

(IV) When necessary, Independent Directors would communicate with the Company's accountants.

(III) Corporate governance implementation status and its deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.	No significant deviation.
II. Shareholder Structure and Shareholders' Rights (I) Has the Company established an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to internal procedures? (II) Has the Company maintained a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders? (III) Has the Company established and enforced risk control and firewall systems with its affiliates? (IV) Has the Company stipulated internal rules that prohibit the Company's insiders from trading securities using information not disclosed to the market?	V V V V		(I) The Company has established relevant internal control systems and appointed dedicated stock affair personnel and spokespersons to process shareholders' proposals, inquiries, or disputes. (II) The Company has a stock affairs department in place and it keeps abreast of the list of shareholders provided by the Department of Stock Affairs of the securities firm. (III) The Company has established various management regulations to provide explicit specifications for transactions with affiliates to manifest the risk control system and prevent irregular transactions. (IV) The Company has established relevant internal control systems and constantly communicates with employees on related laws and regulations to prevent insider trading.	No significant deviation.
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors established a policy of Board diversity and duly implemented such policy? (II) Has the Company voluntarily established other functional committees, other than the remuneration committee and audit committee that are established in accordance with the law? (III) Has the Company established standards to measure the performance of the Board of Directors, and has the Company implemented such performance evaluation annually? Has the Company submitted the results of performance evaluation to the Board of Directors and adopted them as a reference for determining remuneration for individual Directors and their nomination for reappointment?	V V V		(I) The Company has established a policy of Board diversity in its Corporate Governance Best Practice Principles. The six Directors of the Company possess extensive experiences in business management, leadership and decision-making, and industry knowledge; for the details of the diversity policy, specific management objectives and implementation details, please refer to page 23-25 of the annual report. (II) The Company has established its Remuneration Committee and Audit Committee according to the laws and regulations in October 2014 and June 2020, respectively. In the future, the Company will establish other functional committees in due course based on its business development and legal requirements.	No significant deviation.

Evaluation item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
(IV) Does the Company regularly implement assessments on the independence of CPAs?	V		(III) All Board members of the Company actively participate in the operations of the Board. Nevertheless, as the Company operates in the biotechnology/new drug development industry, we are currently experiencing losses. Therefore, with the exception of Independent Directors, no Director receives compensation in any form. The Company has amended the "Regulations Governing Evaluation of Board Performance" in August 2020. Performance self-evaluation questionnaires were distributed to all Directors by the end of Q1 in the following year; such questionnaires include the evaluations on the overall operations of the Board and the self-evaluation of Directors. The details of the implementation status for the current fiscal year are disclosed in the operations of the Board of Directors: Page 33-34 of the annual report. (IV) The Board of Directors of the Company regularly evaluates the qualifications and independence of CPAs. The Company has established its CPA evaluation items and competency evaluations based on the Statement of "Independence Statement" provided by the CPAs in each year with reference to the Certified Public Accountant Act and No. 10 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China, "Integrity, Objectivity, and Independence": Note 1 and Note 2. Conclusion: Based on the analysis presented above, it has been determined after adequate review that both CPA Shu-Fen Yu and CPA Sheng-Wei Deng, who possess relevant independence and competency from the PricewaterhouseCoopers, Taiwan; therefore, the proposal for their appointment is submitted to the Board of Directors for resolution.	
IV. Has the TWSE/TPEx listed company appointed qualified and suitable number of corporate governance personnel and appointed a Corporate Governance Officer responsible for matters related to corporate governance (including but not limited to providing Directors and Supervisors with the necessary information for the execution of business, assisting	V		The President Office is responsible for handling governance-related affairs (including but not limited to providing Directors and Supervisors with the necessary information for the execution of business, assisting Directors and Supervisors in legal compliance, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, and preparing minutes for Board meetings and the	No significant deviation.

Evaluation item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
Directors and Supervisors in legal compliance, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, and preparing minutes for Board meetings and the shareholders' meetings)?			shareholders' meetings). On March 30, 2023, the Board of Directors of the Company approved the appointment of Madam Sarah Chang, the Vice President of the Company, to concurrently serve as the Corporate Governance Officer.	
V. Has the Company set up communication channels for stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' section been established on the Company's website? Has the Company appropriately addressed the major corporate social responsibility (CSR) issues concerned by stakeholders?	V		Communication between the Company and stakeholders is based on the principle of good faith. The Company maintains healthy communication channels and favorable interactions with stakeholders. The Company has established a dedicated section on the website for shareholders to inquire about relevant information of the Company.	No significant deviation.
VI. Has the Company appointed a professional stock affairs agency to deal with affairs related to shareholders' meetings?	V		The Company has appointed the Department of Stock Affairs of a large-scale composite securities firm to process affairs related to shareholders' meetings.	No significant deviation.
VII. Information Disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance? (II) Has the Company adopted other information disclosure channels (e.g., establishing an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)? (III) Has the Company announced and declared the annual financial report within two months after the end of the fiscal year? Has it announced and declared the first, second, and third quarterly financial reports and operating conditions of each month as soon as possible before the prescribed period?	V V V		(I) The Company's website is http://www.senhwabio.com, which allows the general public to learn information on the Company. The public may also utilize MOPS for inquiring relevant information on the Company. The Company discloses its significant financial and business information on MOPS in due course according to laws and regulations. (II) The Company has appointed dedicated personnel to be in charge of information collection and disclosure in accordance with laws and regulations in the hope of providing information that affects the decision-making of shareholders and stakeholders in a timely manner; we have assigned appropriate personnel to serve as the spokesperson and deputy spokesperson in accordance with regulations. (III) The Company has announced and declared the first, second, and third quarterly financial reports and operating conditions of each month before the prescribed period according to the laws and regulations.	No significant deviation.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations,	V		(I) Employees' interests: The Company treats employees in good faith and protects their legal rights in accordance with the Labor Standards Act. (II) Care for employees: The Company has established a welfare	No significant deviation.

Evaluation item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and supervisors)?			system and a sound educational training system that provides stability for employees' lives to build healthy relationships with employees based on mutual trust and reliance. (III) Investor relations: The Company has established a spokesperson system and appointed dedicated personnel for stock affairs. We have also appointed dedicated personnel to be in charge of operations related to investor relations. (IV) Supplier relations: The Company has always maintained healthy relations with suppliers. (V) Stakeholder rights: Stakeholders have access to public information to fully understand the Company's operations. Stakeholders may also communicate with and provide recommendations to the Company to protect their legal interests. (VI) Continuing education of Directors: The Company has made arrangements for Directors to participate in courses related to corporate governance. In addition, we also provide Directors and Supervisors with timely updates of laws and regulations related to corporate governance. The attendance of the Company's Directors and Supervisors regarding the Board meetings is normal; Directors shall not participate in voting for proposals at the Board meetings they have interests in that may harm the Company's interests. (VII) Execution of risk management policies and risk measurement standards: The Company has established various internal rules and regulations and conducted various risk management and evaluations in accordance with regulations. (VIII) Execution of customer policies: The Company maintains stable and healthy relations with customers. (IX) Responsibility insurance purchased by the Company for Directors: The Company has purchased liability insurance policies for Directors in accordance with the Articles of Incorporation and the resolutions made by the Board of Directors. (X) To enhance corporate governance, and protect shareholders' rights, the Company approved the amendment to certain provisions of the "Corporate Governance Best Practice Principles" at the Board	

Evaluation item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			of Directors meeting held on March 30, 2023. These amendments are also in line with the provisions of the Company Act regarding virtual shareholder meetings, the provisions of the Business Mergers and Acquisitions Act, and the promotion of the "Corporate Governance 3.0: Blueprint for Sustainable Development" project initiated by the FSC.	

IX. Improvements made in response to the results of Corporate Governance Evaluation in the most recent year conducted by the Corporate Governance Center of TWSE, and improvement measures and plans of priority for items yet to be improved. (Companies not evaluated are exempt from such disclosures):

The Company has completed the following priority improvement indicators from the previous year:

Evaluation indicators	Improvement Status
1.3	More than half of the Company's directors and the convener of the Audit Committee attended the shareholders' meeting in person, and the attendance list was disclosed in the meeting minutes.
1.9	The Company has uploaded the English version of the meeting notice, agenda, and meeting supplementary information 30 days prior to the shareholders' meeting.
1.11	The Company has uploaded the English version of the annual report 16 days prior to the shareholders' meeting.
1.15	The Company has established the "Corporate Governance Best Practice Principles" and "Regulations Governing the Prevention of Insider Trading" and disclosed the details, as well as their specific implementation status on the Company's website.

Improvement measures: The Company will review the items which have failed to meet the standards after the annual evaluation results are announced, and will continue to make improvements year by year to implement transparent information disclosure so as to reduce information asymmetry and enhance and protect the rights of the shareholders.

Note 1:

Criteria for Independence		Independence attribute	
No.	Description	Yes	No
1	CPAs shall avoid and recuse themselves from the appointment when they have any direct or material indirect interests in such engagement that may impair their impartiality and independence.	✓	
2	CPAs provide audits, reviews, re-inspections, or project reviews on financial statements, and prepare their letter of opinions. Except for maintaining substantial independence, they shall also maintain the independence of formality. Therefore, members of the audit service team, the partners of the CPA firm, or shareholders of corporate CPA firms, CPA firms, affiliates, and network firms shall maintain their independence with the audit clients.	✓	
3	CPAs shall uphold the spirits of independence to provide services to society positions of integrity, impartiality, and objectiveness. (1) Integrity: CPAs shall execute professional services with upright and sober attitudes. CPAs shall exert good faith, honesty, impartiality, and credibility with regard to professional and business relationships. (2) Impartiality and objectivity: While executing professional services, CPAs shall maintain an impartial and objective position and avoid prejudice, conflict of interests, or other interests from overriding their professional judgment. An impartial and objective position shall include an unbiased provision of information to users of such information and the exercise of due care professionally.	✓	
4	Independence is correlated with integrity, impartiality, and objectiveness; lacking or losing independence affects their positions of integrity, impartiality, and objectiveness.	✓	
5	Independence may be affected by self-interest, self-evaluation, defense, familiarity, or coercion.	✓	
6	Independence affected by self-interests refers to the acquisition of financial interests from the audit customers or conflicts of interests with audit customers due to other interests. Circumstances that give rise to such effects generally include: (1) CPAs have direct or material indirect financial interest relations with the audit clients. (2) The CPA firm has undue dependence on the remuneration source from a single client. (3) CPAs have significant and intimate business relations with the audit clients. (4) CPAs have concerns about the possibility of losing clients. (5) CPAs have potential employment relations with audit clients. (6) CPAs have contingent CPA's fee related to audit engagements. (7) CPAs have discovered significant errors in professional service reports provided by other members of the CPA firm.	✓	
7	Independence affected by self-interests refers to reports issued or judgments made by CPAs during the execution of non-audit service cases, the significant basis for the audit conclusion during the course of auditing or reviewing financial information, or members of the audit service team used to be Directors or Supervisors of audit customers, or positions that have direct and significant effects on the audit cases. Circumstances that give rise to such effects generally include: (1) The CPA firm issuing the assurance service reports that are designed to or assisted in the effective operations of financial information systems. (2) Significant or material matters where original documents prepared by the CPA firm are used in assurance service cases. (3) Members of the audit service team are the Directors, Supervisors, managers of, or hold positions having significant effects on audit cases	✓	

Criteria for Independence		Independence attribute	
No.	Description	Yes	No
	at audit clients at present or within the most recent two years. (4) Non-auditing services provided to audit customers will directly affect significant items of audit cases.		
8	Independence affected by defense refers to members of the audit service team defending the positions or opinions of audit clients, resulting in their objectivity being questioned. Circumstances that give rise to such effects generally include: (1) The CPA firm promotes or acts as a broker for shares or other securities issued by the audit clients. (2) Except for legally permitted business, the CPA firm defends the audit clients for lawsuits or other disputes on behalf of the audit clients.	✓	
9	Independence affected by familiarity refers to undue focuses or compassion on the audit clients' interests from the CPAs or members of the audit team due to the close relations with Directors, Supervisors, and managers of the audit clients. Circumstances that give rise to such effects generally include: (1) Members of the audit service team are relatives of the Directors, Supervisors, or managers of the audit clients, or personnel holding positions that have significant effects on audit cases. (2) Former partners, having been separated for less than one year, then become the Directors, Supervisors, or managers of the audit clients, or hold positions that have significant effects on audit cases. (3) CPAs accept gifts with significant values or special discounts from the audit clients, the Directors, Supervisors, managers, or major shareholders of the audit clients.	✓	
10	Independence affected by coercion refers to members of the audit service team bear or feel threats from audit clients that resulted in their inability to uphold their objectivity and clarify doubts professionally. Circumstances that give rise to such effects generally include: (1) Clients threaten the CPAs by suggesting the initiation of litigation. (2) By suggesting the revocation of non-audit case engagements, the clients force the CPA firm to accept to adopt improper accounting policies for particular transactions. (3) CPAs are threatened with the discharge of engagement or reappointment of audit cases. (4) Clients impose pressure on CPAs for them to improperly reduce audit work to be executed to minimize CPA's fees. (5) Employees of clients coerce the audit personnel to accept the professional judgment of particular disputes by acting as experts. (6) CPAs require members of the audit service team to accept improper selections of accounting policies or improper disclosures made by the management, or their promotions will be denied.	✓	
11	The CPA firm and members of the audit service team are responsible for maintaining their independence. Effects of the work executed on the independence shall be considered when maintaining independence. Furthermore, they shall establish measures to eliminate the above effects or minimize such effects to an acceptable level.	✓	
12	When effects on independence are considered material, the CPA firm and members of the audit service team shall adopt appropriate and effective measures to eliminate the effects or minimize such effects to an acceptable level and record such conclusions.	✓	
13	When CPAs or the CPA firm failed to adopt any measures or the measures adopted were unable to eliminate the effects on independence or minimize such effects to an acceptable level, CPAs shall refuse the execution of such audit cases to maintain their independence.	✓	

Note 2: Evaluation on competency:

Criteria for Competency		Evaluation	
No.	Description	Yes	No
1	Whether the accountants qualified as CPAs to execute the CPA business.	✓	
2	Whether CPAs are subject to any disciplinary action imposed either by the competent authority or the accountant association, or punishments according to the provisions of paragraph 3, Article 37 of the Securities Exchange Act.	✓	
3	Whether CPAs possess relevant industry knowledge of the audit clients.	✓	
4	Whether CPAs audited financial statements based on the Generally Accepted Auditing Standards (GAAS) and Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant, and prepared working papers for the audits.	✓	
5	Whether CPAs abuse their positions to compete improperly in the market.		✓

(IV) Composition, duties, and operation of the Remuneration Committee:

The Company's Remuneration Committee was established on October 14, 2014. The primary duty of the Remuneration Committee is to improve the salary and compensation systems for the Company's Directors and managers and submit their recommendations to the Audit Committee and the Board of Directors for discussion. The Company elected the 5th Board of Directors by an early election on June 30, 2023 and established its Audit Committee; the newly appointed Independent Directors formed the Remuneration Committee.

1. Information on the Members of the Remuneration Committee

April 30, 2024

Identity	Qualifications / Name	Professional qualification and experience	Independence	Number of public companies in which the member concurrently serves as a Remuneration Committee member
Independent Director	Yeu-Chuyr Chang	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company and currently serving as an instructor or higher post in a public or private college or university in the field of finance	Meeting of all the following independence criteria two years prior to the date elected and during their term of office: 1.Not employed by the Company or an affiliate. 2.Not a Director or Supervisor of the Company or any of its affiliates. (However, if an Independent Director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations, this requirement shall not apply). 3.Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person in the name of others, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in shareholdings. 4.Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3). 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representatives to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (However, if an Independent Director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations, this requirement shall not apply). 6.Not a director, supervisor, or employee of another company that the majority of its directors or the shares with voting rights are controlled by the same person (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent). 7.Not a director, supervisor, or employee of another company or an institution who is concurrently the Chairperson, President & CEO, or equivalent positions of the Company or a spouse thereof (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent).	0
Independent Director	Tong-Young Lee	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company		0
Independent Director	Yung-Lin Ma	Work experience necessary for business, legal affairs, finance, accounting, and business sector of the Company		0

Identity	Qualifications / Name	Professional qualification and experience	Independence	Number of public companies in which the member concurrently serves as a Remuneration Committee member
			8. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (However, if a specific company or institution holds more than 20% and no more than 50% of the total issued shares of the Company and if an Independent Director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations, this requirement shall not apply). 9. Not any professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the most recent two fiscal years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. Provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, which exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not meeting any conditions defined in Article 30 of the Company Act. 12. Where the person is not elected in the capacity of the government, a judicial person, or a representative thereof as provided in Article 27 of the Company Act.	

3. Operations of the Remuneration Committee

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

(2) Term for the current members:

The term of office for the members of the 4th Remuneration Committee is from June 11, 2020 to June 10, 2023, and the term of office for the members of the 5th Remuneration Committee is from June 30, 2023 to June 29, 2026. Three meetings were held for the Remuneration Committee in the most recent year (2023) and one meeting was held for the Remuneration Committee in 2024 (a total of four meetings (A), the qualification and attendances of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Member/Convener	Yeu-Chuyr Chang	4	0	100.00	
Committee Member	Tong-Young Lee	2	2	50.00	
Committee Member	Yung-Lin Ma	4	0	100.00	

Other matters to be disclosed:

I. The date of the Board meeting, the session, the content of the proposals, resolution results of the Board, and the Company's actions in response to the opinions of the Remuneration Committee shall be recorded when the Board refused to adopt or amend the recommendations of the Remuneration Committee (when the salary and compensation passed by the Board are favorable than the recommendations of the Remuneration Committee, deviations and reasons thereof shall be stated): None.

II. The date of the Remuneration Committee meeting, the session, the content of the proposals, opinions of all members, and the Company's actions in response to the opinions of the members shall be recorded when any member has dissenting opinions or qualified opinions, and that is documented or issued through written statements: None.

(V) Fulfillment of sustainable development and its deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof:

Evaluation item	Operation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
I. Has the Company established the governance framework for promoting sustainable development and an exclusively (or part-time) dedicated unit for promoting it? Is the executive level authorized by the Board of Directors to handle relevant affairs? What is the status of the monitoring the implementation of the policy by the Board of Directors?	V		To strengthen CSR management, the Company has assigned dedicated personnel in the President Office to take charge of the supervision and implementation of CSR policies, and reports its progress to the Board of Directors from time to time.	No significant deviation.
II. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	V		The Company's Board of Directors has approved of and formulated the Sustainable Development Best Practice Principles; the content of the Principles is to promote the implementation of corporate governance, develop a sustainable environment, maintain social welfare, and reinforce the CSR information disclosures; in the future, the Company will examine the achievements according to the circumstances.	No significant deviation.
III. Environmental Issues (I) Has the Company established a suitable environmental management system based on its industrial characteristics? (II) Has the Company committed to improving the efficiency of utilizing various resources and using recycled materials with low impacts on the environment? (III) Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to related issues? (IV) Has the Company calculated its GHG emissions, water consumption, and total waste weight in the past two years, and formulated policies for energy conservation, reductions of GHG and water consumption, or other waste management?	 V V V V		 (I) The Company has appointed environmental and health management personnel to be in charge of the implementation of relevant systems. (II) The Company specializes in novel drug R&D and has no production operations and consumption of raw materials. (III) The Company specializes in novel drug R&D and has no present and future potential risks and opportunities of climate change regarding its industrial characteristics; however, the Company promotes matters of environmental protection and requires employees to duly observe. (IV) The Company encourages employees to turn off unnecessary lighting, have rational usage of the common communication platforms, such as the Internet, recycle, and implement other energy-saving and carbon emissions reduction policies.	No significant deviation.

Evaluation item	Operation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
IV. Social Issues (I) Has the Company formulated management policies and procedures following relevant regulations and international human rights treaties? (II) Has the Company formulated and implemented reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee compensation? (III) Has the Company provided a healthy and safe work environment and has it organized health and safety training for its employees on a regular basis? (IV) Has the Company established effective career development and training plans for its employees? (V) Has the Company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing, and labeling, and formulated relevant consumer protection policies and grievance procedures? (VI) Has the Company formulated a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? How well are those policies implemented?	V V V V V V		(I) The Company recognizes and voluntarily adheres to the human rights standards recognized by international human rights conventions, including the "Universal Declaration of Human Rights (UDHR)", "United Nations Global Compact (UNGC)", "United Nations Guiding Principles on Business and Human Rights (UNGPs)", and "International Labour Organization's Declaration on Fundamental Principles and Rights at Work", and complies with local labor-related laws and regulations to establish management rules such as "Regulations Governing Personnel Management", "Sexual Harassment Prevention Management" and "Safety and Health Work Rules" to clearly regulate labor conditions and protect the rights and interests of employees. The Company also regularly conducts human rights risk assessments, implementing human rights protections. 1.Labor Rights and Protection • When the employment relationship is established, a written agreement is signed in accordance with the law, stating that the employment relationship is established based on the premise of mutual consent and without forced labor. • The Company prohibits all forms of discrimination, bullying and harassment, forced labor and child labor, obstruction of the freedom of assembly and association of employees. There is no illegal human trafficking, and the Company opposes any form of slavery. • Implement a leave policy that provides a greater number of special leave days than as required by law. New employees are entitled to special leave benefits upon the commencement of their employment. • In accordance with the provisions of the law, the Labor Committee has been established and the Company regularly tracks and reviews the relevant system. 2.Diversity, Inclusion and Equality	No significant deviation.

Evaluation item	Operation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			• There are no differential treatments in the language used, attitude or behaviors based on race, class, language, ideology, religion, political affiliation, national origin, gender, appearance, facial features, physical or mental disabilities, etc. To date, there have been no incidents of discrimination in the friendly workplace environment. • The policy of non-discriminatory treatment and fairness in employment, compensation and benefits, training, evaluation and promotion opportunities are implemented. • A complete grievance mechanism and channel is established to properly and immediately address employee opinions. 3.Health and Safety and Work-Life Balance • The Company prohibits smoking indoors and set up safety protection measures to detect the working environment to reduce the risk of occupational accidents. • Supervisors of all units proactively care for and manage employees' abnormal working conditions to avoid overtime work. A flexible lunch break of 1.5 hours is provided, allowing colleagues to have sufficient time for their midday rest. • Implement a leave policy that provides a greater number of special leave days than as required by law. New employees are entitled to special leave benefits upon the commencement of their employment, encouraging employees to prioritize work-life balance. • The Company provides annual health checkups and travel subsidies that are more favorable than as required by law, to take care of and relieve employees' physical and mental stress and to improve their quality of life and work efficiency. • Organize activities such as year-end banquet and occasional dinner parties to promote physical, mental and	

Evaluation item	Operation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			spiritual cohesion among employees. (II) The Company has established relevant personnel management rules and regulations, which cover minimum wages, working hours, days off, pension benefits, Labor Insurance and National Health Insurance benefits, and compensation for occupational accidents for the workers employed by the Company in accordance with the Labor Standards Act. The Company's compensation policy is based on the individual's ability, contribution to the Company, and personal performance, and is positively correlated with the operating performance of the Company. The overall salary and compensation package mainly consists of three parts: basic salary, personal bonuses and company-wide bonuses, and benefits. For the standard of remuneration, the basic salary is based on the competitive market conditions and the Company's policy; personal bonuses and company-wide bonuses are paid in relation to the achievement of employee and departmental goals or the Company's operating performance, and benefits are designed to meet the requirements of laws and regulations and to take into account the needs of employees to design benefit initiatives that can be shared by all employees. (III) Work Environment and Employee Safety: 1.Safety of the Business Park: • There are surveillance systems at all entrances and exits of the business park. There are also 24-hour security guards stationed at the main entrance, and a 24-hour emergency hotline to avoid delays in reporting and handling of emergencies, resulting in the expansion of the incident and affecting personal safety. • The business park conducts annual fire safety inspections, and the local fire department, building management center staff and building fire protection suppliers conduct fire safety, fire escape and equipment tests for the whole building. In addition, for the office area of the factory, the	

Evaluation item	Operation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			Company will arrange the staff in charge of the management center to conduct door-to-door inspection with the building fire protection suppliers. 2.Safety of the Office Premises: • The Company has established the position of an occupational safety and health supervisor, who is responsible for the implementation of safety and health management and education and training. • On-boarding education and training for new employees and regular/unscheduled training for current employees include the introduction of safety and health work rules, internal/external environmental and equipment safety measures, and measures of access control to implement and reinforce the safety concepts for the employees. • A work environment inspection and environmental equipment checkup, maintenance and disinfection are conducted once or twice a year to ensure the normal use of the office space and all equipment in the office area to reduce the risk of occupational accidents. • The company's office area is a 100% non-smoking place. • As of the end of 2023, the Company had no occupational accidents or fire incidents. 3.Physical and mental care for employees • Gender equality and diversity: The Company emphasizes human rights at work and gender equality. The Company is committed to providing employees with a dignity-centered and a safe working environment, implementing the spirit of gender or sexual orientation equality under the Act of Gender Equality in Employment, ensuring that employees are not subjected to discrimination, harassment, or unequal treatment under applicable regulations. The Company has established management measures to prevent sexual harassment and has set up a mechanism to handle complaints of inappropriate behaviors by employees, and under the premise of friendly workplace. As of the end of	

Evaluation item	Operation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			2023, the Company had no related discrimination incidents. • Communication and grievance channels: The Company has established various smooth communication channels for employees, including a grievance mailbox and e-mail. If employees have noticed any violation of the law, illegal activities, unfair treatment, or would like to give other employee suggestions, they can communicate with and make complaints to the Company. • The Company provides annual subsidies for employees' health check-up expenses and plans special health check-up programs for the dependents of employees to enhance the health awareness of employees and their families. (IV) The Company has established its human resources policies and respects principles of basic human rights protection for laborers. We also purchase group insurance for employees to provide them with a safe and healthy work environment. We also organize regular meetings to promote work safety and health. (V) The Company has established procedures for consultation, participation, and communication and communication channels with employees on a regular basis or from time to time for employees to exert their rights of acquiring information and expressing their opinions regarding the business management activities and decisions of the Company. (VI) The Company has effectively enhanced employees' professional career development through internal and external professional educational training to effectively cultivate and encourage employees. (VII) The Company has open channels in place for customer services. We also established a Contact Us section on the Company's website and appointed dedicated personnel to process relevant matters. (VIII) The Company's primary scope of business is novel drug R&D; there is no relevant marketing activity.	

Evaluation item	Operation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			(IX) All suppliers of the Company must abide by the Company's CSR policies. Suppliers with records of impacting the environment and society are included in the Company's blacklist to achieve the joint commitment between the Company and suppliers in improving the corporate social responsibility. (X) The Company's primary scope of business is novel drug R&D and our major suppliers are in the nature of providing services; however, the Company has included the CSR policies of suppliers and implementation status in our supplier evaluations; the Company may terminate or cancel contracts at any time when suppliers have records of impacting the environment and society.	
V. Has the Company, following internationally recognized principles or guidelines, prepared and published reports, such as its sustainability report, to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	V		The Company has not prepared any sustainability report.	No significant deviation.
VI. Where the Company has established the 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 and their implementation: None.				
VII. Other important information to facilitate a better understanding of the Company's sustainable development operations: 1.The Company recognizes the impact of enterprises on sustainable development and spared no effort in its business operations to emphasize on climate change and environment sustainability, provide a stable and premium work environment for employees, and seek maximum benefits for shareholders and relevant stakeholders. In the future, the Company shall deepen its culture of sustainable governance, actively demonstrate our commitment to corporate responsibilities, strengthen the Company's core values and sustainable development. 2.To enhance the implementation of sustainable development in line with international trends and the promotion of the "Corporate Governance 3.0: Blueprint for Sustainable Development" project initiated by the FSC, the Company approved the amendment to certain provisions of the "Sustainable Development Best Practice Principles" at the Board of Directors meeting held on March 30, 2023.				

(VI) Fulfillment of the ethical corporate management and measures adopted:

Fulfillment of the ethical corporate management, deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof

Evaluation item	Operation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs				No significant deviation.
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorously and thoroughly implement such policies?	V		(I) The Company upholds incorrupt, transparent, and responsible management concepts and has established sound corporate governance and risk management systems. We also adhere to the essential spirits for duly implement ethical corporate management in compliance with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant rules and regulations of TWSE/TPEx, or other laws and regulations related to business practices. The Company also established its "Ethical Corporate Management Best Practice Principles" according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and duly execute such Principles in internal management and external business activities.	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V			
(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		(II) The Company has established its Ethical Corporate Management Best Practice Principles and relevant measures to prevent unethical behaviors and activities with elevated risks. Unethical behaviors with elevated risks include: 1. Offer and receive bribes. 2. Provide illegal political donations. 3. Improper charitable donations or sponsorships. 4. Offer or accept unjustified presents, hospitality, or other improper benefits. 5. Misappropriation of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engage in unfair competition.	

Evaluation item	Operation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			7. The R&D, procurement, manufacturing, provision, or sales of products and services directly or indirectly impair the rights, health, and safety of consumers or other stakeholders. (III) The Company has established its Ethical Corporate Management Best Practice Principles and guideline for reporting illegal and unethical, or dishonest behaviors. Whistleblowing cases are processed according to relevant requirements based on the materiality of circumstances. The Company has established a relevant whistleblowing mailbox and hotline for internal and external parties of the Company.	
II. Fulfillment of ethical corporate management (I) Has the Company evaluated business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties? (II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct? (III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly? (IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit? (V) Has the Company regularly organized internal and external educational training on ethical management?	V V V V V		(I) The Company engages in business activities in a fair and transparent manner and duly considers the business integrity records of transaction counterparties. The Company has included corporate governance status in the evaluation of major suppliers. (II) The President Office is responsible for the supervision and execution of ethical corporate management policies and regularly reporting to the Board every year. The execution of the aforementioned policies in 2023 has been reported to the Board at the 3rd meeting of the 5th Board of Directors on November 9, 2023. (III) A recusal system for Directors for the prevention of conflicts of interest is specified in the Company's "Rules of Procedure for Board of Directors Meeting." The Company's Directors shall exercise a high degree of self-discipline. Directors may state their opinions and answer to inquiries and shall recuse themselves from discussions and voting for proposals at the Board meetings when they have interests that may harm the Company's interests; they shall not exercise other Directors' voting rights on their behalf.	No significant deviation.

Evaluation item	Operation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			(IV) The Company has established its accounting system and internal control system for due implementations; internal auditors are responsible for the regular audits. (V) The Company regularly promotes ethical corporate management through education and training and internal meetings, and has implemented the following in 2022: 1. In each notice of the Board of Directors meeting, the directors and managers are reminded about the prevention of insider trading, emphasizing that they are prohibited to trade their shares during the 30-day closed period prior to the publication of the annual financial reports and the 15-day closed period prior to the publication of the quarterly financial reports. 2. The insiders and managers of the Company participated in the "14th Taipei Corporate Governance Forum" organized by the FSC. 3. On October 11, 2023, an "Integrity Management Advocacy Campaign" was conducted for Directors, managers, and all employees. The theme of this year's campaign was "If corruption never stops, how can public trust be gained?", emphasizing that in the face of internal and external risks, comprehensive ethical corporate management standards are required to mitigate risks, creating positive business outcomes for relevant stakeholders. 4. Newly-hired employees are provided with on-boarding training and are instructed "Ethical Corporate Management" by the Company at the same time.	
III. Status for enforcing whistleblowing systems in the Company (I) Has the Company established specified whistleblowing and incentive systems and convenient whistleblowing channels? Are appropriate personnel assigned to the accused party? (II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be	V V		(I) The Company has provided whistleblowing channels. We ensure strict confidentiality of the identity of the whistleblower and the relevant content of the whistleblowing cases. In addition, investigations are conducted by dedicated personnel based on the content of	No significant deviation.

Evaluation item	Operation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
adopted after the investigation, and related confidentiality mechanisms? (III) Has the Company provided protection to whistleblowers against receiving improper treatment?	V		the whistleblowing report. (II) The Company processes whistleblowing reports based on standard operating procedures for investigations and upholds confidentiality. (III) The Company protects whistleblowers from being mistreated according to standard operating procedures and confidentiality systems.	
IV. Enhancing information disclosure Has the Company disclosed its Ethical Management Best Practice Principles and the results of its implementation on the Company's website and MOPS?	V		The Company has established the Ethical Corporate Management Best Practice Principles and discloses real-time information on MOPS in accordance with the laws and regulations.	No significant deviation.
V. Where the Company has established its own Ethical Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies," please describe any derivation from the Principles and its operations: No deviation.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management operations: (e.g., review and amend its Ethical Management Best Practice Principles) The Company has amended certain provisions in the "Ethical Corporate Management Best Practice Principles" on March 30, 2023 upon resolution from the Board of Directors meeting, based on the promotion of the "Corporate Governance 3.0: Blueprint for Sustainable Development" project initiated by the Financial Supervisory Commission (FSC).				

(VII) The Company shall disclose the access to the Company's Corporate Governance Best Practice Principles and relevant rules and regulations:

The Company has established its Ethical Corporate Management Best Practice Principles, Rules of Procedure for Shareholders' Meetings, Regulations Governing Procedure for Board of Directors Meetings, Procedures for Election of Directors, Codes of Ethical Conducts, Audit Committee Charter, Ethical Corporate Management Best Practice Principles, Remuneration Committee Charter, Sustainable Development Best Practice Principles, and Rules for Performance Evaluation of Board of Directors, in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". The aforementioned regulations have all been uploaded them to MOPS(http：//mops.twse.com.tw).

(VIII) Other important information that is sufficient to enhance the understanding of the operation of corporate governance shall also be disclosed:

1. Employees' rights and care for employees:

   The Company treats employees with integrity, protects employees' legal rights in accordance with the Labor Standards Act, and establishes favorable relations with employees through a welfare system improving the stability of employees' lives and the healthy educational training system.

2. Investor relations

   The Company has established a spokesperson system and appointed dedicated personnel for operations related to investor relations and stock affairs.

3. Continuing education of Directors

The Company has made arrangements for Directors to participate in courses related to corporate governance. In addition, we also provide Directors with timely updates of laws and regulations related to corporate governance. The attendance of the Company's Directors regarding the Board meetings is normal; Directors shall not participate in voting for proposals at the Board meetings they have interests in that may harm the Company's interests.

4. Implementation of risk management policies and standards of risk assessment

The Company implements relevant risk management based on the principle of stability. We have established a stringent internal control system to prevent risks. In addition to scheduled and unscheduled audits by internal audit departments on the level of implementation of the internal control system, the Company also purchased insurance policies. In addition, the Company has established "Ethical Corporate Management Best Practice Principles" and shall strengthen its corporate governance based on related regulations.

5. Status of licenses required by competent authorities held by personnel of the Company related to the transparency of financial information

Certificate	Number of persons
	Finance and accounting
Certified Public Accountant of the Republic of China	1
Certified Securities Investment Analyst	
International Certified Internal Auditor	
Certification in Control Self-Assessment	
Certified Public Bookkeepers	
Securities Firm Sales Representative	1

6. Participation of managers in continuing education and training related to corporate governance (2023)

Title	Name	Date of continuing education	Organizer	Course title	Number of hours of continuing education
President	Jin-Ding Huang	August 10, 2023	Securities and Futures Institute (SFI Taiwan)	The Corporate Management: From CSR to ESG	3
		November 9, 2023	SFI Taiwan	Introduction to the Business Ownership Dispute and Commercial Case Adjudication Act	3

Title	Name	Date of continuing education	Organizer	Course title	Number of hours of continuing education
Vice President and Chief Financial Officer and Supervisor of Finance and Administration Department	Sarah Chang	From May 25, 2023 to May 26, 2023	Accounting Research and Development Foundation	Continuing Training Class for CFO of Issuers, Securities Firms, and Securities Exchanges	12
		April 27, 2023	Taipei Exchange (TPEx)	Sustainable Development Action Plans for TWSE and TPEx Listed Companies	3
		August 10, 2023	SFI Taiwan	The Corporate Management: From CSR to ESG	3
		September 4, 2023	Financial Supervision Commission (FSC)	The 14th Taipei Corporate Governance Forum	3
		September 14, 2023	Taiwan Investor Relations Institute (TIRI)	Mergers and Acquisitions Practices in Taiwan	3
		October 6, 2023	SFI Taiwan	Sustainable Finance and Investment: A New Horizon	3
		November 9, 2023	SFI Taiwan	Introduction to the Business Ownership Dispute and Commercial Case Adjudication Act	3
Manager and Supervisor of Internal Audit Office	Irene Chiu	September 14, 2023	The Institute of Internal Auditors-Chinese Taiwan	Analyzing Business Performance and Preventing Risks Through Financial Statements	6
		December 15, 2023	The Institute of Internal Auditors-Chinese Taiwan	How to Adjust Internal Control Systems in Response to the New ESG Regulations	6

(IX) Execution status of the internal control system

1. Statement of Internal Control: Please see page 63 of the Annual Report.
2. The auditor's review report shall be disclosed for companies entrusting CPAs to perform project audits on their internal control systems: None.

(X) Where the Company or its any internal person was punished according to law, or the Company punished its any internal person resulting from violations of internal control system by the person, in the most recent fiscal year and as of the publication date of the Annual Report, and the punishment result may have a significant impact on shareholders' equity or securities prices, please specify the contents of the punishment, the main deficiencies, and its correction: None.

Senhwa Biosciences, Inc.

Statement of Internal Control System

Date: March 14, 2024

For the internal control system from January 1, 2023 to December 31, 2023, based on the results of self-evaluation, the Company hereby stated as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. Nevertheless, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will adopt corrective actions against any defects identified.

III. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of management, the assessment items specified in the "Regulations" divide the internal control system into five constituent elements: 1. control environment; 2. Risk assessment; 3. control operations; 4. information and communication; and 5. monitoring operations. Each constituent element includes a certain number of items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the above results of the evaluation, the Company considers that the internal control system on December 31, 2022 (including the supervision and management of subsidiaries), including the understanding of the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective, and may reasonably assure the achievement of the above goals.

VI. The Statement will form an integral part of the Annual Report and the Prospectus of the Company and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Statement was passed at the Board meeting on March 14, 2024. The Company hereby states that zero of the seven attending Directors held a dissenting opinion and the remaining Directors agreed on the content of the Statement.

Senhwa Biosciences, Inc.

Chairman: Benny T. Hu

President: Jin-Ding Huang

(XI) Major resolutions of shareholders' meeting and Board meetings in the most recent fiscal year and as of the publication date of the Annual Report:

1. Summary of proposals at the Shareholders' Meeting

Date	Name	Summary of Proposal (Note)
June 30, 2023	2023 annual shareholders' meeting	I. Reporting items: 1. 2022 business report 2. Audit Committee review report on the 2022 final account statements and books 3. The accumulated losses and the execution report for the sound operation plan for Q4 in 2022 4. Proposal for the amendments to the Rules of Procedure for Board of Directors Meetings 5. Related party transactions report for the FY 2022 II. Ratification items: 1. Proposal for the 2022 financial statements and business report Implementation status: Voted and approved as proposed 2. Proposal for the 2022 loss compensation Implementation status: Voted and approved as proposed 3. Recognize the proposal for the amendment to the 2020 cash capital increase Implementation status: Voted and approved as proposed III. Discussion items 1. Proposal for the amendments to the Rules of Procedure for Board of Directors Meetings Implementation status: Published on the Company's website after the shareholders' meeting IV. Election 1. The election of the 5th Board of Directors Implementation status: Approved by the MOEA on July 17, 2023, and published on the Company's website V. Others 1. Proposal to lift restrictions on non-compete competition for new directors and their representatives of the Company. Implementation status: Voted and approved as proposed Extempore motion: None.

Note: All ratification and discussion items were approved by attending shareholders and passed as resolutions.

2. Summary of proposals at the Board meetings

Date	Name	Summary of Proposal (Note)
March 30, 2023	16th Meeting of the 4th Board of Directors	Discussion proposals 1. Proposal for the approval of the 2021 business report and financial statements 2. Proposal for the approval of the 2021 table of loss compensation 3. Proposal for the approval of the accumulated losses and the execution report for the healthy operation plan for Q4 in 2021 4. Proposal for the amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting" 5. Proposal for the amendments to certain provisions of the "Regulations Governing the Compliance with the Establishment of Board of Directors and the Board's Exercise of Powers" and the "Rules of Procedure for Board of Directors Meetings" 6. Proposal for the amendment to certain provisions of the "Regulations Governing the Prevention of Insider Trading" of the Company 7. Proposal for the amendment to certain provisions of the "Corporate Governance Best Practice Principles" and the "Corporate Social Responsibility Best Practice Principles" 8. Proposal for the amendments to certain provisions of the "Rules Governing Transactions with Group Companies, Specific Companies, and Related Parties" 9. Proposal for the approval of the 2022 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System" 10. Changes in the cash capital increase fund utilization plan of the Company in 2020 11. Proposal to revise the "Job Grade/Job Title/Salary Comparison Table" for personnel at all levels in the Company 12. Consolidated amendment to the current salary projects for Directors and Managers of the Company 13. Subsequent personnel arrangements following the resignation of the Chief Operating Officer of the Company 14. Proposal to establish the position of Corporate Governance Officer in the Company 15. Proposal for the adjustment of salaries for certain executives and managers of the Company 16. Proposal for the Company's transactions with related parties 17. Proposal to conduct a comprehensive election of directors and accept nominations for directors in the Company 18. Nomination and deliberation of Director candidates (including Independent Directors) 19. Proposal for the removal of non-compete clauses for the Company's elected Directors and their representatives 20. Proposal for the establishment of matters related to the convening of 2023 annual shareholders' meeting 21. Proposal to pre-approve the accounting firm and its affiliated entities to provide non-audit services to the Company and its subsidiaries 22. Proposal for the exercise of stock options certificate by the Company's employees for the issuance of ordinary shares 23. Proposal for the approval of GHG inventory and verification schedule plan of the merger subsidiaries of the Company

Date	Name	Summary of Proposal (Note)
May 15, 2023	17th Meeting of the 4th Board of Directors	Discussion proposals 1. Approval of the Company's 2023 Q1 Consolidated Financial Report 2. Proposal for the exercise of stock options certificate by the Company's employees for the issuance of ordinary shares
June 30, 2023	1st Meeting of the 5th Board of Directors	Discussion proposals 1. Nomination of Chairman of the Board. 2. Proposal for the appointment of Remuneration Committee members according to the "Remuneration Committee Charter"
August 10, 2023	2nd Meeting of the 5th Board of Directors	Discussion proposals 1. Proposal for the approval of the Company's 2023 Q2 Consolidated Financial Report. 2. Proposal for the exercise of stock option certificates by the Company's employees for the issuance of ordinary shares. 3. Proposal for the Company's transactions with related parties.
November 9, 2023	3rd Meeting of the 5th Board of Directors	Discussion proposals 1. Proposal for the approval of the Company's 2023 Q3 Consolidated Financial Report 2. Proposal for the approval of the FY 2024 annual budget of the Company and the U.S. subsidiary 3. Proposal for the amendment to certain provisions of the "Accounting System", "Accounting Professional Judgment Procedures in Accounting Policies and Changes in Accounting Estimates", "Other Management Controls-Management of Preparation Process of Financial Statements" and "Other Management Controls-Management of Applicable International Accounting Standards" of the Company 4. Proposal for the amendment to certain provisions of the "Regulations Governing Appointment and Exercise of Powers of the Boards of Directors" of the Company 5. Proposal to develop the FY 2024 audit plan of the Company and the U.S. subsidiary 6. Proposal for the appointment of managerial personnel of the Company 7. Proposal to distribute the FY 2023 year-end bonus for managerial personnel of the Company 8. Proposal for the approval of the appointment of CPAs for reviewing or auditing the Company's financial statements for 2024 and the fee for CPAs. 9. Proposal for the exercise of stock options certificate by the Company's employees for the issuance of ordinary shares
March 14, 2024	4th Meeting of the 5th Board of Directors	Discussion proposals 1. Proposal for the approval of the 2023 business report and financial statements 2. Proposal for the approval of the 2023 table of loss compensation 3. Proposal for the approval of the accumulated losses and the execution report for the healthy operation plan for Q4 in 2023 4. Proposal for the amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting" 5. Proposal for the amendments to certain provisions of the "Audit Committee Charter" and "Other Management Controls-Management of the Operation of Audit Committee Meeting" 6. Proposal for the establishment of "Sustainable Development Committee Charter" 7. Proposal for the approval of the 2023 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System" 8. Proposal for the appointment of managerial personnel of the Company

Date	Name	Summary of Proposal (Note)
		9. Consolidated amendment to the current salary projects for Directors and Managers of the Company 10. Proposal for the adjustment of salaries for certain managerial personnel of the Company 11. Proposal to adjust the Company's organizational operation structure, along with revisions to the Company's organizational chart 12. Proposal for the Company's transactions with related parties 13. Proposal for the establishment of matters related to the convening of 2024 annual shareholders' meeting 14. Proposal for the exercise of stock options certificate by the Company's employees for the issuance of ordinary shares

Note: All ratification and discussion items were approved by attending Directors and passed as resolutions. There was no additional proposal or extempore motion.

3. Summary of proposals at the Remuneration Committee meetings

Date	Name	Summary of Proposal (Note)
March 30, 2023	9th Meeting of the 3rd Remuneration Committee	Discussion proposals 1. Proposal to revise the "Job Grade/Job Title/Salary Comparison Table" for personnel at all levels in the Company 2. Consolidated amendment to the current salary projects for Directors and Managers of the Company 3. Subsequent personnel arrangements following the resignation of the Chief Operating Officer of the Company 4. Proposal for the adjustment of salaries for certain executives and managers of the Company
June 30, 2023	1st Meeting of the 4th Remuneration Committee	Discussion proposal 1. Proposal for the nomination for the Chairman and convener of the 4th Remuneration Committee of the company
November 9, 2023	2nd Meeting of the 4th Remuneration Committee	Discussion proposals 1. Proposal for the appointment of managerial personnel of the Company 2. Proposal to distribute the FY 2023 year-end bonus for managerial personnel of the Company
March 14, 2024	3rd Meeting of the 4th Remuneration Committee	Discussion proposals 1. Proposal for the appointment of managerial personnel of the Company 2. Consolidated amendment to the current salary projects for Directors and Managers of the Company 3. Proposal for the adjustment of salaries for certain managerial personnel of the Company

Note: All ratification and discussion items were approved by the attending member and passed as resolutions. There was no additional proposal or extempore motion.

(XII) Resolutions of the Board meetings on which Directors or Supervisors have dissenting opinions or qualified opinions, and that are documented or issued through written statements for the most recent year and as of the publication date of the Annual Report: None.

(XIII) Resignation of Chairperson, President & CEO, CFO, head of finance, Internal Audit Supervisor, corporate governance officer, and head of R&D in the most recent fiscal year and as of the publication date of the Annual Report: None.

V. Information of Fees to CPA

Unit: NT$1,000

Name of CPA firm	Name of CPAs		Audit period	Audit fees	Non-audit fees	Total	Note
PricewaterhouseCoopers, Taiwan	Shu-Fen Yu	Sheng-Wei Deng	From January 1, 2023 to December 31, 2023	1,470	-	1,470	-

(I) Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons thereof shall be disclosed: None.

(II) Where the accounting fee paid for the year was 15% (or more) less than that of the previous fiscal year, the sum, proportion, and cause of the reduction shall be disclosed: None.

VI. Information of Changing CPAs: The Company has changed its CPAs to Shu-Fen Yu Sheng-Wei Deng since Q1 2023 due to the internal job adjustment of PricewaterhouseCoopers, Taiwan.

VII. The Company's Chairman, President, manager in charge of finance or accounting who has served in the CPA firm or its affiliated companies in the most recent year shall disclose their names, positions and the period of employment in CPA firm or its affiliated companies: None.

VIII. Changes in transfer or pledge of shares made by Directors, Managers, and major shareholders holding more than 10% of the Company's shares in the most recent year and as of the publication date of the annual report:

(I) Changes in shareholdings of Directors, managers, and major shareholders

Unit: Share

Title	Name	2023		As of March 31, 2024	
		Increased (decreased) in the number of shares held	Increased (decreased) in the number of pledged shares	Increased (decreased) in the number of shares held	Increased (decreased) in the number of pledged shares
Chairman	Benny T. Hu	-	-	-	-
Director	Ding Li Development Ltd.	-	-	-	-
Director	Chuan-Pu Investment Holding Co., Ltd.	-	-	-	-
Director (Note 1)	Jo Shen	-	-	-	-
Independent Director	Yeu-Chuyr Chang	-	-	-	-
Independent Director	Tong-Young Lee	-	-	-	-
Independent Director	Yung-Lin Ma	-	-	-	-
Vice President and Chief Financial Officer and Supervisor of Finance and Administration Department	Sarah Chang	-	-	-	-
Chief Operating Officer (Note 2)	Mei-Hui Kuo	-	-	-	-
Director of R&D Department	Chen-Fu Liu	-	-	-	-
Director of Clinical Department	Kacy Huang	-	-	-	-
Business Development Director	Joanne Lo	-	-	-	-
Administrative Director	Gwen Chang	-	-	-	-
Director of Legal Affairs and Regulations	Han-Yu Li	-	-	-	-
Director of Drug Development	Zi-Yi Chao	-	-	-	-
Strategy Officer	Hui-Ting Chen	-	-	-	-

Note 1: Newly elected director in the 5th Board of Directors held on June 30, 2023.

Note 2: Mei-Hui Kuo, the former Chief Operating Officer of the Company, resigned on February 16, 2023.

(II) Information on counterparties of equity transfers from Directors, managers, and shareholders with over 10% of shareholdings that are related parties: None.

(III) Information on counterparties of equity pledge from Directors, managers, and shareholders with over 10% of shareholdings that are related parties: None.

IX. Information Disclosing the Spouses, Kinship Within the Second Degree and Relationship between Any of the Top 10 Shareholders：

April 23, 2024; Unit: Share; %

Name	Shareholder's shareholding		Spouse & minor's shareholding		Total shareholding in other's name		Titles or names and relations between top ten shareholders in terms of number of shares held, who are related parties or each other's spouses and relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Ding Li Development Ltd. Representative: Benny T. Hu	4,386,007	4.89	—	—	—	—	Panlabs Biologics Inc.	Same representative	—
							Hu Bee Hwa Investment Limited	The representatives are spouses of each other.	—
							Benny T. Hu	Representative	—
							YeunDer Co., Ltd.	The representatives are relatives within the second degree of kinship to each other	—
							Tong-Liang Wu	Relatives within the second degree of kinship of the representative	—
Panlabs Biologics Inc. Representative: Benny T. Hu	4,247,832	4.73	—	—	—	—	Ding Li Development Ltd.	Same representative	—
							Hu Bee Hwa Investment Limited	The representatives are spouses of each other	—
							Benny T. Hu	Representative	—
							Riviera Investment Ltd.	Hung-Ming Hsieh is the representative of the Company's corporate Director	—
							YeunDer Co., Ltd.	The representatives are relatives within the second degree of kinship	—
							Tong-Liang Wu	Relatives within the second degree of kinship of the representative	—
Hu Bee Hwa Investment Limited Representative: Hui-Wen Kuo	3,263,998	3.64	—	—	—	—	Ding Li Development Ltd.	The representatives are spouses of each other	—
							Panlabs Biologics Inc.	The representatives are spouses of each other	—
							Benny T. Hu	Spouse of the representative	—
							YeunDer Co., Ltd.	The representatives are relatives within the second degree of kinship to each other	—
							Tong-Liang Wu	Relatives within the second degree of kinship of the representative	—

Name	Shareholder's shareholding		Spouse & minor's shareholding		Total shareholding in other's name		Titles or names and relations between top ten shareholders in terms of number of shares held, who are related parties or each other's spouses and relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Pointer Ventures Inc. Representative: I-Yen Lu	1,849,231	2.06	—	—	—	—	—	—	—
Benny T. Hu	1,822,161	2.03	—	—	—	—	Ding Li Development Ltd.	Same representative	—
							Panlabs Biologics Inc.	Same representative	
							Hu Bee Hwa Investment Limited	The representatives are spouses of each other	—
							YeunDer Co., Ltd.	The representatives are relatives within the second degree of kinship to each other	—
							Tong-Liang Wu	Relatives within the second degree of kinship of the representative	—
Chaang Her Industrial Corp. Representative: Guei Mei Kao	1,365,458	1.52	—	—	—	—	—	—	—
YeunDer Co., Ltd. Representative: Xue Fen Peng	1,365,458	1.52	—	—	—	—	Ding Li Development Ltd.	The representatives are relatives within the second degree of kinship to each other	—
							Panlabs Biologics Inc.	The representatives are relatives within the second degree of kinship to each other	—
							Hu Bee Hwa Investment Limited	The representatives are relatives within the second degree of kinship to each other	—
							Benny T. Hu	Relatives within the second degree of kinship of the representative	—
							Tong-Liang Wu	Spouse of the representative	—
Riviera Investment Ltd. Representative: Hung-Ming Hsieh	1,356,153	1.51	—	—	—	—	Panlabs Biologics Inc.	Hung-Ming Hsieh is the representative of the corporate Director	—
Chuan-Pu Investment Holding Co., Ltd. Representative: Jeff Chen	1,242,576	1.38	—	—	—	—	—	—	—
Tong-Liang Wu	1,157,304	1.29	—	—	—	—	Ding Li Development Ltd.	The representatives are relatives within the second degree of kinship to each other	—

Name	Shareholder's shareholding		Spouse & minor's shareholding		Total shareholding in other's name		Titles or names and relations between top ten shareholders in terms of number of shares held, who are related parties or each other's spouses and relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
							Panlabs Biologics Inc.	The representatives are relatives within the second degree of kinship to each other	—
							Hu Bee Hwa Investment Limited	The representatives are relatives within the second degree of kinship to each other	—
							Benny T. Hu	Relatives within the second degree of kinship of the representative	—
							YeunDer Co., Ltd.	The representatives are spouses of each other	—

X. The shareholding of the Company, the Company's Directors, managers and the business that is controlled directly or indirectly on the invested company, and the shareholding ratio is consolidated:

Data date: December 31, 2023/Unit: Thousand shares; %

Investee companies	Investments of the Company		Investments of Directors, managers, investee companies directly or indirectly controlled by the Company		Total Investments	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Senhwa Biosciences Corporation	1,000	100%	—	—	1,000	100%

Chapter 4. Capital Overview Financing Status

I. Capital and Shares

(I) Sources of Share Capital

Unit: NT$ thousand; thousand shares

Year and Month	Issued Price	Authorized Capital		Paid-In Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Capital Increase by Assets Other Than Cash	Others
March 2021	85.3 80.9	150,000	1,500,000	89,664	896,636	Exercise of employee stock options of NT$55 thousand	None	Note 1
June 2021	85.3 68.5	150,000	1,500,000	89,727	897,274	Exercise of employee stock options of NT$638 thousand	None	Note 2
September 2021	85.3	150,000	1,500,000	89,744	897,436	Exercise of employee stock options of NT$162 thousand	None	Note 3

Note 1. Jing-shou-shang-zi No. 11001065190 dated April 23, 2021.

Note 2. Jing-shou-shang-zi No. 11001124130 dated July 27, 2021.

Note 3. Jing-shou-shang-zi No. 11001189710 dated October 20, 2021.

Unit: Thousand of Shares

Types of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Ordinary Shares	89,744	60,256	150,000	None

(II) Shareholder Structure

April 23, 2024; Unit: shares

Shareholder Structure / Quantity	Government Institutions	Financial Institutions	Other Juristic Persons	Individuals	Foreign Institutions and Individuals	Total
Number of People (Person)	—	1	189	26,748	38	26,976
Number of Shares Held (Share)	—	127,175	20,084,987	65,090,722	4,440,736	89,743,620
Shareholding Percentage (%)	—	0.14	22.38	72.53	4.95	100.00%

(III) Distribution of Equity Ownership

1. Ordinary Shares

April 23, 2024

Shareholding Classification	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1 ~ 999	16,420	400,302	0.45
1,000 to 5,000	8,319	16,598,523	18.50
5,001 ~ 10,000	1,129	8,696,464	9.69
10,001 to 15,000	360	4,588,153	5.11
15,001 ~ 20,000	219	3,919,305	4.37
20,001 to 30,000	175	4,327,855	4.82
30,001 ~ 40,000	88	3,110,586	3.47
40,001 ~ 50,000	58	2,643,724	2.94
50,001 ~ 100,000	130	9,097,744	10.14
100,001 ~ 200,000	42	5,558,993	6.19
200,001 ~ 400,000	21	5,671,271	6.32
400,001 ~ 600,000	3	1,516,160	1.69
600,001 ~ 800,000	1	658,172	0.73
800,001 ~ 1,000,000	1	900,190	1.00
1,000,001 or more	10	22,056,178	24.58
Total	26,976	89,743,620	100.00%

2. Preferred shares: The Company has not issued preferred shares.

(IV) List of Major Shareholders

April 23, 2024; Unit: Share

Shares Name of Major Shareholder	Number of Shares Held	Shareholding Percentage
Ding Li Development Ltd.	4,386,007	4.89%
Panlabs Biologics Inc.	4,247,832	4.73%
Hu Bee Hwa Investment Limited	3,263,998	3.64%
POINTER VENTURES INC.	1,849,231	2.06%
Benny T. Hu	1,822,161	2.03%
Chaang Her Industrial Corp.	1,365,458	1.52%
YeunDer Co., Ltd.	1,365,458	1.52%
Riviera Investment Ltd.	1,356,153	1.51%
Chuan-Pu Investment Holding Co., Ltd.	1,242,576	1.38%
Tong-Liang Wu	1,157,304	1.29%

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

Unit: NT$

Items \ Year			2022	2023	Current year as of March 31, 2024
Market price per share	Highest		115.50	62.80	51.80
	Lowest		38.85	41.00	41.30
	Average		78.46	55.50	45.62
Net Value per share	Before distribution		18.10	14.77	—
	After distribution		18.10	14.77	—
Earnings per share	Weighted average number of shares (thousand shares)		89,190	89,186	—
	Loss per share (Note 1)		(3.92)	(3.32)	—
Dividends per share	Cash dividend		—	—	—
	Issuance of bonus shares	Share dividends from retained earnings	—	—	—
		Share dividends from capital reserve	—	—	—
	Accumulated undistributed dividends (Note 2)		—	—	—
Return on investment (ROI) analysis	Price-to-earnings (P/E) ratio (Note 3)		—	—	—
	Price/dividend ratio (Note 4)		—	—	—
	Cash dividend yield (Note 5)		—	—	—

Note 1. Where there are retrospective adjustments due to the issuance of stock warrants, the pre-adjustment and post-adjustment earnings per share shall be presented.

Note 2. Where the issuance conditions of equity securities stated that unissued dividends may be accumulated for distribution in a year recorded earnings, the accumulated unpaid dividends as of the year shall be disclosed.

Note 3. P/E ratio = Average closing price per share for the year/Earnings per share.

Note 4. Price/dividend ratio = Average closing price per share for the year/cash dividends per share.

Note 5. Cash dividend yield = Cash dividend per share/Average closing price per share for the year.

(VI) Dividend Policy and Implementation

1. Dividend Policy in the Company's Articles of Incorporation:

Where the Company recorded earnings upon the final account, the Company shall make distribution according to the following order:

(1) Pay all taxes in accordance with laws;

(2) Compensate for losses from previous years;

(3) Appropriate 10% of undistributed earnings as the statutory surplus reserve; however, when the statutory surplus reserve has reached the paid-in capital of the Company, the appropriation is exempted;

(4) Appropriate or reverse special surplus reserve in accordance with laws;

Shall there be remaining balances, together with the accumulated undistributed earnings, the Board of Directors shall prepare the proposal of earning distribution and submit the proposal to the Board of Shareholders for the resolution of distribution. To strengthen the financial structure of the Company and safeguard the interests of shareholders, the Company has adopted a balanced dividend policy in which the total dividends distributed for shareholders shall not be lower than 10% of the earnings available for distribution for the year. However, cash dividends shall not be lower than 10% of the total dividends to be distributed to shareholders.

2. Dividend distribution proposed (made) for the year

As of the end of 2023, the Company recorded accumulated losses and has not distributed any dividend; therefore, the item is not applicable.

(VII) The effect of the proposed issuance of bonus shares at the shareholders' meeting on the Company's operating performance, earnings per share, and shareholders' ROI: Not applicable.

(VIII) Remuneration of employees and Directors

1. Percentage or range of remuneration paid to employees and Directors as set forth in the Company's Articles of Incorporation

When the Company recorded profits for the year, the Company shall appropriate 10% of such profits as remuneration of employees, and the Board of Directors shall determine whether to distribute in shares or cash; the targets of distribution include employees of subsidiaries fulfilling certain conditions; based on the amount of profits above recorded by the Company, the Board of Directors may determine to appropriate no more than 2% as the remuneration of Directors. Proposals for the distribution of remuneration of employees and remuneration of Directors shall be submitted to the shareholders' meeting for report.

For the amount of profits above, when the Company has accumulated losses, the Company shall preserve the amount for compensation, and then appropriate remuneration of employees and remuneration of Directors according to the ratio in the preceding paragraph.

2. The basis for estimating the amount of employees and Directors remuneration, for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company recorded accumulated losses for 2022; therefore, we had not estimated or distributed remuneration of employees or Directors.

3. Distribution of remuneration approved by the Board of Directors: None.

4. Actual distribution of remuneration for employees and Directors (including the number of shares distributed, the amount, and the share price) for the previous year, and where there were discrepancies with the recognized remuneration for employees and Directors, the amount, cause, and treatment of the discrepancy shall be described: None.

(IX) Status of repurchased shares by the Company: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee Stock Options:

(I) Employee stock options:

March 31, 2024

Type of employee stock options	1st of the 2018 Employee stock options		
Effective date of declaration and total unit	May 30, 2018 1,000 units (Note 1)		
Issuance (Processing) date	May 30, 2018	December 4, 2018	May 9, 2019
Issued unit	700 units	150 units	150 units
Remaining units for issuance	0 unit	0 unit	0 unit
Ratio of number of subscribable shares to the total number of issued shares	0.9407%	0.2016%	0.2014%
Period available for subscription	7 years	7 years	7 years
Method of performance	Issuance of new shares	Issuance of new shares	Issuance of new shares
Restricted subscription period and proportion (%)	Ratio of accumulated stock options available for exercise 50% upon 2 years 75% upon 3 years 100% upon 4 years		
Number of shares acquired upon execution	212,500 shares	5,000 shares	27,500 shares
Executed subscription amount	NT$18,126,250	NT$404,500	NT$1,883,750
Quantity of subscription not executed	250,000 shares	0 share	45,000 shares
Subscription price per share for subscription not executed	NT$85.3	NT$80.9	NT$68.5
Proportion of the quantity of subscription not executed to the total number of issued shares (%)	0.2786%	0%	0.0501%
Effects on shareholder equity	The stock options are issued by the Company to attract and retain required talents, provide incentives for employees, and improve employees' cohesion in the hope of jointly create interests of the Company and shareholders, generating positive effects on shareholders' interests.		

Note 1: The Company's 1st issuance of employee stock options in 2018 was approved, declared, and became effected by the Letter of Jin-guan-zheng-fa-zi No. 1070320141 dated May 30, 2018 from the Securities and Futures Bureau under the FSC.

(II)Names, acquisition, and subscription status of managers who have obtained employee stock options and employees with top ten subscribable number of shares under the employee stock options

March 31, 2024

	Title	Name	Quantity of subscription quantity obtained (shares)	Proportion of subscription quantity obtained to total issued shares	Executed				Not executed			
					Quantity of subscription (shares)	Price of subscription	Amount of subscription (shares)	Proportion of subscription quantity to total issued shares	Quantity of subscriptions (shares)	Price of subscription	Amount of subscription (shares)	Proportion of subscription quantity to total issued shares
Managers	Former President / CEO and Supervisor of the Clinical Operation Department	Tai-Sen Soong	395,000	0.44%	5,000	85.3	427	0.01%	165,000 (Note 1)	85.3 68.5	13,319	0.18%
	Former Chief Operating Officer and Supervisor of the Clinical Operation Department	Mei-Hui Kuo										
	Director of R&D Department	Chen-Fu Liu										
	CFO & Director of Finance and Administration Department	Sarah Chang										
	Former Internal Audit Manager	Maggie Lin										
Employees	Former employee	John Soong	490,000	0.55%	188,750	85.3 80.9 68.5	15,658	0.21%	115,000 (Note 2)	85.3	9,810	0.13%
	Former employee	Hshiou-Ting Liu										
	Director of subsidiary	Ruby Y. C. Wu										
	Former employee	Peter Su										
	Former employee	Phoebe Fan										
	Director of Clinical Operation, subsidiary	Daniel McCormick										
	President Office Executive Assistant	Gwen Chang										
	Project Manager	Kacy Huang										
	Former employee	Scott Li										
	Patent Manager	Justin Lai										
	Former employee	Jimmy Chen										

Note 1: A total of 225,000 shares became invalid: 105,000 shares due to resignation, and 120,000 shares due to retirement.
Note 2: A total of 186,250 shares became invalid: 186,250 shares due to resignation.

VI. Restricted Employee Shares: None.

VII. New Shares Issuance in Connection with Mergers & Acquisitions (M&A): None.

VIII. Financing Plans and Implementation:

(I) Capital increase in cash in 2020

1. Content of the plan:

(1) Approval date and document number for the capital increase: Declared and became effected by the Letter of Jin-guan-zheng-fa-zi No. 1090349629 dated August 4, 2020 from the FSC.

(2) Total capital amount required by the plan: NT$2,041,936 thousand.

(3)Source of capital: Capital increase in cash by way of the issuance of 15,000,000 new shares with a nominal value of NT$10 per share; the issuing price per share was NT$120 per shares; the total amount raised was NT$1,800,000 thousand

(4) Planned items and utilization schedule:

Unit: NT$ thousand

Plan items		Total capital required	Estimated capital utilization schedule																
			2020	2021				2022				2023				2024			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Replenishment of operating capital	CX-4945 (cholangiocarcinoma)	850,200	-	5,683	11,004	19,320	10,614	64,943	62,444	69,954	60,748	72,012	60,804	70,016	61,182	58,592	61,024	69,850	92,010
	CX-4945 (basal cell carcinoma)	295,559	15,396	19,766	16,465	24,778	16,075	22,998	15,285	23,301	14,437	22,456	12,590	21,457	12,779	9,621	6,575	15,249	26,331
	CX-5461 (ovarian cancer/breast cancer/prostate cancer/pancreatic cancer/other cancers)	896,177	35,082	41,813	34,159	50,999	33,769	43,242	32,219	48,255	64,982	71,218	61,352	70,220	61,541	57,008	53,962	62,637	73,719
	Total	2,041,936	50,478	67,262	61,628	95,097	60,458	131,183	109,948	141,510	140,167	165,686	134,746	161,693	135,502	125,221	121,561	147,736	192,060

(5)Expected benefits: The funds raised by the Company from the capital increase in cash are primarily used in replenishing our working capital to settle the capital requirements of R&D projects of the Company and effectively strengthen the financial structure, rendering positive benefits to the future operations of the Company.

(6) Changes in project content, source of funds and utilization, reasons of changes, benefits before and after the changes, and reports to the shareholders' meeting:

A. Changes in project content:

Plan items		Total capital required	Estimated capital utilization schedule												
			2020	2021				2022				2023			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Replenishment of operating capital	CX-4945 (Cholangiocarcinoma)	150,200	-	5,380	2,794	16,887	7,448	23,413	26,705	19,206	22,821	72,012	60,804	70,016	61,182
	CX-4945 (Basal cell carcinoma)	295,559	6,611	10,001	17,515	11,294	3,442	12,262	21,445	16,184	15,388	22,456	12,590	21,457	12,779
	CX-5461 (Ovarian cancer/breast cancer/prostate cancer/pancreatic cancer/other cancers)	300,000	5,660	27,275	7,799	24,464	9,503	33,119	25,105	33,993	20,567	71,218	61,352	70,220	61,541
	Replenishment of operating capital	1,054,241	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	1,800,000	12,271	42,656	28,108	52,645	20,393	68,794	73,255	69,383	58,776	165,686	134,746	161,693	135,502

Plan items		Total capital required	Estimated capital utilization schedule							
			2024				2025			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Replenishment of operating capital	CX-4945 (Cholangiocarcinoma)	150,200	-	-	-	-	-	-	-	-
	CX-4945 (Basal cell carcinoma)	295,559	18,959	25,443	34,015	31,710	-	-	-	-
	CX-5461 (Ovarian cancer/breast cancer/prostate cancer/pancreatic cancer/other cancers)	300,000	-	-	-	-	-	-	-	-
	Replenishment of operating capital	1,054,241	80,471	63,997	109,655	127,561	130,411	109,940	150,543	8,267
	Total	1,800,000	99,430	89,440	143,670	159,271	130,411	109,940	150,543	8,267

B. Reasons of changes:

In FY 2020, the Company had a cash capital increase of NT $1,800,000 thousand and self-owned capital of NT $241,936 thousand, totaling NT $2,041,936 thousand. These capitals were initially planned for supporting the three New drug R&D projects: CX-4945 for cholangiocarcinoma and basal cell carcinoma, and CX-5461 for ovarian cancer, breast cancer, prostate cancer, pancreatic cancer, and other cancers. However, due to changes in the standard treatment for cholangiocarcinoma, the planned Phase 2/3 clinical trial for CX-4945 has been affected. In addition, CX-5461 is selected to participate in a five-year collaborative development program under the NIH-sponsored NExT Program in United States. As a result, the necessity of the subsequent basket trial plan needs to be carefully reassessed. Considering the potential shortage of future operating capital for the Company and the difficulty in obtaining bank financing for a new drug company, a plan change is proposed to protect shareholders' rights and interests and enhance the efficiency of capital utilization. The remaining raised capital of NT $1,054,241 thousand will be fully utilized to replenish operating capital, supporting the Company's other R&D activities, as well as fulfilling the capital requirements for day-to-day operations.

C. Benefits before and after the changes:

(a) New drug R&D projects: The projected benefits of the three new drug R&D projects, namely CX-4945 for cholangiocarcinoma and basal cell carcinoma, and CX-5461 for ovarian cancer, breast cancer, prostate cancer, pancreatic cancer, and other cancers, have not been changed.

(b) Replenishment of operating capital: After changed the plan, in addition to avoiding external borrowing, resulting in interest savings, and effectively reducing financial burdens, it ensures the continued support for other R&D projects and normal business development, while enhancing the Company's ability to respond to industry risks.

D. Status of reporting on plan change to shareholders' meeting: The plan change during 2023 annual shareholders' meeting has been presented.

(2) Implementation status:

Unit: NT$ thousand

Plan items		Implementation status		As of March 31, 2024	Reasons for the progress ahead of or behind schedule and improvement plans
Replenishment of operating capital	CX-4945 (Cholangiocarcinoma)	Expenses	Estimated	150,200	The project has been fully executed.
			Actual	150,200	
		Execution status (%)	Estimated	100.00%	
			Actual	100.00%	
	CX-4945 (Basal cell carcinoma)	Expenses	Estimated	204,391	Primarily due to the progress behind the estimated schedule resulted from the effects arising from the outbreak of COVID-19 on the patient inclusion progress.
			Actual	178,873	
		Execution status (%)	Estimated	69.15%	
			Actual	60.52%	
	CX-5461 (Ovarian cancer/breast cancer/prostate cancer/pancreatic cancer/other cancers)	Expenses	Estimated	300,000	The project has been fully executed.
			Actual	300,000	
		Execution status (%)	Estimated	100.00%	
			Actual	100.00%	
	Replenishment of operating capital	Expenses	Estimated	353,867	The progress behind schedule is primarily due to other R&D expenses being lower than expected.
			Actual	202,899	
		Execution status (%)	Estimated	33.56%	
			Actual	19.24%	
Total		Expenses	Estimated	1,008,458	
			Actual	831,972	
		Execution status (%)	Estimated	56.02%	
			Actual	46.22%	

(3) Analysis of execution benefits:

(1) Consolidated financial statements

Unit: NT$ thousand

Items	Year	At the end of March 2020 (reviewed)	At the end of September 2020 (reviewed)
Basic financial data	Current assets	782,169	2,483,515
	Total assets	790,613	2,488,327
	Current liabilities	44,360	76,535
	Total liabilities	45,347	80,245
Financial structure	Debt-to-asset ratio (%)	5.74	3.22
	Long-term fund to fixed asset ratio (%)	11625.69	86135.43
Solvency	Current ratio (%)	1763.23	3244.94
	Quick ratio (%)	1738.78	2704.74

For the capital increase in cash by way of the issuance of new shares in 2020, the fundraising was completed on September 14, 2020. Executions have been made according to the plan in Q4 2020. As of March 31, 2024, R&D plans have been in progress, while their benefits have not been substantially generated. Furthermore, regarding the financial structure, the debt ratio, the long-term fund to property, plant and equipment ratio, current ratio, and quick ratio have improved as compared to that of before the fundraising; therefore, hence, its benefits continue to be evident.

On March 30, 2023, the Company's Board of Directors resolved to change the plan. The remaining capital of NT $1,054,241 thousand, raised through the cash capital increase in FY 2020, will be fully utilized to replenish the operating capital. This long-term and stable capital injection will support the R&D of various clinical projects, benefiting the Company's future overall operational development and enhancing its market competitiveness. In addition, expanding the indications and scopes of clinical medications will increase the Company's value, strengthen its financial structure, and reduce operational risks. Considering its financial structure, the benefits continue to be evident.

Chapter 5. Operation Highlights

I. Business Activities

(I) Scope of business

1. Primary content:

(1) Other Chemical Material Manufacturing.
(2) Wholesale of Chemical Feedstock.
(3) Wholesale of Other Chemical Products.
(4) Wholesale of Drugs and Medicines.
(5) Retail of Drugs and Medicines.
(6) International Trade.
(7) Intellectual Property.
(8) Investment Consulting.
(9) Management Consulting.
(10) Medicine Inspection.
(11) Biotechnology Services.
(12) Research Development Service.
(13) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business proportion

The Company's main business is the development of novel drugs and special Active Pharmaceutical Ingredients (APIs). Novel drugs are in the stage of R&D, and there is no commercialized production and sales. Therefore, the Company's revenue in 2023 was primarily generated from the service income by providing quality and technical consulting services to a domestic biotechnology company.

3. Current products and services:

The Company positioned itself as a new drug discovery company that develops new anticancer drugs with novel mechanisms to provide effective treating methods for cancers.

Currently, the Company’s main development projects for novel drugs are novel small-molecule drugs for treating cancers: G-quadruplex stabilizer Pidnarulex (CX-5461) and inhibitor of protein kinase CK2 (casein kinase II) Silmitasertib (CX-4945). The major development of Pidnarulex (CX-5461) applies to the novel drugs for the treatment of breast cancer and other homologous repair deficiency (HRD) or solid tumors from BRCA1/2 gene mutation, while the development of Silmitasertib (CX-4945) applies to the novel drugs for the treatment of cholangiocarcinoma, basal cell carcinoma, and medulloblastoma. We have also commenced the expansion for the use of these drugs in other indications.

The Company acquired its drug discovery projects from a U.S. biotech company through "asset acquisition" in 2013. As compared to the technology transfer model of other biotech companies, the Company adopted the asset acquisition model to acquire the complete decision-making power and achieve the global layout of

intellectual property rights instead of merely limited in a particular area. Furthermore, we made a low upfront payment of signing bonuses and committed to the sharing of contingent benefits arising from external licensing in the future regarding the cost of acquisition. As compared to technologies acquired by other companies by way of licensing, such companies are exposed to the high milestone payment to the licensing companies upon any new clinical progress; the acquisition method adopted by the Company may reduce the financial burden of the cost of acquisition and control the decision-making power of the drug discovery.

4. New products (services) to be developed:

Product	Development stage	Drug usage and features
SHP01-1 G-quadruplex stabilizer Pidnarulex (CX-5461)	Drug discovery Solid tumor with BRCA1/2, PALB2 genetic defects or other HRD specific genetic defects (ovarian cancer, breast cancer, pancreatic cancer, and prostate cancer) Phase Ib/Expansion clinical trials	• G-quadruplex stabilizers/ achieving anti-cancer effects by stabilizing the G-quadruplex structure • Single-agent use • First in class
SHP01-2-A Inhibitor of protein kinase CK2 (casein kinase II) Silmitasertib (CX-4945)	Drug discovery Cholangiocarcinoma Phase I/II clinical trials	• Small-molecule drugs • Inhibitor of protein kinase CK2 (casein kinase II) • Drug combination therapy • First in class
	Drug discovery Basal cell carcinoma Phase I/Expansion clinical trials	• SMO protein inhibitor of Hedgehog (Hh) pathway • Single-dose usage
	Drug discovery Medulloblastoma Phase I/II clinical trials	• SMO protein inhibitor of Hedgehog (Hh) pathway • Single-dose usage
	Drug discovery Community-acquired pneumonia Phase II clinical trials	• Small-molecule drugs • Inhibitor of protein kinase CK2 (casein kinase II) • Facilitate the formation of stress granule to inhibit the duplication and infection of the host's cells and concurrently reduce the pro-inflammatory cytokine IL-6 and mitigate the occurrence of cytokine storm, possessing a unique binary mechanism against viruses.

(II) Industry overview:

1. Current state and development of the industry:

Cancer is one of the leading causes of death from disease worldwide. In accordance with the "Cancer Statistics 2023" report in the United States, it is estimated that there will be 1.95 million new cancer cases (approximately 5,370 cases per day)

and 609,820 cancer-related deaths (approximately 1,670 deaths per day) in the United States in 2023. When considering gender-specific statistics, approximately 1.01 million new cancer cases are estimated among males, with the most common cancers being prostate cancer, lung cancer, colorectal cancer, bladder cancer, and skin cancer. Among females, approximately 948,000 new cancer cases are estimated, with the most common cancers being breast cancer, lung cancer, colorectal cancer, cervical cancer, and skin cancer. Prostate cancer, lung cancer, and colorectal cancer together account for nearly half (48%) of all new cancer cases in males. Among females, breast cancer, lung cancer, and colorectal cancer make up 52% of all new cancer cases, with breast cancer alone accounting for 31% of new

Estimated New Cases

Males				Females		
Prostate	288,300	29%		Breast	297,790	31%
Lung & bronchus	117,550	12%		Lung & bronchus	120,790	13%
Colon & rectum	81,860	8%		Colon & rectum	71,160	8%
Urinary bladder	62,420	6%		Uterine corpus	66,200	7%
Melanoma of the skin	58,120	6%		Melanoma of the skin	39,490	4%
Kidney & renal pelvis	52,360	5%		Non-Hodgkin lymphoma	35,670	4%
Non-Hodgkin lymphoma	44,880	4%		Thyroid	31,180	3%
Oral cavity & pharynx	39,290	4%		Pancreas	30,920	3%
Leukemia	35,670	4%		Kidney & renal pelvis	29,440	3%
Pancreas	33,130	3%		Leukemia	23,940	3%
All Sites	**1,010,310**	**100%**		**All Sites**	**948,000**	**100%**

cancer cases among females.

According to the "Cancer Statistics 2023" report in the United States, lung cancer is estimated to remain the leading cause of cancer-related deaths in 2023. Smoking continues to be the main cause of lung cancer, with approximately 81% of lung cancer deaths attributed to direct smoking. In addition, research reports predict that there will be 52,550 deaths due to colorectal cancer in 2023, and the incidence of colorectal cancer among individuals under 40 years old is rapidly increasing.

Accordin According to the latest global cancer data released by the International Agency for Research on Cancer (IARC) of the World Health Organization (WHO), in 2020, the statistics covered the latest incidence and mortality rates of 36 types of cancer in 185 countries worldwide, as well as the trends in cancer development. The data report showed that in 2020, there were 19.3 million new cancer cases and nearly 10 million deaths worldwide. It is estimated that 1 in every 5 people will be diagnosed with cancer during their lifetime, and 1 in 8 men and 1 in 11 women will die from cancer. The top ten cancers in terms of incidence are as follows: breast cancer, with 2.26 million cases; lung cancer, with 2.2 million cases; colorectal cancer, with 1.93 million cases; prostate cancer, with 1.41 million cases; gastric cancer, with 1.09 million cases; liver cancer, with 0.91 million cases; cervical cancer, with 0.6 million cases; esophageal cancer, with 0.6 million cases; thyroid cancer, with 0.59 million cases; and bladder cancer, with 0.57 million cases. These ten cancers account for 63% of all new cancer cases. The IARC predicts that the incidence rate of cancer will continue to increase, estimating that the number of new cancer cases worldwide will reach nearly 30 million by 2040. The aging population and the changes in lifestyles across the world have resulted in the constantly increasing prevalence of cancer; coupled with rising medical costs, it is estimated that the financial burden of cancer will increase by 50% by 2040, such

circumstances materially affect citizens' living quality. Regardless of developed countries or developing countries, cancer treatment is an imminent and inevitable issue.

In response to the above challenges, the number of novel cancer drug launches approved by the competent authorities in Europe and the U.S. has surged rapidly in recent years. According to the 2022 Biotechnology Industry in Taiwan published by the Ministry of Economic Affairs, although the global healthcare industry continued to be affected by the COVID-19 pandemic in 2021, resulting in a reduced frequency of plant inspections by healthcare authorities in various countries, the inspection activities gradually returned to normal in the second half of the year.

According to a report published by the U.S. FDA in January 2024 (Advancing Health Through Innovation: New Drug Therapy Approvals 2022)", the US FDA approved 55 new drugs for marketing in 2023. When categorized by therapeutic areas, oncology medications remained ranked first, accounting for approximately 22% of the total number of drug approvals. They were followed by medications for genetic diseases at 11%, neuroscience at 7%, infectious diseases at 5%, and ophthalmology at 5%. Other approved drugs included medications for autoimmune diseases, women's health, cardiovascular diseases, nephrology, gastroenterology, and dermatology. In 2023, the U.S. FDA approved 20 first-in-class innovative drugs, accounting for approximately 36% of the total number of drug approvals.

To accelerate novel drug launches and improve the welfare of patients, as well as to encourage the development of drugs for rare diseases, the U.S. FDA launched various measures to assist in the novel drug review. These measures included rare diseases (also known as orphan drugs; the number of patients with such diseases in the United States is less than 200,000), Fast Track, Breakthrough Therapy, Priority Review, and Accelerated Approval, etc. These measures were implemented to facilitate the simplification or acceleration of novel drug review, as this will allow novel drugs to launch sooner, and patients will gain access to better treatment drugs.

Among the 55 new drugs approved for marketing in 2023, at least 42 of them benefited from one of the above measures for marketing. Out of the 28 novel drugs that qualified as orphan drugs, which accounting for 51% of the total number of approved novel drugs; 16% of the approved novel drugs qualified for Breakthrough Therapy, 56% qualified for Priority Review, 45% qualified for Fast Track, and 16% qualified for Accelerated Approval.

According to the survey and analysis conducted by IQVIA, it is estimated that the top three medication categories worldwide in 2027 are oncology drugs, immunosuppressants, and antidiabetic drugs. Among them, with the development of innovative therapies, oncology drugs are projected to grow at a CAGR of 13-16%, and the market size is expected to reach US$ 377 billion by 2027, as shown in the table below.

Top 10 Treatment Medication Categories Worldwide in 2027

Unit: US$100 million, %

Pharmaceutical field	Projected sales amount in 2027	CAGR for 2023-2027
Oncologics	3,770	13-16
Immunosuppressants	1,770	3-6
Anti-Diabetics	1,680	3-6
Cardiovascular	1,260	1-4
Respiratory	920	3-6
Central Nervous System	870	2-5
Infectious disease	740	2-5
Mental Health	480	0-3
Central Nervous System	870	2-5
Infectious disease	740	2-5

Source: 2023 Biotechnology Industry in Taiwan published by MOEA

According to the statistics in 2023 Biotechnology Industry in Taiwan published by MOEA, among the top 10 best-selling drugs worldwide in 2022, the sales of COVID-19-related medications were particularly significant. This includes Comirnaty®, a vaccine developed by Pfizer in collaboration with BioNTech for the prevention of COVID-19. Comirnaty® secured the highest sales globally for 2021 and 2022, with sales reaching US$ 40.341 billion in 2022. In addition, 2 out of the top ten best-selling drugs worldwide are related to cancer treatment. Through increasing indications, the sales of Keytruda®, a newly launched drug for advanced melanoma produced by Merck & Co, have reached US$209.37 billion in 2022, reaching a new record high. It has become the top-selling oncology drug in the world.

Top 10 Brand Drugs and Sales Worldwide in 2022

Unit: US$100 million, %

Name of brand drugs/suppliers	Main indications	Sales amount in 2021	Sales amount in 2022	Growth rate from 2021 to 2022
Comirnaty (Pfizer/BioNtech)	COVID-19 vaccine	403.41	430.20	6.64
Humira (AbbVie)	Rheumatoid arthritis, Crohn's disease, psoriasis, juvenile idiopathic arthritis, etc.	206.94	212.37	2.62
Keytruda (Merck & Co)	Cancer immunotherapy	173.86	209.37	21.83
Paxlovid (Pfizer_)	COVID-19 medication	0.76	189.33	24,811.84
Spikevax (Moderna)	COVID-19 vaccine	176.75	184.80	4.55
Stelara(Johnson & Johnson/Mitsubishi Tanabe Pharma)	Psoriasis	91.34	134.55	-0.82
Eliquis (Bristol-Myers Squibb/Pfizer)	Anticoagulant	107.62	117.89	9.54
Biktarvy(Gilead Sciences)	HIV	86.24	103.90	20.48
Eylea(Regeneron/ Bayer/Santen)	Exudative macular degeneration, retinal vein occlusion (RVO)	92.35	100.64	8.98
Revlimid(Bristol-Myers Squibb/Celgene)	Multiple myeloma	128.21	99.78	-22.17

Source: 2023 Biotechnology Industry in Taiwan published by MOEA

Currently, "Pidnarulex (CX-5461) G-quadruplex structural stabilizer," the drug discovery project of Senhwa in progress, damages or crushes the DNA of cancer cells by stabilizing the G-quadruplex structure, coupled with patients with genetic defects of BRCA or HR, to achieve the effect of synthetic lethality to effectively inhibit the growth of cancer cells. Apart from completing the breast cancer clinical trials in Canada, Senhwa continues to further target patients with genetic defects of BRCA or HR diagnosed with breast cancer, ovarian cancer, pancreatic cancer, prostate cancer, and other cancers to conduct next phrase of clinical trials in Canada and the U.S.

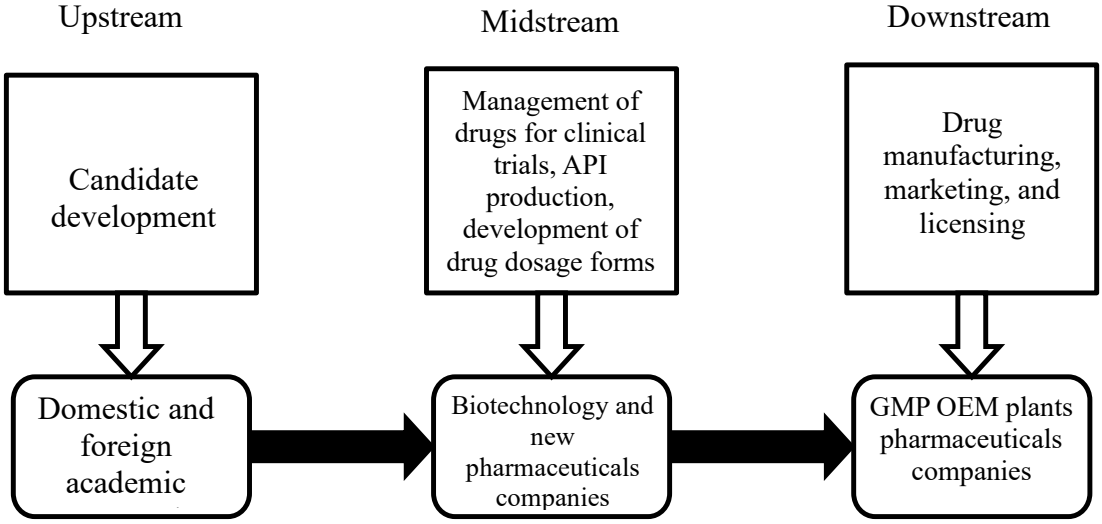
Project "Silmitasertib (CX-4945) development of an inhibitor of protein kinase CK2 (casein kinase II)" is used for clinical trials of cholangiocarcinoma. We achieved the target in advance during the interim analysis of phase II clinical trials in February 2020. Concurrently, Senhwa worked with the Stanford University research team and discovered that CX-4945 is a crucial regulator of the hedgehog signal pathway, inhabits and regulates protein genes (e.g., Gli) downstream of the Hh pathway. Therefore, we have expanded the use of CX-4945 to two new indications, namely, medulloblastoma and basal cell carcinoma, which are cancers caused by the abnormal Hh pathway.

Both drug discoveries have explicit and verifiable targets and comply with the international novel drug development trend of precision medication.

2. The correlation among the upstream, midstream and downstream sections of the industry:

The biotech and new pharmaceuticals industry has a wide range of development fields. In general, from the R&D stage in the laboratory to clinical development and approval for marketing, on average, only four out of every 100 novel drugs are successfully launched. The average R&D time is 10 to 15 years, with capital expenditure amounting to approximately US$873 million. Due to the long time consumed by drug discoveries, professional academic research institutions, biotech companies, or large-scale pharmaceuticals companies are responsible for the R&D, technology provision, clinical trials, or production and manufacturing in different development stages. The correlation between the upstream, midstream, and downstream is shown in the following figure; each process represents a significant part in the drug development; therefore, the entire industry chains have their distinctive specialties and interdependency.

Correlation with upstream, midstream, and downstream sections of the biotechnology and new pharmaceuticals industry



The upstream of the novel drug industry chain is dedicated to candidate development, which is mainly derived from academic research results on novel drug products with potentials, including small-molecule compounds, large-molecule protein antibodies, and Chinese herbal medicine. After academic research institutes found curative effects by conducting pre-clinical animal tests and toxicity tests, they develop independently or transfer to midstream biotech and new pharmaceuticals companies for development. The midstream of the industry chain is primarily responsible for pre-clinical trials and exploration of the drugs, management of drugs for clinical trials, synthesis and production of APIs, and development of dosage forms, including human clinical trials from phase I to phase III. After completing phase III clinical trials, they may apply for a drug license for the launches and marketing of drugs, and engage downstream OEM plants, distributors, and international pharmaceuticals companies for production, manufacturing, and marketing. The downstream of the industry chain consists of GMP OEM plants (those complying with the Good Manufacturing Practice), pharmaceuticals distributors, and distributors.

The novel drug development business of the Company is in the midstream of the new pharmaceuticals industry, and the Company strategically evaluates and technically transfers new drug candidates, while the Company focuses on clinically validated development. The strategy substantially reduces development time,

mitigates risks, and increases product development experiences. We are primarily responsible for developing candidates through (A) pre-clinical trials, (B) phase I, II, and III human clinical trials, and (C) new drug application (NDA) to achieve our development prospects of commercializing and industrializing technologies through verification and added value.

3. Various development trend of products:

(1) R&D trend of anticancer drugs

Since the 1950s, traditional clinical trials of novel drugs have been divided into approximately three phases. Phase I clinical trial conducts pharmacokinetics, assures safety, and finds the dosage for phase II; phase I generally requires the inclusion of 20 to 80 subjects. Phase II clinical trial explores the effectiveness of the drug and reassures the safety; phase II generally requires the inclusion of 100 to 200 subjects. Many pharmaceuticals companies commence multiple phase II clinical trials to explore the curative effects of drugs for different cancer. Phase III clinical trial further confirms the effectiveness and safety of the drugs by recruiting more subjects and groups; phase III generally requires the inclusion of 300 to 600 subjects. The traditional drug discovery process generally takes more than ten years. The slow drug discovery speed is unlikely to cope with the cancer prevalence.

Over the past decade, due to the advancement of genome sequencing and various tests, it is easier to find compatible groups for targeted drugs. Therefore, after the dosage is confirmed from phase I, targeted drugs are used in multiple expansion cohorts by utilizing small-scale clinical trials to explore the effectiveness of targeted drugs for different ethnic groups and cancers. According to the statistics of research, drugs with expansion cohorts conducted among the 381 novel drugs for cancers from 2006 to 2011 have higher success rates in phase II (51% vs. 28%) and higher rates of acquiring drug permits within 5 years (22% vs. 5%). Therefore, the U.S. FDA announced an exposure draft for new cancer-targeted drugs and biopharmaceuticals in the hope of accelerating the development of drugs and reducing the costs of drug discoveries.

For instance, Keytruda (Pembrolizumab; Merck Sharp & Dohme Corporation) from Merck was granted the title of Investigational New Drug (IND) from the U.S. FDA in December 2010. Phase I clinical trials for the drug initially included 18 subjects with melanoma for safety trials and commenced expansion cohorts. A total of 8 amendments were made to the protocol and 10 groups of expansion cohorts. Pembrolizumab successfully used such small-scale clinical trials of expansion cohorts to find melanoma groups that were difficult to treat, namely, patients who could not have tumors removed or spreading melanoma after the front-line drug Ipilimumab was used. FDA granted the first drug permit to Pembrolizumab in September 2014. In addition, Cemiplimab, co-developed by Sanofi and Regeneron, was granted the title of IND and began phase I clinical trials in March 2015. After confirming the safety and dosage, conducted 25 groups of expansion cohorts (mono and combo therapy in various solid tumor types) were conducted. It was discovered that Cemiplimab has favorable curative effects for advanced cutaneous squamous cell carcinoma. A Phase II clinical pivotal trial was conducted immediately after phase I to confirm the curative effects of expansion cohorts. Therefore, FDA granted the first drug permit to Cemiplimab in September 2018.

The aforementioned clinical trials have received drug permits within four years of development, indicating the advantage of adopting expansion cohorts in drug discovery for cancers. In August 2018, FDA has also announced newly drafted

guidelines for expansion cohorts -the "Use in First-In-Human Clinical Trials to Expedite Development of Oncology Drugs and Biologics Guidance for Industry Guideline." FDA wishes to shorten the development time and costs of drugs. In the future, after completing the selection of maximum tolerated dose (MTD) and recommended phase 2 dose (PR2D) in phase I clinical trial, multiple small-scale expansion cohorts may be conducted for cancer-targeted drugs. Expansion cohorts may accelerate the verification of the drug's effectiveness for different groups of patients, or confirm the effectiveness for different molecular characteristics and genotypes. Each cohort approximately requires merely 20 to 30 subjects, and companies may commence the discussion related to the design of pivotal trials with the FDA after confirming the effective groups for the targeted drugs. After completion, companies may apply for drug permit licenses to shorten the time for drug discovery. The clinical design invoking new rules reduces half of the time required by the traditional clinical design, which could accelerate the launches of novel drugs and benefit the development of small-scale biotech companies.

(2) Trends in research and development of targeted therapy

Cancer treatments include chemotherapy, targeted therapy, immunotherapy, hormonal therapy, etc. In the past, doctors would administer the same drugs to patients with the same type of cancer. However, different patients carry different "oncogene" in their bodies, the results of taking the same drugs vary from person to person. In recent years, the rapid development of molecular biology has led to a more sophisticated understanding of tumor biology, which has led to the emergence of "targeted drugs," which are able to inhibit or disrupt the survival mechanism of specific cancer cells. Targeted drugs not only optimize the therapeutic effect, but also reduce the side effects of the drugs on patients. The “traditional chemotherapy” is a non-specific cytotoxic attack on cells with faster hyperplasia. When the growth of cancer cells is slower than normal cells, chemotherapy drugs would affect the physiological functions of normal cells and cause side effects. The “targeted therapy” targets cancer cells based on their distinct markers to block the growth of cancer cells. Therefore, the “targeted therapy” has treating advantages over the “traditional chemotherapy”. At present, most cancer-treating methods mainly rely on traditional chemotherapy. Since 2011, the trials using biomarkers to predict patients' responses on average accounted for 15% of clinical trials. Before new medical technologies are developed, we are required to create more effective cancer-treating methods. Senhwa's drug discovery focuses on the development target of "cancer-targeted drugs." Senhwa's development of new drugs is to focus on innovative molecule targets in order to inhibit the growth of cancer cells. The Company is committed to improve the effects of drugs in wiping out cancer cells and reduce the side effects of drugs. Our clinical design opts for relevant indications that have significant reactions to candidates and focuses on cancer and diseases that can only use traditional chemotherapy drugs for treatment at the current stage, or cancer patients who have developed resistance to existing standard therapies. We hope that better treatment opportunities may be introduced by Senhwa's targeted drugs, and for the new drugs to replace traditional chemotherapy and become the front-line treatment drugs.

(3) Trends in research and development of combination therapy

The treatment method of cancer with the combined use of drugs is a potential development path for targeted therapy in the future. The traditional R&D process of combination therapy was to first prove the activity of a singular dose on

sensitive indications and search for feasible combinations based on experience. The method is time-consuming and costly; moreover, it may miss opportunities of finding combinations with curative effects. Another reasonable method for the combined use of drugs is to develop a new drug targeting a common crucial protein in the signaling pathway of multiple cancers and form synergistic effect with the approved drugs that manifest effects on such pathways.

Candidate CX-4945 in the course of R&D by the Company is prioritized for the combination therapy against biliary tract cancer, which interrupts the backup mechanism of cancer cells to repair their DNA by inhibiting the protein kinase CK2. Therefore, CX-4945 can reinforce the treating effects when used in combination with chemotherapy drugs.

4. Competition:

Senhwa's ongoing drug discovery project "G-quadruplex stabilizer" is planned to be applied to breast cancer and solid tumors of other homologous repair deficiency (HRD) or BRCA1/2 genetic mutations. The project "Development of inhibitor of protein kinase CK2 (casein kinase II)" is planned to be applied to biliary tract cancer and basal cell carcinoma. The target market at the current stage is analyzed as follows:

(1) Pidnarulex (CX-5461)

A. Breast cancer

Breast cancer is one of the most common cancers occurred to women. Breast cancer accounts for 7% to 10% of all cancer occurrences worldwide, and is also the most frequently diagnosed cancer for females. Technology development uncovered certain unique genes exclusive to breast cancer, such as BRCA1 and BRCA2. BRCA1 and BRCA2 are mutated genes associated with breast cancer and ovarian cancer found in the 1990s. According to the definition generally accepted by geneticists, females who carry the BRCA1 or BRCA2 mutated genes have a 60% to 85% chance of developing breast cancer throughout their lives. According to Senhwa's clinical trials results, CX-5461 can be effectively used on cells with homologous repair deficiency (HRD) or BRCA1/2 genetic mutations to achieve the target of effectively inhibiting the growth of cancer cells by the synthetic lethality mechanism, complying with the new trend of precision medication. The data from the San Antonio Breast Cancer Symposium (SABCS) in 2014 shows that approximately 48% of patients with triple-negative breast cancer carry the HRD or BRCA1/2 genetic mutation.

The clinical study design will use genetic testing to diagnose and screen breast cancer patients with BRCA (breast cancer-sensitive gene) or relevant genetic defects or mutations, coupled with the mechanisms of CX-5461, to precisely wipe out cancer cells. In addition, CX-5461 has no genotoxicity and does not suppress DNA replication, protein translation, or transcription of RNA polymerase II, which makes it possible for CX-5461 to be developed into a more effective product with breakthrough curative effects and secure the market competitive strength.

Breast cancer is the most common cancer diagnosed for female patients in the world. According to Precedence Research report, the scale of the breast cancer drug market is US$28.8 billion in 2022; therefore, there are multiple developers regarding drugs for breast cancer. Popular drugs for treating breast cancer include Herceptin, Ibrance, Tecentriq, Zoladex, Perjeta, and Keytruda, which is used to treat triple-negative breast cancer (TNBC).

Roche has always been the leader in the field of breast cancer drugs, as Herceptin, Perjeta, and Kadcyla are all developed by Roche. They have been the stars of targeted therapy drugs for breast cancer ever since being approved by the U.S. FDA in 1998, 2012, and 2014, respectively. Perjeta and Herceptin act on different protein sites. Clinical evaluation confirms that Perjeta and Herceptin have complementary effects, and when used in combination with Docetaxel for the treatment of metastatic HER2-positive metastatic breast cancer patients who have not been treated with anti-HER2 or chemotherapy, they can prolong the patient's time of progression-free survival.

In 2018, the US FDA approved a specific treatment for breast cancer that targets mutations in the BRCA gene. Lynparza (Olaparib) is a PARP inhibitor indicated for patients with HER2-negative breast cancer that has spread (metastasized) and who have previously undergone chemotherapy. The FDA also approved the BRCA Analysis CDx genetic test to identify breast cancer patients with BRCA gene mutations. AstraZeneca's Lynparza (Olaparib) is the market leader among PARP inhibitors. In addition to its indication for breast cancer and ovarian cancer, this is mainly due to its approvals for pancreatic cancer in December 2019 and prostate cancer in May 2020. The sales of Lynparza in 2020 amounted to US $1.78 billion, while in 2022, its sales reached US $37.2 billion. Its sales far exceed those of other PARP inhibitors such as Zejula by GlaxoSmithKline, Rubraca by Clovis Oncology, and Talzenna by Pfizer.

Market Sales of Drugs that Mainly Target Breast Cancer

Unit: US$ 100 million

Drug	**Indication**	**Company**	**Sales amount (Note) (2022)**
Keytruda	Breast cancer HER2+	Merck	20.94
Ibrance	Breast HER2-	Pfizer	5.12
Perjeta	Breast HER2+	Roche	4.47
Tecentriq	PD-L1	Roche	4.06
Avastin	Breast cancer HER2 -	Roche	2.32
Herceptin	Breast cancer HER2+	Roche	2.34
Olaparib	Breast cancer HER2 - BRCA mutation	AstraZeneca	3.76

Note: The statistics are based on the sales of the drug on the market, and it therefore includes sales for other indications.

Source: Xtalks Top 40 Best-Selling Cancer Drugs in 2023 by 2022 Data

CX-5461 was selected as a drug for treating breast cancer by the Canadian SU2C-CBCF Breast Cancer Dream Team in January 2016. CX-5461 may achieve the target of effectively inhibiting the growth of cancer cells by the synthetic lethality

mechanism through stabilizing the G-quadruplex structure, which is a targeted therapy method. In the future, Senhwa will continue the follow-up trials. If smooth progress of clinical trials is recorded, it is likely to be used for patients with BRCA1/2 or homologous repair deficiency (HRD) and enter the market of targeted drugs for treating breast cancer.

(2) Silmitasertib (CX-4945)

A. Biliary tract cancer

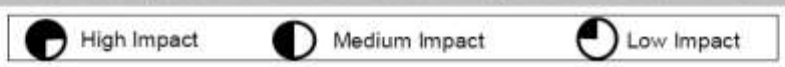
According to GlobalData and medical journals in Taiwan, the treatment of biliary tract cancer remains an "unmet medical need". It is considered to be a rare disease in the West but it occurs more frequently in Asia. Apart from specific target drugs such as Pemazyre (FGFR2 gene fusion), Truseltiq and Tibsovo (IDH1 mutation) that target specific biomarkers, most of the first-line treatments for biliary tract cancer are chemotherapy, but the effectiveness of chemotherapy is rather poor. The four more important chemotherapeutic modalities on the market are:

(A) Gemcitabine in combination with Capecitabine
(B) Gemcitabine
(C) Gemcitabine in combination with Cisplatin
(D) Gemcitabine in combination with Oxaliplatin (GEMOX)

The effectiveness/safety of the four types of treatment is shown in the table below. Gemcitabine and Cisplatin may achieve more significant effects in treatment. The annual cost of therapy is approximately US$14,200.

Treatment of Gallbladder Cancer	Gemcitabine + Capecitabine	Gemcitabine	Gemcitabine + Cisplatin	Gemcitabine + Oxaliplatin
Number of competitors in the market	4 major competitors			
Efficacy				
Safety Profile				
Patient Satisfaction				
Physician Satisfaction				
ACOT	$18,900	$21,100	$14,200	$7,800
Competitive Strength				

Current Competition in the Bile Duct Cancer Therapeutics Market is Moderate



Data source: GlobalData, Bile Duct Cancer Therapeutics - Pipeline Assessment and Market Forecasts to 2019 (2012 report, published on January 2012).
Annual Cost of Therapy (ACOT)

It is difficult to detect biliary tract cancer in an early stage, and it is often discovered at the advanced stage; only 30% of patients have the opportunity to adopt surgical treatment; the death rate is relatively high. Chemotherapy or

radiation therapy are considered for patients who cannot receive surgeries; however, such treatments mostly aim to alleviate symptoms and improve the living quality. Unless the malignant cholangiocarcinoma can be completely wiped out in surgery, the survival rate of patients is relatively low. The average five-year survival rate is merely 20%

On September 2, 2022, the US FDA approved durvalumab (Imfinzi, AstraZeneca) in combination with gemcitabine and cisplatin for the treatment of adult patients with locally advanced or metastatic BTC. The efficacy of Durvalumab was evaluated in the TOPAZ-1 trial (NCT03875235), a randomized, double-blind, placebo-controlled, multicenter study, which enrolled 685 patients with locally advanced unresectable or metastatic BTC who had not previously received systemic therapy for advanced disease and whose diagnosis was confirmed by histology. The results of the TOPAZ-1 Phase III trial were published at the 2022 American Society of Clinical Oncology Gastrointestinal Cancers Symposium (ASCO GI). The combination of Durvalumab with Gemcitabine and cisplatin showed an overall survival rate of 12.8 months and a median progression-free survival of 7.2 months. The researchers evaluated an overall response rate (ORR) of 27%. In terms of safety, Imfinzi in combination with chemotherapy showed good overall tolerability and did not increase the rate of medication discontinuation due to adverse events compared to chemotherapy alone. In July 2022, according to the clinical data from the TOPAZ-1 trial, the combination of Imfinzi with chemotherapy was included in the NCCN Clinical Practice Guidelines in Oncology (NCCN Guidelines®) as the first-line treatment option for locally advanced or metastatic BTC.

The complicated adjustment and control mechanisms of protein kinase CK2 resulted in the high barrier regarding the developing technologies of drugs. CX-4945 developed by the Company interrupts the backup mechanism of cancer cells to repair their DNA by inhibiting the protein kinase CK2. Therefore, CX-4945 can reinforce the treating effects when used in combination with chemotherapy drugs. When the results and performance of clinical trials are as estimated, CX-4945 is likely to become a significant front-line drug for the treatment of biliary tract cancer.

For the phase I/II human clinical trials by using Silmitasertib (CX-4945), a novel drug under development by the Company, in combination with Gemcitabine and Cisplatin in the front-line treatment for cholangiocarcinoma, PFS (P-value <0.05), the interim analysis of primary trial indicator, has reached the statistically significant differences in October 2020; therefore, the trial was ended in advance. For the medication group of the trial, a total of 88 patients were included, and 55 patients at least completed a complete course of treatment (21 days), and they are defined as the modified Intent to Treat (mITT) patient group, whose clinical data and the data of patients merely adopting chemotherapy without taking pills in phase II experiment shown a nearly doubled difference in the primary trial indicator (PFS) during the interim analysis, achieving the statistically significant differences; the trial achieves its targets in advance. The experimental results demonstrate that the use of Silmitasertib (CX-4945) in combination with Gemcitabine and Cisplatin in the front-line treatment for cholangiocarcinoma have brought benefit for the patients in terms of clinical observative indicators, and therefore, its strength has been verified.

Based on the results of the interim analysis for phase I/II human clinical trials regarding the treatment of cholangiocarcinoma for the use of Silmitasertib

(CX-4945) in combination with Gemcitabine and Cisplatin, such treatment has curative effects and developmental potentials for patients with locally advanced or metastatic cholangiocarcinoma. As compared to the BT22 clinical trial, Silmitasertib (CX-4945) triggers fewer hematologic adverse events. After treatment, 66% of patients recorded lower tumor index CA 19-9. Senhwa completed an EOP meeting with the US FDA in April 2023 regarding the Phase 1/2 trial for CCA based on its clinical results. The US FDA recommended that the Company consider the impact of Imfinzi's approval for this indication. As a result, the Company plans to conduct trials using Silmitasertib (CX-4945) in combination with other therapies to explore the treatment efficacy, including but not limited to BTC.

B. Basal cell carcinoma (BCC)

BCC has an annual increase of 4 million new cases in the U.S.; most of the cases are benign BCC, which can either be surgically removed due to its low degree of metastasis, or be treated with radiotherapy, cryotherapy, laser, 5-Fu ointment, and other local treatment when patients cannot receive surgically. However, a small number of patients (about 0.5% of patients) who have locally advanced (laBCC) or metastasis tumors (mBCC) require further systemic therapy. In the past, without the options of surgery and radiotherapy, chemotherapy is adopted for laBCC or mBCC. Monotherapy using Cisplatin or combined programs is usually adopted. Nonetheless, the therapeutic effect of chemotherapy was never proved in any clinical trials. Therefore, the international guidelines do not recommend chemotherapy for the treatment of advanced BCC.

In 2012, the U.S. FDA approved the first targetted drug for the treatment of BCC - Erivedge® (vismodegib), which is a hedgehog pathway inhibitor. At present, Erivedge-typed drugs are the standard treatment for laBCC and mBCC patients who are currently inoperable and have ineffective radiotherapy. According to GlobalData, Vismodegib's global sales in 2018 amounted to CHF 258 million (equivalent to approximately US$260 million). In addition, according to the research report of Coven & Co., Vismodegib's peak sales will reach US$533 million by 2022. In 2015, the U.S. FDA approved the second targeted drug for the treatment of BCC: Odomzo® (Sonidegib). The acting mechanism of Sonidegib is the same as that of Vismodegib, i.e., both are used as a hedgehog pathway inhibitor. Therefore, when patients have drug resistance to either of the drug, they are unable to use the other drug. Odomzo, after being successfully developed by Novartis in 2015, was sold to Sun Pharma, an Indian pharmaceutical company, in 2016 with a signing bonus that amounted to US$175 million and undisclosed milestone payments. According to GlobalData, Sonidegib's global sales would reach US$330 million in 2019, and the peak sales are estimated to be US$711 million by 2025. Patients using Vismodegib usually relapse after approximately 5 to 12 months, and for patients who have relapsed, Libtayo, an injection which was approved only in 2021, is the only available treatment. Libtayo injection is indicated for the treatment of locally advanced basal cell carcinoma (laBCC) in patients who have previously received hedgehog pathway inhibitor (HHI) treatment or are not suitable for HHI treatment. It is currently the only drug approved in the United States specifically for the treatment of advanced cutaneous squamous cell carcinoma (cSCC) and laBCC or metastatic BCC (mBCC) in patients who are not suitable for HHI treatment. Libtayo (Cemiplimab-rwlc) was studied in an open-label, multicenter, non-randomized Phase II clinical trial. The trial focused on

patients with laBCC or mBCC who had either shown no progress with or were intolerant to prior treatment with HHI. The study revealed that in patients with advanced laBCC who had no progress with or were intolerant to HHI treatment, Libtayo showed an overall ORR of 29%, and 79% of the responders maintained their response for at least 6 months. The ORR for patients with mBCC was 21%, with all responders maintained their response for at least 6 months.

CX-4945, which acts as a Gli protein inhibitor downstream of smoothened (hedgehog pathway), is a multi-target Gli protein inhibitor that is less likely to generate drug resistance. When the clinical trial results are as expected, CX-4945 is likely to become a new generation drug for BCC and may gain a foothold as a first-line treatment drug when being used in combined therapy. The enrollment for the Phase I clinical trial of CX-4945 for laBCC has been completed in August 2023, and it is expected that the clinical trial summary report will be completed in 2024.

C. Community-acquired pneumonia (CAP)

CAP is defined as an acute lower respiratory tract infection affecting individuals who have not been hospitalized or have been hospitalized for less than 48 hours. Clinically, the causative factors include bacteria, viruses, and atypical pathogens, such as Streptococcus pneumoniae, influenza virus and Mycoplasma pneumoniae, etc. CAP is a common lung infection that can be infected through daily community activities (not during hospital care). The symptoms of CAP can be severe and even fatal, especially for the elderly and individuals with health issues. The common pathogens of CAP in Taiwan resemble those found in foreign countries, primarily caused by Streptococcus pneumoniae, Mycoplasma pneumoniae, Chlamydia pneumoniae, Klebsiella pneumoniae, and Haemophilus influenzae. For patients with severe pneumonia, consideration should be given to the possibility of infection caused by Pseudomonas aeruginosa or multiple drug-resistant organisms (MDROs). Pneumonia caused by different pathogens exhibits similar clinical symptoms, making them difficult to distinguish based on clinical manifestations. Hence, microbial testing is necessary for accurate diagnosis. For certain patient populations that are frequently exposed to external medical environments and treatments, or have underlying comorbidities, the risk of developing CAP caused by MDROs may be higher. CAP is typically treated with antibiotics. However, in the post-pandemic era, the increase in various viral and bacterial infections due to "immunity debt", coupled with the current lack of antibiotic diversity and their misuse, has resulted in drug resistance. This may lead to a situation where no effective treatments are available in the future.

CX-4945 is a small molecule drug and a first-in-class novel drug in the market. It was initially discovered for its ability to inhibit the activity of CK2 protein kinase, which regulates various physiological pathways. Research has shown that CK2 acts as a regulatory factor of the TBK1/IFN 3 axis, mediating viral immune evasion from the IFN response. By inhibiting CK2, the response of IFN-α and IFN-β can be enhanced, thereby initiating the host defense mechanism against viral infections. Furthermore, inhibiting NF-κB activation in macrophages and its subsequent secretion of cytokines such as IL-1, IL-6, and IL-10 helps to reduce the occurrence of immune storms. In addition to the SARS-CoV-2 virus, numerous studies have identified CK2 as a viral target in

lung diseases-related viruses such as Rotavirus and Respiratory Syncytial Virus (RSV; which causes bronchiolitis and pneumonia in infants and the elderly). Inhibiting CKs is a therapeutic strategy that is not limited to specific viral infections but is applicable to different DNA and RNA viruses. In February 2024, the Company initiated a clinical trial of Silmitasertib (CX-4945) in combination with other therapies to explore the treatment of CAP.

In the face of a worldwide aging society and lifestyle changes, which have led to the increasing prevalence of cancer, coupled with the ongoing rise in healthcare costs, severely impacting people's quality of life. Regardless of whether in developed or developing countries, cancer treatment remains an urgent and unavoidable issue. Following the outbreak of the COVID-19 pandemic, experts from various countries have repeatedly warned about the "tsunami of immunity debt". Therefore, there are unmet medical needs in both cancer and infectious diseases.

(III) Technology and R&D Overview:

1. R&D investment in the most recent year up to the publication date of this Report:

Unit: NT$ thousand

Items	2023	2024 Q1
R&D expenses	256,871	50,509

2. Successfully developed technologies or products in the most recent year and as of the publication date of this Report:

Significant R&D results of the Company in the most recent five years:

(1) Progress and results of clinical trials of novel drugs

Product	Development progress (indication)	Development results
CX-4945	Phase II clinical trials has been completed (Cholangiocarcinoma)	1.In February 2014, the U.S. FDA approved the phase II human clinical trials concurrently at multiple clinical trial centers across the U.S. for the "phase I/II clinical trials of CX-4945 in combination with Gemcitabine and Cisplatin for treating patients with cholangiocarcinoma." 2.In June 2014, human clinical trials were officially commenced in the U.S. 3.In December 2014, we filed a novel drug clinical trial application to the Ministry of Food and Drug Safety (MFDS) of the Republic of Korea for using CX-4945 treating cholangiocarcinoma. 4.In January 2015, we received approval from MFDS of the Republic of Korea for phase I/II human clinical trials. 5.In October 2015, we received approval from Taiwan Food and Drug Administration (TFDA) for phase I/II human clinical trials. 6.In February 2016, we received an approval letter from the Research Ethics Committee of China Medical University Hospital for human trials. 7.In December 2016, we received Orphan Drug Designation from the U.S. FDA for the treatment of cholangiocarcinoma. 8.In January 2017, we were invited to attend the ASCO Gastrointestinal Cancers Symposium and use posters to publish results of the phase I clinical trials on treating cholangiocarcinoma with the novel cancer drug CX-4945 under development. 9.In May 2018, we officially commenced the phase II randomized study for the treatment of cholangiocarcinoma; the first subject was included at the Mayo Clinic in the U.S. 10.In October 2018, we included five new hospitals in Taiwan to conduct clinical trials, so as to accelerate the inclusion of subjects and the implementation of the trials. 11.In 2019, the Company completed the data analysis for 50 patients in phase I, the results were positive. 12.In October 2020, the international multi-center phase I/II human clinical trial for cholangiocarcinoma using the novel drug Silmitasertib (CX-4945) recorded the achievement of targets during the interim analysis and ended the trial ahead of schedule. The preparation of the closing report for clinical trials is in process. 13.In January 2022, we received the notification of Orphan Drug Designation from the U.S. FDA for the treatment of biliary tract cancer. 14.The clinical study report (CSR) for the phase I/II human trial of CCA has been officially submitted to the US FDA in August 2022. At the same time,

Product	Development progress (indication)	Development results
		the clinical trial closing-out is conducted in accordance with the regulatory requirements of the TFDA and Korea. 15. The results of the phase I/II human clinical trial for CCA were published in the international journal Hepatology in September 2022. 16. The EOP meeting with the US FDA regarding the Phase 1/2 trial for CCA was completed in April 2023, and will consider the US FDA recommendations to conduct trials using Silmitasertib (CX-4945) in combination with other therapies to explore the treatment efficacy, for other indications but not limited to CCA.
CX-4945	The enrollment for the Phase I clinical trials of expansion has been completed, and data analysis is in progress (basal cell carcinoma)	1. In November 2018, the human clinical trial using the Company's novel drug CX-4945 for the treatment of BCC, a new indication of skin cancer, was approved by the U.S. FDA. 2. In April 2019, the clinical trial in humans using CX-4945 for the treatment of basal cell carcinoma (BCC), skin cancer, was launched and has successfully enrolled the first patient. 3. The use of Silmitasertib in phase I clinical design for the treatment of advanced BCC (a skin cancer) was selected to be published at the ASCO's annual meeting in Chicago from May 29 to June 2, 2020. 4. In August 2020, we commenced the phase I stage II human clinical expansion cohort trials, and the inclusion of the first subject and the drug administration in accordance with the course of treatment was completed on August 12, 2020. 5. In December 2021, preliminary results of safety and early efficacy in patients with BCC were observed, and the data has been selected for presentation in an oral report and in the form of e-poster at the 2022 American Academy of Dermatology (AAD) Annual Meeting. 6. The positive clinical data of Silmitasertib (CX-4945) for the treatment of advanced basal cell carcinoma was selected and presented at the 2022 Annual Meeting of the AAD in March 2022. 7. The new drug of the Company, Silmitasertib (CX-4945) has completed the administration of the first dose to the last patient in the human clinical trial for the treatment of skin cancer - basal cell carcinoma in the United States, and the enrollment has been completed. 8. In August 2023, the administration of the last dose (LPLV) to the last patient in the human clinical trial of Silmitasertib (CX-4945) for the treatment of skin cancer - basal cell carcinoma in the United States was completed, and data locking and analysis will be performed.
CX-4945	Phase I/II clinical trials in progress (medulloblastoma)	1. In May 2018, Senhwa collaborated with the medical research team of Stanford University and signed a cooperation agreement with the PBTC to jointly develop and organize the phase I/II human

Product	Development progress (indication)	Development results
		clinical trials for the treatment of pediatric malignant brain tumors. PBTC included the cooperation project as the focus of 2018. The project received funding from PBTC to execute the clinical project and sponsorships from the Cancer Therapy Evaluation Program (CTEP) operated by the National Cancer Institute (NCI); it is estimated to invest in over US$3 million. The trial concurrently includes subjects from 12 prestigious children's hospitals and cancer centers subordinated to PBTC across the U.S. 2.In January 2019, the human clinical trial using CX-4945 for the new indication of pediatric brain tumors, medulloblastoma, was approved by the U.S. FDA. 3.In July 2019, the phase I/II human clinical trials for the treatment of pediatric brain tumors, medulloblastoma (MB), officially commenced in the U.S. and included the first subject. 4.In July 2020, the use of Silmitasertib for the treatment of pediatric MB received the qualification of "Rare Pediatric Disease Designation (RPD)" from the U.S. FDA. 5.In August 2021, the new drug was granted Fast Track Designation status by the U.S. FDA. 6.In December 2021, the new drug received the notification of Orphan Drug Designation from the U.S. FDA.
CX-4945	Phase II clinical trials is terminated (COVID-19)	1. In March 2020, QBI-UCSF selected a list of 69 compounds through an analysis of 332 compounds highly related to the interactions between the COVID-19 virus and human protein. In particular, Silmitasertib may adjust and control the activity of protein kinase CK2 in the hosts' cells and in turn facilitate the formation of stress granule and create a better anti-virus environment for the hosts' cells, to block the spreading of viruses within the human body and reduce the infection of the hosts' cells, and thus was selected as a potential treating drug. The discovery in the research on COVID-19 was valued and published in May 2020 by Nature, the international authoritative science journal. 2. In April 2020, the Company and the NIAID under the U.S. NIH formally signed a cooperation agreement to commence a series of clinical trials by using the novel drug Silmitasertib in anti-COVID-19 clinical trials. 3. In April 2020, the Institute for Antiviral Research, Utah State University (IRA-USU), the U.S., carried out a screen test regarding the potential drugs for anti-SARS-CoV-2. It selected 3 potential drugs with strong curative effects to combat the COVID-19 virus from 1,670 approved or clinical drugs worldwide, and Silmitasertib got the nod. 4. In June 2020, the team comprises 80 top-notch international scientists from the U.S., Germany, France, and the U.K. led by QBI-UCSF published

Product	Development progress (indication)	Development results
		significant research on COVID-19 viruses and received high attention from the biomedicine industries worldwide. The research found that COVID-19 viruses transform normal cells into "zombie" cells by "seizing" the human protein kinase CK2 to accelerate and spreading of viruses more effectively. Meanwhile, when studying the complicated process of phosphorylation of COVI-19 virus, the general switch for the series of processes was found, namely, the human protein kinase CK2. The science team, therefore, made use of Senhwa's Silmitasertib, an inhibitor for CK2, for testing. The experimental results showed that Silmitasertib completely wiped out all COVID-19 viruses. The vital progress in the research on COVID-19 was valued and published by "Cell," the international authoritative cell science journal, and reported by multiple international mainstream media. 5. In August 2020, the Company signed a cooperation memorandum with one of the largest medical systems, Banner Health in the U.S., to apply for the EAIND for the novel drug Silmitasertib and IIT for the treatment of patients with COVID-19. Furthermore, we formally signed a cooperation memorandum with CARE, Georgia, to apply for using the novel drug Silmitasertib (CX-4945) in the IIT for the treatment of patients with COVID-19. 6. In August 2020, the novel drug Silmitasertib (CX-4945) was approved by the U.S. FDA for the emergency treatment provided to COVID-19 patients; we became the first biotech company in Taiwan whose novel drug is used in the human clinical trials for COVID-19. The COVID-19 patient who received the first emergency treatment using Senhwa's novel drug Silmitasertib (CX-4945) worldwide fully recovered after 5 days of treatment and was discharged from the hospital on September 3 (U.S. time). 7. In August 2020, our cooperation partner, CARE, Georgia, the U.S., applied for the phase II human clinical trials for COVID-19 to the U.S. FDA. 8. In November 2020, our partner Banner Health Medical Institution, the U.S., applied for the phase II human clinical trials for COVID-19 to the U.S. FDA and received approval for the execution in the same month. 9. In November 2020, our cooperation partner, CARE, Georgia, the U.S., applied for the phase II human clinical trials for COVIE-19 to the U.S. FDA and officially received the approval for the execution. 10. In December 2020, the phase II human clinical trials of Silmitasertib(CX-4945) was formally commenced for the treatment of COVID-19; the first subject was included at CARE, Georgia, the U.S. 11. In January 2021, formally commenced the phase II human clinical trials for the treatment of COVID-19 patients with severe symptoms; the first subject was included. 12. In May 2021, in response to the severe COVID-

Product	Development progress (indication)	Development results
		19 pandemic in Taiwan, the new drug Silmitasertib (CX-4945) was approved through emergency use authorization by Taiwan's Ministry of Health and Welfare for the treatment of patients with severe symptoms of COVID-19 who applied for compassionate use. 13. In August 2021, the phase II human clinical trials of Silmitasertib (CX-4945) for the treatment of COVID-19 patients with moderate symptoms was completed in the U.S. Preliminary clinical data analysis showed statistically significant and clinically meaningful results compared with the control group, with Silmitasertib significantly accelerating recovery as clinically defined and without any serious adverse events (SAEs) in patients treated with Silmitasertib. Silmitasertib demonstrates a high level of safety and good tolerance. This data was selected for public presentation at the ISIRV-WHO conference in 2021. 14. In June 2022, the Company received notification from the clinical partner, Banner Health, an American healthcare institution, it has been decided to terminate the clinical trial of Silmitasertib for the treatment of severe COVID-19 due to difficulties in enrolling patients with severe COVID-19. The relevant data will be reviewed by Independent DMC. 15. In January 2023, the Company's partner, Banner Health, an American healthcare institution submitted the CSR of the Silmitasertib for the treatment of severe COVID-19 to the US FDA. 16. In February 2023, the Company applied to the Taiwan FDA for Phase II IND approval of Silmitasertib (CX-4945) as a treatment for hospitalized patients with COVID-19 who may experience cytokine storms or severe inflammatory responses caused by the SARS-CoV-2 virus. 17. In April 2023, the TFDA approved the Phase II clinical trial of the Company's new drug, Silmitasertib (CX-4945), for treating hospitalized patients with COVID-19 who may experience cytokine storms or severe inflammatory responses caused by the SARS-CoV-2 virus. 18. In November 2023, the patient enrollment for the Phase II clinical trial of the Company's new drug, Silmitasertib (CX-4945), for treating moderate and severe hospitalized patients with COVID-19 was officially initiated, and the first patient has been enrolled. 19. In January 2024, due to strategic considerations, the Company decided to send a letter to National Cheng Kung University Hospital, prematurely terminating the Phase II clinical trial of the new drug Silmitasertib (CX-4945) for treating single, moderate and severe hospitalized patients with COVID-19.

Product	Development progress (indication)	Development results
CX-4945	Phase II clinical trials in progress (CAP)	1. In October 2023, the Company has applied to the U.S. FDA for multicenter Phase II human clinical trial IND approval of the candidate new drug, Silmitasertib (CX-4945), for the treatment of community-acquired pneumonia (CAP) caused by pan-viral infections. 2. In November 2023, the Company's new drug Silmitasertib (CX-4945) has passed the 30-day IND review by the U.S FDA, and the Phase II human clinical trial for CAP caused by pan-viral infections will be initiated. 3. In December 2023, the Company has applied to the TFDA for multicenter Phase II human clinical trial approval of the new drug, Silmitasertib (CX-4945), for the treatment of CAP caused by pan-viral infections and received approval from the TFDA for the execution in the same month. 4. In March 2024, the patient enrollment for the Phase II clinical trial of the Company's new drug, Silmitasertib (CX-4945), for the treatment of CAP caused by coronavirus or influenza virus was officially initiated, and the first patient has been enrolled.
CX-5461	Phase I expansion clinical trial closed (breast cancer)	1. In October 2015, CX-5461 was selected as the drug used by the 2015 SU2C-CBCF Breast Cancer Dream Team. 2. In March 2016, we signed a Clinical Trials Agreement with Queen’s University at Kingston in the style and cause of the NCIC Clinical Trials Group and received approval from Health Canada for the execution of phase I/II human clinical trials. 3. In March 2016, Health Canada, the Canadian competent authority of medicine and health care, issued a no objection letter to the Company's clinical trial partner, CCTG, and authorized the use of CX-5461 in phase I/II human trials for treating solid tumors and breast cancer. 4. In January 2017, CX-5461 was published in the renowned SCI science journal, Nature Communications. It was discovered in an animal experiment that CX-5461 may damage or crush the DNA of cancer cells by stabilizing the G-quadruplex structure; CX-5461 is the first clinical novel drug that reacts to G-quadruplex. 5. In March 2018, the chief management officer of the Company’s partner, CCTG, published the results of phase I clinical trials of the Company’s novel breast cancer drug CX-5461 at the 16th Targeted Anticancer Therapies (TAT 2018) organized by the European Society of Medical Oncology by way of an oral report. 6. In April 2019, dose-escalation in phase I clinical trial for breast cancer was completed in Canada, and the main evaluation indicator was achieved. 7. In December 2019, CCTG, the Company's partner, published the results of Pidnarulex (CX-5461)'s phase I clinical trials in combating advanced solid

Product	Development progress (indication)	Development results
		tumors by way of posters and briefing at the Spotlight Presentation of SABCS; the results were positive. 8. The results of the Phase I clinical trial for CX-5461 were published in the international journal Nature Communications in June 2022.
CX-5461	Phase I expansion clinical trial in progress (breast cancer, ovarian cancer, prostate cancer, and other solid tumors)	1. In December 2020, the execution of the human clinical curing effect expansion cohort trial for patients with specific genetic defects and multiple solid tumors was approved by the U.S. FDA and Health Canada. 2. In September 2021, the new drug was used for the treatment of multiple entities with specific genetic defects. The human clinical efficacy scale-up cohort trial for oncology has been officially launched and the first subject has been included. 3. In January 2022, the U.S. FDA granted the new drug Fast Track Designation (FTD) for the treatment of breast and ovarian cancers with specific genetic defects.
CX-5461	Phase I clinical trial (prostate cancer) In progress	1. In July 2020, Pidnarulex (CX-5461) won the final selection of the PCF-Pfizer Global Challenge Awards, receiving joint sponsorship for clinical funding from Pfizer and the Prostate Cancer Foundation (PCF) in the United States. It will be used in combination with Pfizer's marketed PARP inhibitors for the treatment of prostate cancer in human clinical trial. 2. In September 2021, the Company signed a clinical collaboration agreement with the Peter MacCallum Cancer Centre (PMCC) in Melbourne, Australia. Pidnarulex (CX-5461) will be used in combination with Pfizer's PARP inhibitors for the treatment of prostate cancer in human clinical trial. 3. In June 2022, the human clinical trial for the treatment of prostate cancer using the combination of the Company's new drug Pidnarulex (CX-5461) and Pfizer's PARP inhibitor, Talazoparib, received approval from the Human Research Ethics Committee (HREC) in Australia to proceed. 4. In September 2022, the PMCC completed the Site Initiation Visit (SIV) and commenced patient screening for the clinical trial. 5. In October 2022, the human clinical trial for the treatment of prostate cancer using the combination of the Company's new drug Pidnarulex (CX-5461) and Pfizer's PARP inhibitor, Talazoparib, was officially initiated, and the enrollment of the first patient was completed.

Product	Development progress (indication)	Development results
CX-5461	Collaboration with the NExT Program in the United States In progress	1. In December 2022, the Company received notification that the new drug Pidnarulex (CX-5461) has been successfully selected to participate in a five-year collaborative development program under the NIH-sponsored NExT Program. The clinical expenses will be funded by NIH, aiming to expedite the development of Pidnarulex for market approval. 2. In March 2023, the Company has officially signed a five-year collaboration agreement with the NCI, a division of the NIH in the United States. This collaboration aims to jointly advance the unmet medical needs of cancer-related human clinical trials of the new drug, Pidnarulex (CX-5461).

(2) Patent portfolio of novel drug products

The major implementation status of the Company's patent management plan is as follows:

For many new drug development companies, patent layout is an important part of their new drug development plans. Patent strategy involves a series of steps taken by a company to strengthen its industry leadership and protect its hard-earned advancements or inventions in its specific technical field. Senhwa's intellectual property protection strategy is built upon the characteristics of its new drugs, designed to create the optimal combination of patent protection. In addition to substance patents, both CX-4945 and CX-5461 have comprehensive patent coverage. Senhwa has been actively involved in implementing a patent application strategy to continuously improve and expand the intellectual property positions and domains of CX-4945 and CX-5461. Furthermore, by leveraging its expertise and capabilities in intellectual property technology, Senhwa acquires and implements patents, protects trade secrets, and collaborates with others to obtain technology licenses as necessary. This ensures that the Company's products do not infringe upon the intellectual property rights of others during the product development process and aftermarket launch.

To establish a solid intellectual property portfolio, Senhwa has implemented mechanisms to encourage innovation and motivate employees to submit invention applications. At the same time, a systematic patent and intellectual property management system has been established to control the quantity and quality of patent applications. Senhwa has dedicated intellectual property professionals who maintain close communication and engage in technical exchanges with patent firms and patent competent authorities in major local and international markets. This facilitates patent examiners in gaining a deeper understanding of Senhwa's technological content, improving review efficiency, and obtaining high-quality patent protection. Senhwa has submitted numerous Patent Cooperation Treaty (PCT) patent applications, and a significant number of these applications have been approved and granted patent rights.

The R&D Department applies for patent rights when the R&D results are generated. In addition, external patent agencies are also engaged to conduct patent portfolio planning from time to time; in addition, we regularly update the patent application status statements and examine the intellectual property (IP) maintenance expenses. Meanwhile, the current status of patents is reported in the Business Report of the Board meetings quarterly.

As of March 31, 2024, Senhwa has a total of 215 patents, of which 153 patents received licenses and 62 patents are pending.

A. Project CX-5461: A total of 99 patents received licenses; 34 patents are pending.
B. Project CX-4945: A total of 35 patents received licenses; 28 patents are pending.
C. Project SHP01-2-B: A total of 19 patents received licenses.

3. Long-term and Short-term Business Development Plans:

(1) Short-term development plans

A. Candidate CX-5461:

(a) Complete the clinical trial for solid tumors with specific genetic defects

(breast cancer, ovarian cancer, prostate cancer, and others)

(b) Assist the Peter MacCallum Cancer Centre (PMCC) in Melbourne, Australia to implement the clinical trial of CX-5461 combined with PARP inhibitor for prostate cancer

(c) Collaborate with the National Cancer Institute (NCI) under the NIH-sponsored NExT Program, expediting the development of Pidnarulex for market approval.

(d) Seek regional strategy alliances or licensed partners

B. Candidate CX-4945:

(a) Complete the Phase I/Expansion clinical trial for the novel drug in the treatment of basal cell carcinoma (BCC)

(b) Assist the Pediatric Brain Tumor Consortium (PBTC) in executing phase I/II clinical trials using CX-4945 for the treatment of malignant brain tumors

(c) Preparing for anti-infective human clinical trials

(d) Seek regional strategy alliances or licensed partners

(2) Long-term development plans

A. The Company estimates to maintain at least two clinical trial development projects and will continue to select novel cancer drug projects with development potentials to ensure the inclusion of candidates with potentials at any time.

B. Senhwa adopts the research and development strategy of international multicenter clinical trials to speed up patient enrollment and increase efficiency in clinical trials.

C. Senhwa focuses on the global market as its overall development policy and will actively seek broader alliances.

D. We adhere to the business philosophy of pursuing excellence in the hope of achieving sustainable corporate operation and growth.

II. Market and Sales Overview

(I) Market Analysis:

1. Sales (provision) regions of the major products (services)

Senhwa's ongoing drug discovery project "G-Quadruplex Stabilizer" is to be applied to therapy of breast cancer and solid tumors with other HRD or BRCA1/2 mutated genes. The project "Development of Inhibitor of Protein Kinase CK2" is to be applied to therapy of cholangiocarcinoma and BCC. The target market at the current stage is analyzed as follows:

A. Breast cancer

Breast cancer can be divided into carcinoma in situ and invasive cancer. Carcinoma in situ accounts for 15% to 20% of all cases; by occurrence location, it can be divided into ductal carcinoma, lobular carcinoma, inflammatory breast cancer and metastatic or recurrent breast cancer. Among them, ductal carcinoma is the most common, accounting for more than 80% of the overall breast cancer, whereas the inflammatory breast cancer transmitted through the lymphatic system is the least, accounting for about 1% to 3% of the overall breast cancer.

Breast cancer risk factors include gender, race, age, genetics, family history, obesity, alcohol drinking, lack of exercise, menopause hormone replacement therapy, exposure to microbes, early menstruation, late birth, or not giving birth.

According to data of the World Cancer Research Fund, a study in Brazil found that about 22% of breast cancer can be prevented by not drinking alcohol, maintaining exercise habits, and proper body weight. Breast cancer treatment includes topical therapy (surgical resection and radiotherapy) and systemic therapy (such as hormonal therapy, chemotherapy, and targeted therapy). With the advancement of drugs and treatments, breast cancer treatment at present is more effective than in the past, resulting in improvement in overall survival rate of breast cancer patients. Early detection and early treatment also make the 5-year survival rate of patients with stage 0 or stage 1 breast cancer to reach 95% to 100%.

Due to advances in molecular biomedical technology in recent years, breast cancer is subdivided into four subtypes (please refer to the following table) by using the molecular markers (e.g., Estrogen-Receptor (ER), Progesterone Receptor (PR), and Human Epidermal Growth Factor Receptor 2 (HER2)) as the major evaluation basis; different subtypes have varied treatment principles. The four subtypes are Luminal A, Luminal B, HER2, and triple-negative/basal-like breast cancers. Although the proportion of the four subtypes is slightly different in different countries, Luminal A is the most common breast cancer, approximately accounting for 30% to 70%; Luminal A also is the breast cancer with the most favorable prognosis. Due to the establishment of these molecular indicators, the development of treatment drugs for breast cancer has gradually moved toward targeted therapy.

Major subtype of breast cancers	Feature	Percentage
Luminal A	ER+ and/or PR+, HER2-, low Ki67	30-70%
Luminal B	ER+ and/or PR+, HER2+ (or HER2- with high Ki67)	10-20%
HER2	ER-, PR-, HER2+	5-15%
Triple-negative/basal-like	ER-, PR-, HER2-	15-20%

Source: Molecular Subtypes of Breast Cancer,2015/10/28

Breast cancer is the most common malignant tumor among women worldwide. At present, there is an annual increase of more than one million new cases of breast cancer around the world. According to the data of World Cancer Research Fund International (WCRF), the new breast cancer cases worldwide in 2020 were about 2.3 million patients, accounting for 12% of all new cancer cases, and 30% of new cancer cases in women. According to GlobalData, the HER2+ breast cancer market in the U.S., France, Germany, Italy, Spain, UK, China and Japan is expected to grow at a CAGR of 1.5%, from US$10.4 billion in 2020 to US$12.1 billion in 2030, while the global market for HER2- ductal carcinoma is expected to grow from US$5.4 billion to US$10.6 billion from 2015 to 2025.

The Breast Cancer Research Foundation (BCRF) reports that about 5% to 10% of ductal carcinoma cases may be associated with a known genetic mutation inherited from the mother or the father. Mutations in the BRCA1 and BRCA2 genes are the most common. On average, women who carry a BRCA1 mutation have a 72% lifetime risk of developing ductal carcinoma. For women with BRCA2 mutations, the risk is 69%. Breast cancers that are positive for BRCA1 or BRCA2 mutations tend to be more common in younger women. Increased risk of ovarian cancer has also been associated with these genetic mutations.

B. Biliary tract cancer

Cholangiocarcinoma is a type of hepatic cancer, which is the result of malignant hyperplasia of bile duct epithelial cells. The bile duct is the tissue of the liver that discharges bile into the intestine. Any part of the bile duct may have mutation and canceration. By occurrence location, it can be divided into intrahepatic cholangiocarcinoma and extrahepatic cholangiocarcinoma; extrahepatic cholangiocarcinoma includes the hepatic portal type and distal type. Statistically, cholangiocarcinoma is the most common liver malignant tumor second to hepatocellular carcinoma, accounting for approximately 10% to 15% of hepatoma, of which 5% to 10% is intrahepatic, and the remaining 90% to 95% is extrahepatic. The 5-year survival rate of intrahepatic cholangiocarcinoma is approximately 2% to 15%, and the 5-year survival rate of extrahepatic cholangiocarcinoma is approximately 2% to 30%. Cholangiocarcinoma is a chronically developed tumor with initial symptoms that are indetectable. Patients will only have symptoms of painless jaundice, itching, light stool, dark urine, upper abdominal pain, loss of appetite, weight loss, fever or nausea, and vomiting until the development of tumors causes biliary tract blockage; it may be transferred through the lymphatic system.

In addition to intrahepatic cholangiocarcinoma and extrahepatic cholangiocarcinoma, biliary tract cancer also includes gall bladder cancer and ampullary carcinoma, which are relatively rare primary malignant liver tumors with a high mortality rate. Although the cause of biliary tract cancer is unknown at present, it is speculated that certain risk factors may be related to the occurrence of biliary tract cancer. For example, people with ulcerative colitis, a common disease in Europe and the U.S., have 9- to 21-fold of chances of acquiring cholangiocarcinoma; other factors including smoking, patients with primary sclerosing cholangitis, congenital biliary system abnormalities, parasitic infections, and patients with hepatitis B or hepatitis C may have a higher incidence rate of biliary tract cancer. Biliary tract cancer averagely occurs more often to seniors aged 50 to 70 years old and less often to children; incidence rate in males is slightly higher than females; incidence rate in Asia is higher than that of European and American countries, among which Asians and Hispanics have the highest incidence rate while non-Hispanic Whites and Africans have the lowest incidence rate.

C. Basal cell carcinoma (BCC)

Basal cell carcinoma is one of the most common skin cancers, occurring more often in those aged over 40 years old; the number of new cases in the U.S. is approximately 4.3 million per year, claiming 3,000 lives. Most basal cell carcinoma can be surgically resected or treated with radiation, but about 10% of them cannot be treated with the said methods due to locally advancement or metastasis of BCC. Those patients develop drug resistance after clinical treatment for six to seven months at the earliest; patients are running out of options for drugs to use.

According to the market analysis report of Transparency Market Research, the global potential business opportunities related to BCC drugs and therapies possess a staggering development potential which grows at a CAGR of 9.2% from 2017 to 2025.

2. Market share:

Generally, the “drug life cycle” is approximately 20 years owing to the influences from the research and development schedule, product characteristics, patent protection, development of similar drugs from competitors, and changes in the

medical environment to the marketing of generic drugs with the same substances after the patent expires. Once a biotechnology drug passes clinical trials and is commercialized, the Company may enjoy a gross profit of more than 80% in the 20-year patent protection period as the product will gain market shares in potential markets for certain diseases. Generally, a product with a higher monopoly in technology would have a higher market share.

Senhwa is mainly focused on drug discovery for treating cancer. The candidate drugs CX-5461 and CX-4945 currently being developed shall be separately used for developing treatments for breast cancer, cancers with homologous repair deficiency (HRD) or tumors from BRCA1/2 genetic mutations, and cholangiocarcinoma and basal cell carcinoma. However, as all candidate drugs developed by the Company are in the clinical trial stage and not yet sold on the market, the market share cannot be assessed.

3. Supply and demand and growth of future market:

A. Growth in the cancer drug market

Cancer is one of the major causes of death worldwide. According to the survey of the World Health Organization (WHO), 19.3 million persons were diagnosed with cancers worldwide in 2020, representing a significant increase of 34.49% from 14.35 million persons in 2013. The number of persons who passed away due to cancers was close to 10 million persons, representing a growth of 19.6% from 8.36 million persons in 2013. The International Agency for Research on Cancer (IARC) of WHO estimated that the occurrence rate of cancers is likely to continue increasing; by 2040, newly developed cancers would reach nearly 30 million cases worldwide. The aging population and the changes in lifestyles across the world have resulted in the constantly increasing prevalence of cancer, coupled with rising medical costs; such circumstances materially affect citizens' living quality. Regardless of developed countries or developing countries, cancer treatment is an imminent and inevitable issue. In terms of the scale of the global cancer market, according to EvaluatePharm's survey, the top three therapeutic drugs in 2026 around the world are estimated to be cancer drugs, hypoglycemic drugs and immunosuppressive agents, with the market size of cancer drugs increasing from US$145.4 billion in 2019 to US$311.2 billion in 2026, representing a CAGR of 11.5%.

B. Growing trend of the breast cancer drug market

According to GlobalData's 2018 market report, for breast cancer drugs in 2017 has exceeded US$14.6 billion. It is estimated that it will reach US$22.2 billion in 2024, with a CAGR of 6.1%.

C. Growing trend of the cholangiocarcinoma drug market

According to Coherent Market Insights, the global biliary tract cancer market is estimated to be worth US$185.4 million in 2021 and is projected to grow at a CAGR of 12.8% from 2021 to 2028. The first-line treatment is still chemotherapy (Gemcitabine, Cisplatin, and Oxaliplatin) and the second-line treatment is Gemcitabine combined with Capecitabine. Targeted therapy is also available for specific groups, such as Pemigatinib and Infigratinib for patients with FGFR2 gene fusion and Ivosidenib for patients with IDH1 mutation. On September 2, 2022, the US FDA approved durvalumab (Imfinzi, AstraZeneca) in combination with gemcitabine and cisplatin for the treatment of adult patients with locally advanced or metastatic BTC. The efficacy of Durvalumab was evaluated in the TOPAZ-1 trial (NCT03875235), a randomized, double-blind, placebo-controlled, multicenter study, which

enrolled 685 patients with locally advanced unresectable or metastatic BTC who had not previously received systemic therapy for advanced disease and whose diagnosis was confirmed by histology. The results of the TOPAZ-1 Phase III trial were published at the 2022 American Society of Clinical Oncology Gastrointestinal Cancers Symposium (ASCO GI). The combination of Durvalumab with Gemcitabine and cisplatin showed an overall survival rate of 12.8 months and a median progression-free survival of 7.2 months. The researchers evaluated an overall response rate (ORR) of 27%. In terms of safety, Imfinzi in combination with chemotherapy showed good overall tolerability and did not increase the rate of medication discontinuation due to adverse events compared to chemotherapy alone.

D. Basal cell carcinoma (BCC)

Vismodegib, the first targeted drug in the global market for the treatment of patients with metastatic, locally advanced, inoperable BCC or BCC that cannot be treated with radiotherapy, was developed by the U.S. pharmaceutical company Genentech and was approved for launches in January 2012. It functions by targeting the SMO protein gene of the hedgehog signal pathway, thereby inhibiting the DNA repair of cancer cells and facilitating their apoptosis. According to the study, over 90% of patients with BCC have their pathogenesis related to the Hh signal pathway.

According to GlobalData, Vismodegib's global sales in 2018 amounted to CHF 258 million (equivalent to approximately US$260 million). In addition, according to the research report of Coven & Co., Vismodegib's peak sales will reach US$533 million by 2022. In 2015, the U.S. FDA approved the second targeted drug for the treatment of BCC - Odomzo® (Sonidegib). The acting mechanism of Sonidegib is the same as that of Vismodegib, i.e., both are used as a smoothened inhibitor. Therefore, when patients have drug resistance to either of the drug, they are unable to use the other drug. Odomzo, after being successfully developed by Novartis in 2015, was sold to Sun Pharma, an Indian pharmaceutical company in 2016, with a signing bonus that amounted to US$175 million and undisclosed milestone payments. According to GlobalData, Sonidegib's global sales would reach US$330 million in 2019, and the peak sales are estimated to be US$711 million by 2025. Libtayo, a PD-1/L1 antibody, was approved by the U.S. FDA in 2018 for the treatment of metastatic cutaneous squamous cell carcinoma (mCSCC) or locally advanced CSCC (laCSCC) and in 2021 for the treatment of patients with locally advanced basal cell carcinoma (laBCC)previously treated with or inappropriate for hedgehog pathway inhibitors, making it the only drug currently available in the U.S. specifically for the treatment of advanced CSCC and laBCC inappropriate for hedgehog pathway inhibitors. Libtayo obtained data merely from two phase I expansion cohorts and phase II clinical trials and was approved for marketing at a speedy pace; Senhwa hopes to follow the path in accelerating the licensing and launch of CX-4945.

4. Competitive niche:

A. "G-quadruplex structural stabilizer (CX-5461)" and "inhibitor of protein kinase CK2 (casein kinase II) (CX-4945)" are the first in class that is capable of expanding the curative effects, safety, life cycle, and treatment range of cancer therapy provided for favorable treatment of cancer patients.

B. CX-5461 has no genotoxicity and does not suppress DNA replication, protein translation, or transcription of protein kinase CK2. According to previous research results, CX-5461 only activates the p53 in cancer cells and does not

activate the p53 in normal cells, namely, it selectively targets cancer cells to destroy them without significant impacts on the functions of normal cells. The product is highly beneficial and can be widely applied.

According to our latest clinical trials results, CX-5461 can be effectively used on cells with BRCA1 or BRCA2 genetic mutations to achieve the target therapy of effectively inhibiting the growth of cancer cells by the synthetic lethality mechanism. It is a type of targeted therapy with mechanisms similar to PAPR inhibitors. The use of PAPR inhibitors to treat breast cancer or ovarian cancer patients with BRCA-1/2 defects has been partially verified in clinical trials. However, the efficacy of PARP inhibitors in breast cancer patients is not significant, only delaying PFS and having no significant improvement in OS data. Therefore, CX5461 still has a great chance of being favored by breast cancer patients with abnormal BRCA1 or BRCA2 genes. For ovarian cancer, PARP inhibitors can maintain the efficacy for patients responsive to Cisplatin, or be used as a third- and fourth-line therapy. However, seeing that nearly half of ovarian cancer patients are not responsive to Cisplatin, and that patients developing drug-resistance for using PARP inhibitors still have no drugs for their therapy, CX5461, which is in line with the new trend of precision medicine, has a great opportunity for being used by ovarian cancer patients with abnormal BRCA1 or BRCA2 genes.

C. The development for the treatment for metastatic or inoperable cholangiocarcinoma has remained stagnant for many years as no effective treatment can be provided to patients. On September 2, 2022, the US FDA approved durvalumab (Imfinzi, AstraZeneca) in combination with gemcitabine and cisplatin for the treatment of adult patients with locally advanced or metastatic BTC. The combination of Durvalumab with Gemcitabine and cisplatin showed an overall survival rate of 12.8 months and a median progression-free survival of 7.2 months. The candidate CX-4945 has a favorable protein kinase CK2 inhibition rate and high levels of exclusive selectivity. The high endurance and safety of CX-4945 have been proved in the completed phase I clinical trials previously. It also indicated that CX-4945 could significantly improve the effects of treatment and response, possessing a favorable competitive edge.

D. CX-4945 is an inhibitor of protein kinase CK2 (casein kinase II); CK2 has been found in many preclinical studies as a very important regulator of the Hedgehog signal pathway; that is, it inhabits and regulates protein genes (e.g., Gli) downstream of the Hh pathway. Senhwa's team used CX-4945 in the experimental treatment of mice with BCC and drug resistance to Vismodegib by adopting the PDX model; it is found that CX-4945 can effectively inhibit the growth of tumors. CX-4945, which acts as a Gli protein inhibitor downstream of smoothened (hedgehog pathway), is a multi-target Gli protein inhibitor that is less likely to generate drug resistance. When the clinical trial results are as expected, CX-4945 is likely to become a new generation drug for BCC.

E. CX-4945 has received orphan drug designation for multiple indications from the U.S. FDA, and the novel drug launches for CX-4945 may be accelerated by adopting the “orphan drug” strategy. Orphan drugs refer to the drugs that treat rare diseases. Drugs that are certified as orphan drugs can obtain drug licenses in a shorter period of time by way of Fast Track reviews, which reduces the time required for development and costs.

F. The Company has clear targets and our management team possesses healthy international viewpoints and extensive experiences in business management.

G. The Company possesses multiple patents to protect its core products.

5. Favorable and unfavorable factors to the development prospects and countermeasures:

Drug discovery is a typical technology industry with high investment, high risks, and high profits. In addition to the requirement of huge amounts of investment, drug discovery also faces multiple variables arising from uncertainties; such uncertainties include whether the drugs can achieve success in clinical research and whether products can be accepted by the market. The favorable and unfavorable factors and counter measures are analyzed as follows:

A. Favorable factors

(A) Business model: The Company focuses on midstream clinical development in the new drug development process, and is supplemented by pre-clinical research and development validation, by adopting an integrated resource model for its projects. The model allows us to integrate and make good use of upstream and downstream resources in the domestic and international biotech and pharmaceuticals industry, disperse risks of drug discovery, and increase R&D efficiency.

(B) Advantages of the R&D team: The Company's R&D team fully understands the immense gap between basic research and novel drug candidates. Therefore, we directly introduced niche candidates for added-value development. By doing so, the Company can prevent premature investments or investment in projects with high failure rates while mitigating development risks.

(C) Intellectual property rights protection: The Company's candidates have comprehensive intellectual property protection for new substances and we have multiple patents approved. In the future, we continue to apply for invention patents related to new manufacturing processes and new indications according to our R&D plans to strengthen intellectual property rights protection.

(D) High profitability potential arising from drug discovery: For candidate CX-5461, the Company has developed and applied its use for the treatment of breast cancer and other solid cancers with HRD or BRCA1/2 mutated genes, which possesses immense market potentials. The candidate CX-4945, which has priority application in rare diseases such as biliary tract cancer and medulloblastoma, has received U.S. FDA Orphan Drug Designation and has exclusive marketing rights for seven years from the approval of the drug certificate, so the Company may obtain exclusive profits from the drug. Furthermore, there are no effective drugs for most of the rare diseases. Therefore, once a drug company has developed a relevant drug for treatment, it usually earns high profits in the long run.

(E) Full discretion on drug development: The Company's drug discovery projects were obtained through an asset acquisition model. As compared to the technology transfer model of other biotech companies, the Company adopted the asset acquisition model to acquire the complete decision-making power and achieve the global layout of intellectual property rights.

B. Unfavorable factors and countermeasures

(A) Drug discoveries require substantial investments in time and capital.

Countermeasures:

The Company's operating model primarily focuses on the development of

novel drugs during the stage of clinical trials that attach attention to the curative effects of the trial drugs on humans, with fewer investments in early-stage drug discovery or laboratory cell research. The development model is generally considered to have faster growth and fewer risks.

(B) Lack of professional talent.

Countermeasures:

The Company employs senior biotech talents and professional medical consultants in different fields to ensure that the Company is able to inherit the original technology transfer smoothly in a short period of time. We also organize and promote various projects and work with suppliers and international Contract Research Organizations (CROs) to establish stable partnerships with continual interactions.

(II) Significant usage and manufacturing processes of the Company's major products:

(1) Product usage

The Company's main products are anticancer drugs. CX-5641 is planned to be applied to breast cancer and solid tumors of other HRD or BRCA1/2 genetic mutations, and CX-4945 is planned to be used as the treatment drugs for biliary tract cancer and BCC. We reserve the possibility to expand the use of such drugs to other indications in the future.

(2) Production process

The main R&D products of the Company are small molecules, and we currently outsource production. Outsourcing services in the global biotech and pharmaceuticals industry has been the dominant trend since the 1980s. To reduce costs and improve efficiency, we have adopted a strategy of a global division of work for the manufacturing of our clinical drugs, including raw materials, active pharmaceutical ingredients (API), or drug products (DP), which are manufactured or produced by outsourced contractors who are suitable suppliers to provide us with customized process services.

(III) Supply status of main raw materials:

The Company's primary scope of business is drug discovery. Any revenue generated is the service income of the Company arising from providing services to customers; the major costs are service costs arising from providing the said services to customers. Therefore, the description item is not applicable.

(IV) Names of customers who accounted for more than 10% of purchases (sales) for any given year within the most recent two years, their purchases (sales) amount and proportion, and the reasons for changes (increase or decrease) shall be described:

1. Names of customers who accounted for more than 10% of purchases (sales) for any given year within the most recent two years:

   The Company's primary scope of business is the development of novel drugs and special cultures. In nature, any revenue generated is the service income of the Company arising from providing services to customers; the major costs are service costs arising from providing the said services to customers. Therefore, the description item is not applicable.

2. List of customers accounting for 10% or more of the Company's total sales in either of the most recent two years:

Unit: NT$ thousand; %

Year	2022				2023				2024 Q1			
Items	Name	Amount	Percentage to the net sales for the year (%)	Relation with the issuer	Name	Amount	Percentage to the net sales for the year (%)	Relation with the issuer	Name	Amount	Percentage to the net sales for the year (%)	Relation with the issuer
1	Company A	1,000	100.00	Affiliated company	Company A	1,000	100.00	Affiliated company	Company A	250	100.00	Affiliated company
	Net sales	1,000	100.00		Net sales	1,000	100.00		Net sales	250	100.00	

The Company's primary scope of business is the development of novel drugs and special cultures. The Company provides cooperation partners with product development consultancy services and recognizes service income according to the terms of the collaborative development contract.

(V) Production volume and value for the most recent two years:

The Company's primary scope of business is the development of novel drugs and special cultures. However, the revenue in the most recent years is the service income arising from the customer consultancy services provided by the Company. Therefore, it is not applicable for this item.

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

The Company's primary scope of business is the development of novel drugs and special cultures. However, the revenue in the most recent years is the service income arising from the customer consultancy services provided by the Company. Therefore, it is not applicable for this item.

III. Average years of service, average age and distribution of academic qualifications of employees for the most recent two years up to the publication date of the Annual Report:

Unit: Person

Year		At the end of 2022	At the end of 2023	March 31, 2024
Number of employees	Management personnel	7	10	10
	Research and technical staff	19	20	19
	Other employees	13	12	13
	Total	39	42	42
Average age (years old)		43.46	44.14	44.55
Average years of service (years)		4.00	4.53	4.78
Distribution of academic qualification	PhD	17.95%	19.05%	19.05%
	Master	35.90%	35.71%	35.71%
	University and college	38.46%	38.10%	38.10%
	Senior high school	7.69%	7.14%	7.14%
	High school and below	—	—	—
	Total	100.00%	100.00%	100.00%

IV. Expenditure on Environmental Protection

1. In the most recent year and as of the publication date of the Annual Report, the losses suffered due to the environmental pollution (including compensation and environmental protection audit results that violate environmental protection regulations, the punishment date, the punishment document number, the provisions of the regulations violated, the content of the regulations violated, and the punishment content shall be stated), and the estimated current and future amounts that may incur and countermeasures: None.
2. Future countermeasures (including improvement measures) and possible expenses (including the estimated amount of potential losses, punishments, and compensation due to the failure in adopting the countermeasures; where the amount may not be reasonably estimated, the facts that the amount may not be reasonably estimated shall be described): The Company is a drug discovery company, and there is no circumstance of environmental pollution.

V. Labor Relations

1. List the Company’s employee benefits measures, continuing education, training, retirement system, and implementation status, and labor-capital agreements and measures to protect employees’ interests:

(1) Employee benefits and implementation status:

To seek sustainable corporate operations and growth, the Company deeply believes that employees are the most significant assets of the Company. To maintain harmonious labor-capital relations and protect employees' interests, the Company has established relevant management rules, including appointment and dismissal, work hours, attendance, leave application, incentive and punishment, and promotion, with operations subject to relevant laws and regulations promulgated by the government. The Company also provides labor insurance, National Health Insurance and allocates labor retirement pension for all employees, and organizes employee benefits matters to allow employees' interests to be fairly and reasonably handled through the above channels.

The Company has established the following employee welfare measures:

A. Labor Insurance and National Health Insurance: All employees of the Company are enrolled in the Labor Insurance and National Health Insurance according to the requirements under relevant laws and regulations.

B. Group Insurance: The Company provides employees with life insurance, accident insurance, accident medical insurance, hospitalization medical insurance, and occupational accident insurance. The Company also offers optional group insurance plans for employees' dependents and employer liability insurance. Business travel insurance is provided for employees who are on a business trip, offering additional protection.

C. Festival bonus/subsidies/entertainment: Employees are entitled to subsidies of a fixed amount for travel, health inspection each year, and subsidies for marriage, funerals, and celebrations. The Company also provides relief funds for hospitalized employees and subsidies for fertility, birthday celebrations, year-end party, and bonuses for three major Chinese holidays. We also organize year-end parties each year and dinner parties from time to time.

D. Employee stock options: Employee stock options are issued in accordance with the "Regulations for the Issuance and Subscription of Employee Stock Options" after obtaining the approval of the Board of Directors.

(2) Employee's continuing education and training:

A. New employees:

The human resources personnel is responsible for providing explanations on the Company's basic profile, work rules, and introduction of the working environment, supervisors, and colleagues for new employees on the on-boarding day.

B. On-the-job training:

In response to the targets and human resources development of the organization, improve employees' quality, professional abilities, and work efficiency, current employees may participate in various professional skill training and studying programs based on their functions and business requirements after being approved. Focusing on cultivating professional technical talents, the Company provides convenient and diverse learning channels and opportunities to employees to improve their academic skills for their primary scope of work, accelerating the achievement of tasks.

(3) Employee retirement system and implementation status:

To care for employees' retirement life and allow them to focus on their work worry-free, all employees are enrolled under Labor Insurance and National Health Insurance in accordance with the laws. The Company complies with the following provisions under the Labor Pension Act:

A. Employees of the Company who have reached the age of 60 may retire at their own request.

B. Compulsory retirement: The Company shall not compel an employee to retire unless the employee meets one of the following conditions:

- The employee has reached the age of 65. If an employee has reached the age of 65, the Company may, at its discretion, extend the period of service to the age of 70 if the Company deems it necessary for the employee to continue the service and the said employee agrees to do so. If necessary, a further extension shall be otherwise granted.
- The employee is mentally or physically incapacitated to perform the job duties. For workers whose job duties involve special characteristics such as being in

dangerous environment, strong physical strength required, etc., the Company may request approval from the central competent authority to adjust the age specified in the first subparagraph of the preceding paragraph. However, the age shall not be less than 55.

C. Standard of paying pension:

The Company contributes 6% of the employees' gross salary to the employees' individual pension accounts; for the employees who voluntarily contribute to the pension fund, the voluntary contribution rate will be deducted from the employees' monthly salary to the individual pension account of the Labor Insurance Bureau.

(4) Protective measures for employees' interests and maintenance status:

The Company has established its management rules according to the requirements of laws and regulations to specify the labor conditions. Apart from protecting employees' interests, we also established the labor-capital conference according to the requirements of laws and regulations and convened the conference each quarter. Employees' interests may be fairly and reasonably handled through the above channels.

2. Any losses suffered by the Company in the most recent year and as of the publication date of the Annual Report due to labor-management disputes (including any violations of Labor Standards Act in the labor inspection results, the punishment date, the punishment document number, the provisions of the regulations violated, the content of the regulations violated, and the punishment content shall be stated), and the estimated current and future amounts that may incur and countermeasures; where the amount may not be reasonably estimated, the facts that the amount may not be reasonably estimated shall be described:

The resigned employee filed a civil lawsuit to the Taiwan Taipei District Court on March 9, 2021, to request the confirmation of the existence of employment relations and request the Company to pay salaries, monthly contributions to the retirement pension, overtime payment, and the interests on the above amounts accruing from the service day of the complaint transcription regarding the period from May 18, 2020, to the date of resuming its original post. On March 13, 2023, the Company received the civil judgment from the Taiwan Taipei District Court, confirming the existence of an employment relationship between the two parties. The Company filed an appeal on March 31, 2023, and reached a settlement on July 24, 2023. The Company made a settlement payment of NT$1,500 thousand. However, part of this settlement amount, NT$702 thousand, was paid by the insurance company.

Except for the aforementioned events with their results not having any immediate significant effect on the shareholders' interests or securities price of the Company, there is no other ongoing significant litigation, non-litigation, or administrative disputes with results that may have significant effects on the shareholders' interests or securities price.

VI. Cyber Security

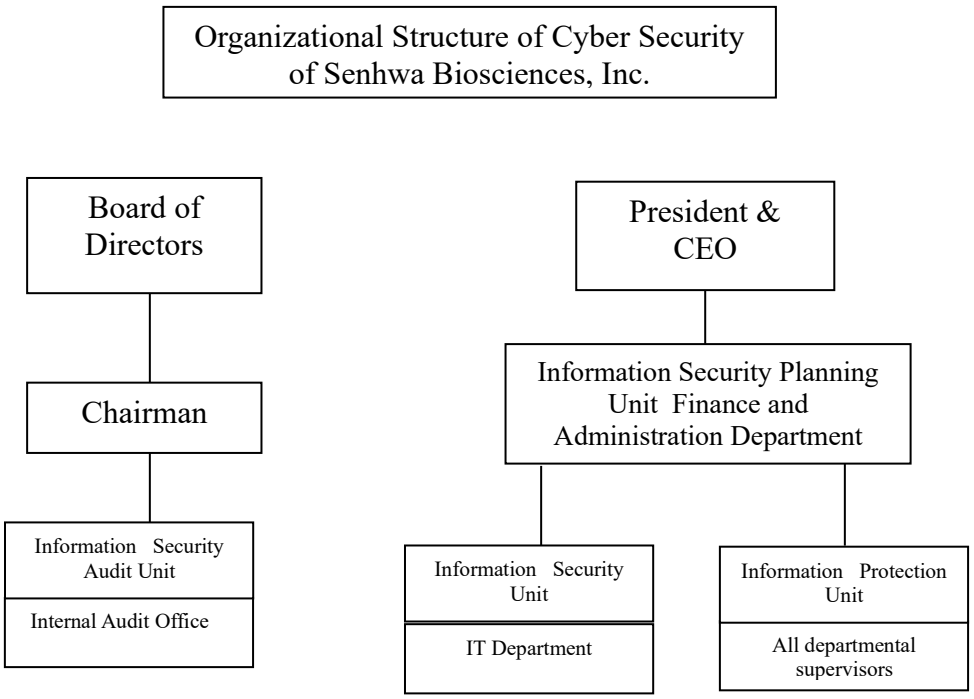
The Company gradually invests in cyber security equipment and manpower every year in compliance with laws and regulations to ensure the safety of the Company's cyber security and to maintain the foundation of sustainable operation, to comply with domestic and foreign cyber security laws and regulations.

(1) Cyber security management strategies and framework

A. Organizational structure of information security of the Company

The Company's information security operation is shown in the following diagram. The Chief Financial Officer supervises the Company's Information Technology (IT) Department, which is responsible for the management,

planning and implementation of cyber security, to build up a comprehensive cyber security and protection capability and to promote cyber security awareness among employees.



B. Cyber security management strategies

The Company's information security strategy focuses on three dimensions: information security protection, compliance with laws and regulations, and the use of information technology, covering from the compliance with internal cyber security management regulations to the prevention of cyber security risks through information technology.

a. Information security protection network

The Company has constructed an internal information security network and joined Taiwan Computer Emergency Response Team / Coordination Center (TWISAC) to obtain timely information on security notifications to ensure that hacking, information theft, network disaster and computer virus can be effectively prevented. The main protection measures include: Protection against computer viruses, hackers, information leaking, data loss and anomalies of host computers.

b. Data security management

The Company's website data is entrusted to a third party to be maintained with a security and backup mechanism, which is not linked to the Company's internal information and is able to prevent the leaking of business secrets. In addition, the security design of system management, including network segmentation, access control, vulnerability scanning and other security protection policies, continues to enhance the system reliability.

Security updates are performed regularly on both personal computers and information systems, and vulnerability scans are performed on major information systems of the Company to fix vulnerabilities.

In response to external attacks such as distributed denial-of-service (DDoS) attacks, advanced persistent threats (APT) and social engineering attacks, a multi-functional firewall has been deployed to

strengthen the defense mechanism. The cyber security team regularly reviews the maintenance log files, and conduct vulnerability scanning and remediation through various types of detection technologies to ensure the security of service usage.

c. Effectiveness of information security and training on personal data protection

The Company continues to invest in information security and personal data protection, including security infrastructure, enhanced information security equipment, and education and training to strengthen employees' information security concepts, and to promote information security awareness and personal data protection regulations through meetings, bulletin boards, and internal groups, such as not opening suspicious files and e-mails easily, avoiding social engineering attacks, and notifications of the latest cyber security incidents.

d. Resources invested in information security

The Company has budgeted for information security every year and has purchased or rented the following software and hardware equipment to help maintain information security.

Protection items	Software and hardware equipment
Disaster prevention	HA (High Availability) host backup architecture
	VMWare web hosting software
	MS365 cloud services rental
	Acronis & Synology backup software
Hacking prevention	Fortinet Firewall
	MS365 MFP multi-factor authentication
Virus prevention	PCCillin antivirus software
	Forticlient antivirus software
Leaking prevention	idealsVDR Virtual Data Room

(2) Major information security incidents

A. There have not been any major information security incidents in the Company.

The Company will continue to refine our skills in hacker prevention and virus detection measures.

Statistics of information security incidents	2023
Number of major information security incidents	0
Losses incurred because of major information security incidents	0

B. Potential impact and countermeasures

In the event of a major information security incident, the Company will be able to resume data access operations within the shortest possible time without affecting the Company's operations since we keep multiple backup copies of important data locally and off-site.

VII. Important Contracts:

Nature of contracts	Parties involved	Starting and ending date of contracts	Main contents	Restrictive terms
Asset acquisition agreement	Foreign Company A	From April 30, 2013, to the completion of relevant products' development	Information on multiple global patents, specialized skills, trial drugs, and clinical information for the purchase of novel drugs. Upon contract-signing, the Company is required to pay a certain consideration for purchase. In the future, when the Company successfully utilizes the aforementioned target to grant licenses to third parties or sells drugs to generate relevant income, the Company will provide royalties at a certain ratio based on the income generated thereof.	Confidentiality and Non-Disclosure Clause
Patent licensing contract	Chaperone Therapeutics, Inc.	From September 4, 2015 to March 25, 2019	The Company has signed a global patent licensing contract for pre-clinical candidates with Chaperone on September 4, 2015. Chaperone is responsible for the development, drug license application, manufacturing, and sales of the drugs. According to the contract, the Company may collect an upfront payment from Chaperone and collect milestone payments upon the completion of each development stage. When related drugs are launched in the future, Senhwa may collect a certain percentage of royalties based on the net sales. However, after being evaluated by the Company, Chaperone's R&D progress for the three years since the date of licensing has been behind schedule, and it failed to complete the development of candidates and commenced the GLP toxicology experiment, resulting in a delay in being qualified for “Novel Drug Application.” The R&D progress behind the schedule of Chaperone consumed the valid period of the Company's patent right (intangible assets) and failed to perform the due diligence clause of "commercially reasonable development progress." To protect the development potentials of the Company's intangible assets and shareholders' interests, the Board resolved to terminate the licensing contract with Chaperone on March 25, 2019. The Company will assess whether to independently develop the said pre-clinical candidate for cancer medication.	The confidentiality clause is valid until ten years after the date of termination.

Chapter 6. Financial Highlights

I. 5-Year Financial Summary

(I) Condensed Balance Sheet and Income Statement - International Financial Reporting Standards (IFRS)

1. Condensed Balance Sheets

(1) Condensed Balance Sheet - Consolidated Financial Statements

Unit: NT$ thousand

Items \ Year		Financial information for the most recent five years (Note 1)					Financial information for the current year and as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		849,307	2,383,264	2,044,733	1,637,468	1,346,575	1,266,102
Property, plant and equipment		8,398	9,895	15,416	15,746	14,372	24,615
Intangible assets		14	—	65	—	231	208
Other assets		2,028	2,007	1,450	1,671	2,153	2,180
Total assets		859,747	2,395,166	2,061,664	1,654,885	1,363,331	1,293,105
Current liabilities	Before distribution	29,321	61,269	82,233	32,951	42,888	25,052
	After distribution	29,321	61,269	82,233	32,951	42,888	25,052
Non-current liabilities		1,813	7,725	10,209	7,975	3,287	11,568
Total liabilities	Before distribution	31,134	68,994	92,442	40,926	46,175	36,620
	After distribution	31,134	68,994	92,442	40,926	46,175	36,620
Equity attributable to shareholders of the parent company		828,613	2,326,172	1,969,222	1,613,959	1,317,156	1,256,485
Share capital		744,986	896,581	897,436	897,436	897,436	897,436
Capital surplus		475,164	1,789,843	1,444,387	1,116,156	765,883	1,115,473
Retained earnings	Before distribution	(391,784)	(354,878)	(329,257)	(349,632)	(296,306)	(359,304)
	After distribution	(391,784)	(354,878)	(329,257)	(349,632)	(296,306)	(359,304)
Others		247	(3,388)	(5,236)	1,346	1,490	3,817
Treasury shares		—	(1,986)	(38,108)	(51,347)	(51,347)	(51,347)
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	828,613	2,326,172	1,969,222	1,613,959	1,317,156	1,256,485
	After distribution	828,613	2,326,172	1,969,222	1,613,959	1,317,156	1,256,485

Note 1: Financial information from 2019 to 2023 had been audited and certified by CPAs.

Note 2: Financial information for the current year and as of March 31, 2024 has not been reviewed by CPAs.

(2) Condensed Balance Sheet - Parent Company Only Financial Statement

Unit: NT$ thousand

Items \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		800,403	2,329,517	2,008,174	1,603,034	1,314,439
Investment using equity method		80,690	72,616	64,345	65,138	55,053
Property, plant and equipment		6,008	1,488	9,903	12,357	13,994
Intangible assets		14	—	65	—	231
Other assets		1,776	1,766	1,217	1,413	1,884
Total assets		888,891	2,405,387	2,083,704	1,681,942	1,385,601
Current liabilities	Before distribution	58,465	79,215	107,318	60,467	65,159
	After distribution	58,465	79,215	107,318	60,467	65,159
Non-current liabilities		1,813	—	7,164	7,516	3,286
Total liabilities	Before distribution	60,278	79,215	114,482	67,983	68,445
	After distribution	60,278	79,215	114,482	67,983	68,445
Equity attributable to shareholders of the parent company		828,613	2,326,172	1,969,222	1,613,959	1,317,156
Share capital		744,986	896,581	897,436	897,436	897,436
Capital surplus		475,164	1,789,843	1,444,387	1,116,156	765,883
Retained earnings	Before distribution	(391,784)	(354,878)	(329,257)	(349,632)	(296,306)
	After distribution	(391,784)	(354,878)	(329,257)	(349,632)	(296,306)
Others		247	(3,388)	(5,236)	1,346	1,490
Treasury shares		—	(1,986)	(38,108)	(51,347)	(51,347)
Non-controlling Interests		—	—	—	—	—
Total equity	Before distribution	828,613	2,326,172	1,969,222	1,613,959	1,317,156
	After distribution	828,613	2,326,172	1,969,222	1,613,959	1,317,156

Note 1: Financial information from 2019 to 2023 had been audited and certified by CPAs.

2. Condensed Income Statement

(1) Condensed Comprehensive Income Statement - Consolidated Financial Statements

Unit: NT$ thousand

Items \ Year	Financial information for the most recent five years (Note 1)					Financial information for the current year and as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating income	300	617	550	1,000	1,000	250
Gross profit	38	351	323	505	552	153
Operating gains or losses	(393,800)	(359,259)	(346,316)	(356,115)	(311,111)	(66,767)
Non-operating gains and expenses	4,098	4,877	17,969	7,855	16,066	3,769
Net profit before tax	(389,702)	(354,382)	(328,347)	(348,260)	(295,045)	(62,998)
Net profit from continuing operations for the period	(391,426)	(354,878)	(329,257)	(349,632)	(296,306)	(62,998)
Losses from discontinued operations	—	—	—	—	—	—
Net profit (loss) for the period	(391,426)	(354,878)	(329,257)	(349,632)	(296,306)	(62,998)
Other comprehensive income for the period (net after tax)	(2,050)	(3,635)	(1,848)	6,582	144	2,327
Total comprehensive income for the period	(393,476)	(358,513)	(331,105)	(343,050)	(296,162)	(60,671)
Net profit attributable to owners of parent company	(391,426)	(354,878)	(329,257)	(349,632)	(296,306)	(62,998)
Net profit attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to shareholders of the parent company	(393,476)	(358,513)	(331,105)	(343,050)	(296,162)	(60,671)
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
Earnings per share	(5.26)	(4.49)	(3.67)	(3.92)	(3.32)	(0.71)

Note 1: Financial information from 2019 to 2023 had been audited and certified by CPAs.

Note 2: Financial information for the current year and as of March 31, 2024 has not been reviewed by CPAs.

(2) Condensed Comprehensive Income Statement - Parent Company Only Financial Statement

Unit: NT$ thousand

Items \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	300	616	550	1,000	1,000
Gross profit	38	350	323	505	552
Operating gains or losses	(396,091)	(353,121)	(329,193)	(351,998)	(302,048)
Non-operating gains and expenses	4,665	(1,757)	(64)	2,366	5,742
Net profit before tax	(391,426)	(354,878)	(329,257)	(349,632)	(296,306)
Net profit from continuing operations for the period	(391,426)	(354,878)	(329,257)	(349,632)	(296,306)
Losses from discontinued operations	—	—	—	—	—
Net profit (loss) for the period	(391,426)	(354,878)	(329,257)	(349,632)	(296,306)
Other comprehensive income for the period (net after tax)	(2,050)	(3,635)	(1,848)	6,582	144
Total comprehensive income for the period	(393,476)	(358,513)	(331,105)	(343,050)	(296,162)
Net profit attributable to owners of parent company	—	—	—	—	—
Net profit attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to shareholders of the parent company	—	—	—	—	—
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share	(5.26)	(4.49)	(3.67)	(3.92)	(3.32)

Note 1:Financial information from 2019 to 2023 had been audited and certified by CPAs.

(3) Names of CPAs in the most recent five years and audit opinions

Year	Accounting firm	CPA	Auditors' opinions
2023	PricewaterhouseCoopers, Taiwan	Shu-Fen Yu and Sheng-Wei Deng	Unqualified opinion
2022	PricewaterhouseCoopers, Taiwan	Shu-Fen Yu and Chun-Yao Lin	Unqualified opinion
2021	PricewaterhouseCoopers, Taiwan	Shu-Fen Yu and Chun-Yao Lin	Unqualified opinion
2020	PricewaterhouseCoopers, Taiwan	Shu-Fen Yu and Chun-Yao Lin	Unqualified opinion
2019	PricewaterhouseCoopers, Taiwan	Sheng-Wei Teng and Shu-Fen Yu	Unqualified opinion

II. 5-Year Financial Analysis

(I) Financial Analysis

1. IFRS - Consolidated Financial Statement

Analysis item \ Year		Financial analysis for the most recent five years (Note 1)					Financial information for the current year and as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt-to-asset ratio	3.62	2.88	4.48	2.47	3.39	2.83
	Ratio of long-term capital to property, plants and equipment	54838.72	389632.22	424770.60	265021.90	23420.42	24883.30
Solvency (%)	Current ratio	2896.58	3889.84	2486.51	4969.40	3139.75	5053.90
	Quick ratio	2857.34	3866.41	2472.29	4915.50	3099.70	4985.19
	Interest coverage ratio	(1141.82)	(1367.27)	(623.23)	(639.18)	(550.49)	(385.49)
Operating ability	Receivables turnover (times)	3.61	37.39	5.82	10.58	—	—
	Average collection period (days)	101.11	9.76	62.71	34.49	—	—
	Inventory turnover rate (times)	—	—	—	—	—	—
	Payables turnover (times)	—	—	—	—	—	—
	Average sales period (days)	—	—	—	—	—	—
	Property, plant, and equipment turnover (times)	0.12	0.58	1.03	1.86	0.32	0.05
	Total asset turnover (times)	0.0003	0.0004	0.0002	0.0005	0.0007	0.0002
Profitability	Return on assets (ROA; %)	(37.15)	(21.79)	(14.76)	(18.79)	(19.61)	(4.73)
	Return on equity (ROE; %)	(38.41)	(22.50)	(15.33)	(19.52)	(20.22)	(4.90)
	Net profit before tax to paid-in capital (%)	(52.31)	(39.53)	(36.59)	(38.81)	(32.88)	(7.02)
	Net profit margin (%)	(130475.33)	(57516.69)	(59864.91)	(34963.20)	(29630.60)	(25199.20)
	Earnings per share (NT$)	(5.26)	(4.49)	(3.67)	(3.92)	(3.32)	(0.71)
Cash flow	Cash flow ratio (%)	(1312.46)	(445.05)	(364.88)	(1213.84)	(667.68)	(320.74)
	Cash flow adequacy ratio (%)	(21114.24)	(21336.07)	(25847.15)	(123440.34)	(29344.56)	(222819.40)
	Cash reinvestment ratio (%)	(46.31)	(11.69)	(15.21)	(24.75)	(21.67)	(6.38)
Leverage	Operating leverage	—	—	—	—	—	—
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.00

Please indicate the reasons for the changes in the financial ratios in the most recent two years (analysis may be exempted provided such changes are less than 20%):

1. The increase in the debt-to-assets ratio, total asset turnover ratio and the decrease in solvency ratio were due to the increase in right-of-use assets and the increase in related liabilities.
2. The decrease in ratio of long-term capital to property, plants and equipment, and the decrease in property, plant, and equipment turnover were due to the increase in the number of R&D personnel and the expansion of office space. Therefore, this has led to an increase in related capital expenditure.
3. The increase in the cash flow ratio was due to the decrease in research and development expenditures.
4. The increase in the cash flow adequacy ratio was due to the increase in capital expenditures.

Note 1:The financial data has been examined and certified by the CPAs.

Note 2:Financial information for the current year and as of March 31, 2024 has not been reviewed by CPAs.
Note 3:Description of the calculation formula of the financial analysis:

1. Financial structure
   (1) Debt-to-asset ratio = Total debt / Total assets.
   (2) Ratio of long-term capital to property, plants and equipment = (Total equities + Non-current liabilities) / (Net value of property, plant, and equipment).
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current asset - Inventories - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expenditures for the period.
3. Operating ability
   (1) Receivables (including accounts receivable and bills receivable resulting from business operations) turnover = Net sales / Average receivables (including accounts receivable and bills receivable resulting from business operations) for each period.
   (2) Average collection period = 365 / Receivables turnover.
   (3) Inventory turnover = Cost of sales / Average inventory.
   (4) Payables turnover (including accounts payable and bills payable resulting from business operations) turnover = Cost of sales / Average payables (including accounts payable and bills payable resulting from business operations) for each period.
   (5) Days sales of inventory = 365 / Inventory turnover.
   (6) Property, plant and equipment turnover = Net sale / Average net value of property, plant and equipment.
   (7) Total asset turnover = Net sales / Average total assets.
4. Profitability
   (1) Return on Assets (ROA) = [Net income + Interest expenses * (1 - tax rates)]/Average total asset.
   (2) Return on equity (ROE) = Net income / Average total equity.
   (3) Net profit margin = Net profit or loss after tax / Net sales.
   (4) Earnings per share (EPS) = (Profit and loss attributable to owners of the parent company - dividends of preferred shares) / Number of weighted average of outstanding shares.
5. Cash flow
   (1) Cash flow ratio = Net cash flow of operating activities / Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow of operating activities in the most recent five years / (Capital expenditure + Inventory increase + Cash dividends) for the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow of operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage:
   (1) Degree of operating leverage (DOL) = (Net operating revenue - Variable operating cost and expenses) / Operating profit.
   (2) Degree of financial leverage (DFL) = Operating profit / (Operating profit - Interest expenses).

2. IFRS - Parent Company Only Financial Statement

Analysis item \ Year		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt-to-asset ratio	6.78	3.29	5.49	4.04	4.49
	Ratio of long-term capital to property, plants and equipment	57662.700	1129209.71	914993.52	623644.23	24034.26
Solvency (%)	Current ratio	1369.03	2940.75	1871.24	2651.09	2017.28
	Quick ratio	1355.56	2929.23	1863.90	2629.26	1998.85
	Interest coverage ratio	(1889.95)	(2838.02)	(1305.58)	(921.51)	(640.35)
Operating ability	Receivables turnover (times)	3.61	37.33	5.82	10.58	—
	Average collection period (days)	101.11	9.78	62.71	34.50	—
	Inventory turnover rate (times)	—	—	—	—	—
	Payables turnover (times)	—	—	—	—	—
	Average sales period (days)	—	—	—	—	—
	Property, plant, and equipment turnover (times)	0.12	0.1675	2.61	4.20	0.35
	Total asset turnover (times)	0.0003	0.0004	0.0002	0.0005	0.0007
Profitability	Return on assets (ROA; %)	(36.11)	(21.54)	(14.66)	(18.55)	(19.29)
	Return on equity (ROE; %)	(38.41)	(22.50)	(15.33)	(19.52)	(20.22)
	Net profit before tax to paid-in capital (%)	(52.54)	(39.58)	(36.69)	(38.96)	(33.02)
	Net profit margin (%)	(130475.33)	(57610.06)	(59864.91)	(34963.20)	(29630.60)
	Earnings per share (NT$)	(5.26)	(4.49)	(3.67)	(3.92)	(3.32)
Cash flow	Cash flow ratio (%)	(675.16)	(345.06)	(268.38)	(650.66)	(439.24)
	Cash flow adequacy ratio (%)	(22521.12)	(24273.37)	(27946.09)	(222073.25)	(32823.33)
	Cash reinvestment ratio (%)	(52.59)	(12.10)	(15.08)	(25.36)	(22.64)
Leverage	Operating leverage	—	—	—	—	—
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Please indicate the reasons for the changes in the financial ratios in the most recent two years (analysis may be exempted provided such changes are less than 20%):

1. The increase in the debt-to-assets ratio, total asset turnover ratio and the decrease in solvency ratio were due to the increase in right-of-use assets and the increase in related liabilities.
2. The decrease in ratio of long-term capital to property, plants and equipment, and the decrease in property, plant, and equipment turnover were due to the increase in the number of R&D personnel and the expansion of office space. Therefore, this has led to an increase in related capital expenditure.
3. The increase in the cash flow ratio was due to the decrease in R&D expenses.
4. The increase in the cash flow adequacy ratio was due to the increase in capital expenditures.

Note 1: The financial data has been examined and certified by the CPAs.

Note 2: Description of the calculation formula of the financial analysis:

1. Financial structure
   (1) Debt-to-asset ratio = Total debt / Total assets.
   (2) Ratio of long-term capital to property, plants and equipment = (Total equities + Non-current liabilities) / (Net value of property, plant, and equipment).
2. Solvency

(1) Current ratio = Current assets / Current liabilities.
(2) Quick ratio = (Current asset - Inventories - Prepaid expenses) / Current liabilities.
(3) Interest coverage ratio = Net income before income tax and interest expense / Interest expenditures for the period.

3. Operating ability
(1) Receivables (including accounts receivable and bills receivable resulting from business operations) turnover = Net sales / Average receivables (including accounts receivable and bills receivable resulting from business operations) for each period.
(2) Average collection period = 365 / Receivables turnover.
(3) Inventory turnover = Cost of sales / Average inventory.
(4) Payables turnover (including accounts payable and bills payable resulting from business operations) turnover = Cost of sales / Average payables (including accounts payable and bills payable resulting from business operations) for each period.
(5) Days sales of inventory = 365 / Inventory turnover.
(6) Property, plant and equipment turnover = Net sale / Average net value of property, plant and equipment.
(7) Total asset turnover = Net sales / Average total assets.

4. Profitability
(1) Return on Assets (ROA) = [Net income + Interest expenses * (1 - tax rates)]/Average total asset.
(2) Return on equity (ROE) = Net income / Average total equity.
(3) Net profit margin = Net profit or loss after tax / Net sales.
(4) Earnings per share (EPS) = (Profit and loss attributable to owners of the parent company - dividends of preferred shares) / Number of weighted average of outstanding shares.

5. Cash flow
(1) Cash flow ratio = Net cash flow of operating activities / Current liabilities.
(2) Net cash flow adequacy ratio = Net cash flow of operating activities in the most recent five years / (Capital expenditure + Inventory increase + Cash dividends) for the most recent five years.
(3) Cash reinvestment ratio = (Net cash flow of operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage:
(1) Degree of operating leverage (DOL) = (Net operating revenue - Variable operating cost and expenses) / Operating profit.
(2) Degree of financial leverage (DFL) = Operating profit / (Operating profit - Interest expenses).

III. Audit Committee's Audit Report for the most recent year: Please refer to page 136 of the Annual Report.

IV. Financial Statements for the most recent year: Please refer to Attachment 1 of the Annual Report.

V. Parent Company Only Financial Report audited and attested by a CPA for the most recent year: Please refer to Attachment 1 of the Annual Report.

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliated companies in the most recent year up to the publication date of the Annual Report: None.

Senhwa Biosciences, Inc.

Audit Committee's Consent and Review Report

The Board of Directors has prepared the 2023 business report, financial statements, and proposal for compensation of loss. CPAs Shu-Fen Yu and Sheng-Wei Deng from the PricewaterhouseCoopers, Taiwan, appointed by the Board, have completed the audit on the financial statements and issued the auditor's report.

The aforementioned business report, financial statements, and proposal for the compensation of loss were reviewed by the Audit Committee, and we considered they are consistent; therefore, we hereby issue and submit the report pursuant to relevant requirements under the Securities Exchange Act and the Company Act for your approval.

To:

2024 annual shareholders' meeting of Senhwa Biosciences, Inc.

Convener of the Audit Committee: Yeu-Chuyr Chang

March 14, 2024


Success
Solution
Business Strategy
Ideas
Success
Management
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
SOCIAL NETWORK

Chapter 7. Review of Financial Conditions, Operating Results, and Risk Management

I. Financial Condition:

(I) IFRS - Consolidated Financial Statement

Unit: NT$ thousand

Items \ Year	2023	2022	Differences	
			Amount	Ratio (%)
Current assets	1,346,575	1,637,468	(290,893)	(17.76)
Property, plant and equipment	14,372	15,746	(1,374)	(8.73)
Intangible assets	231	—	231	100.00
Other assets	2,153	1,671	482	28.85
Total assets	1,363,331	1,654,885	(291,554)	(17.62)
Current liabilities	42,888	32,951	9,937	30.16
Non-current liabilities	3,287	7,975	(4,688)	(58.78)
Total liabilities	46,175	40,926	5,249	12.83
Share capital	897,436	897,436	0	0.00
Capital surplus	765,883	1,116,156	(350,273)	(31.38)
Retained earnings (for making up losses)	(296,306)	(349,632)	53,326	(15.25)
Other equity	(49,857)	(50,001)	144	(0.29)
Total shareholders' equity	1,317,156	1,613,959	(296,803)	(18.39)
Changes reaching 20% and the amount of changes reaching NT$10 million and above for the most recent two years: 1. The decrease in capital surplus: It was primarily due to the unappropriated accumulated deficit for the FY 2022.				

(II) IFRS - Parent Company Only Financial Statement

Unit: NT$ thousand

Items \ Year	2023	2022	Differences	
			Amount	Ratio (%)
Current assets	1,314,439	1,603,034	(288,595)	(18.00)
Investment using equity method	55,053	65,138	(10,085)	(15.48)
Property, plant and equipment	13,994	12,357	1,637	13.25
Intangible assets	231	—	231	100.00
Other assets	1,884	1,413	471	33.33
Total assets	1,385,601	1,681,942	(296,341)	(17.62)
Current liabilities	65,159	60,467	4,692	7.76
Non-current liabilities	3,286	7,516	(4,230)	(56.28)
Total liabilities	68,445	67,983	462	0.68
Share capital	897,436	897,436	0	0.00
Capital surplus	765,883	1,116,156	(350,273)	(31.38)
Retained earnings (for making up losses)	(296,306)	(349,632)	53,326	(15.25)
Other equity	(49,857)	(50,001)	144	(0.29)
Total shareholders' equity	1,317,156	1,613,959	(296,803)	(18.39)
Changes reaching 20% and the amount of changes reaching NT$10 million and above for the most recent two years: 1. The decrease in capital surplus: It was primarily due to the unappropriated accumulated deficit for the FY 2022.				

II. Financial Performance

(I) Comparative Analysis of Business Performance

1. IFRS - Consolidated Financial Statement

Unit: NT$ thousand; %

Items \ Year	2023	2022	Increase (decrease) in amount	Changes (%)
Operating income	1,000	1,000	0	0.00
Operating costs	(448)	(495)	47	(9.49)
Operating gross profit (gross loss)	552	505	47	9.31
Operating expenses	(311,663)	(356,620)	44,957	(12.61)
Operating loss	(311,111)	(356,115)	45,004	(12.64)
Non-operating gains and expenses	16,066	7,855	8,211	104.53
Net loss before tax	(296,045)	(348,260)	53,215	(15.28)
Income tax gains (expenses)	(1,261)	(1,372)	111	(8.09)
Net loss for this period	(296,306)	(349,632)	53,326	(15.25)
Other comprehensive income	144	6,582	(6,438)	(97.81)
Changes reaching 20% and the amount of changes reaching NT$10 million and above for the most recent two years: None.				

2. IFRS - Parent Company Only Financial Statement

Unit: NT$ thousand; %

Items \ Year	2023	2022	Increase (decrease) in amount	Changes (%)
Operating income	1,000	1,000	0	0.00
Operating costs	(448)	(495)	47	(9.49)
Operating gross profit (gross loss)	552	505	47	9.31
Operating expenses	(302,600)	(352,503)	49,903	(14.16)
Operating loss	(302,048)	(351,998)	49,950	(14.19)
Non-operating gains and expenses	5,742	2,366	3,376	142.69
Net loss before tax	(296,306)	(349,632)	53,326	(15.25)
Income tax expenses	—	—	—	—
Net loss for the period	(296,306)	(349,632)	53,326	(15.25)
Other comprehensive income	144	6,582	(6,438)	(97.81)
Description of items with change ratios greater than 20% and change amounts greater than NT$10 million and above for the most recent two years: None. 1. The decrease in operating expenses: It was primarily due to recognition of R&D expenses based on the R&D progress.				

(II) Estimated sales volume and its basis: The Company's primary scope of business is the development of novel drugs and special APIs. Therefore, the description item is not applicable.

(III) Possible impact on the Company's financial operations in the future and response plans: None.

III. Cash Flow

(I) Analysis and description of the changes in cash flow in the most recent year:

Unit: NT$ thousand

Items \ Year	2023	2022	Increase (decrease) ratio (%)
Net cash outflow from operating activities	(286,354)	(399,971)	(28.41)
Net cash inflow (outflow) from investing activities	(5,256)	(590)	790.85
Net cash inflow (outflow) from financing activities	(8,828)	(19,551)	(54.85)
Effects of exchange rates	109	6,670	(98.37)
Total (net cash inflow (outflow))	(300,329)	(413,442)	(27.36)

Analysis of changes:

1. Operating activities: The cash outflow from operating activities in 2023 decreased by NT $113,617 thousand as compared to 2022, primarily due to the decrease in expenses payable based on the progress of research and development.
2. Investing activities: The net cash outflow from investing activities in 2023 increased by NT $4,666 thousand as compared to 2022, primarily due to the increase in acquisition of property, plants, and equipment.
3. Financing activities: The net cash outflow from financing activities in 2023 decreased by NT $10,723 thousand as compared to 2022, primarily due to no repurchase of treasury stock in 2023.

(II) Remedial measures for cash deficit and analysis of liquidity: None.

(III) Cash liquidity analysis for the following year:

Unit: NT$ thousand

Opening cash balance	Net cash flow from operating activities for the year	Net cash flow from investment activities for the year	Net cash flow from financing activities for the year	Cash inflow for the year	Cash surplus (deficit) Cash surplus (deficit)	Measures for cash deficit	
						Investment plan	Financing plan
1,318,808	(472,853)	—	18,213	(454,640)	864,168	—	—

Cash flow analysis:

1. Net cash flow from operating activities for the year: It is primarily due to estimated expenses incurred for the daily operations and R&D of the Company and the U.S. subsidiary.
2. Net cash flow from investment activities for the year: None.
3. Net cash flow from financing activities for the year: It is primarily due to the plan of capital increase from employee stock options and related expenditures for the right-of-use assets.
4. Remedial measures and liquidity analysis for expected cash deficit: The Company has plentiful of cash on hand and therefore is not applicable to such an analysis.

IV. Effect of Major Capital Expenditure in 2023 on Financial Operations:

The Company had no material capital expenditure in 2023.

V. Investment Policy for the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

1. Investment policy for the most recent year: The Company’s investment policies are subject to the requirements for drug discoveries. The Company duly evaluates the policies' investment benefits and executes such policies after it is passed by adopting an appropriate investment decision-making process. Based on such principles, the Company only invested in Senhwa Biosciences Corporation (the "U.S. Senhwa") as of the publication date of the Annual Report; the Company's investment losses recognized using the equity method in 2023 was NT$ 10,229 thousand.

2. Main causes for profits or losses from the investments during the most recent year and improvement plans:

   U.S. Senhwa assists the Company in novel drug clinical trials. The Company pays technical service fees to U.S. Senhwa, and U.S. Senhwa recruits multiple professional doctors within relevant fields to assume significant positions; such doctors have participated in the design and R&D of various drugs; therefore, they established an operating model related to the design, execution, monitoring, and analysis for U.S. Senhwa. In the future, U.S. Senhwa may leverage on such experiences and expand its businesses to other targets of services.

3. Investment plan for the following year: The Company has no other investment plan for the following year.

VI. Risk Management:

(I) The effects of changes in interest rates and exchange rates and inflation on the Company's profit or loss, and the future countermeasures:

(1) The effects of changes in interest rates on the Company's profit or loss, and future countermeasures:

The Company has no bank borrowings, and our interest income for 2023 and 2022 was NT $7,641 thousand and NT $7,315 thousand, respectively. The Company's primary scope of business is drug discovery; interest income has limited effects on the Company's profit or loss. However, the Company will closely monitor changes in market interest rates and adopt relevant countermeasures to mitigate the effects of changes in interest rates on the Company's profit or loss.

(2) The effects of changes in exchange rates on the Company's profit or loss, and the future countermeasures:

The Company's primary scope of business is drug discovery; exchange (losses) gains are primarily arising from foreign currency deposits. Net exchange (losses) gains of the Company in 2023 and 2022 were NT $486 thousand and NT $(1,001) thousand, respectively, which had insignificant effects on the Company's profit or loss. The Company's Finance Department will closely monitor the trend of exchange rates and plan ahead for securing an appropriate amount of foreign currencies to mitigate risks of changes in foreign currencies.

(3) Effects of inflation on the Company profits or loss and future countermeasures:

The Company's primary scope of business is drug discovery; the effects of inflation on its technologies, expenses, and costs required for R&D are limited. However, the Company will keep abreast of the effects of inflation and maintain healthy cooperating relationships with suppliers to reduce the effects of inflation.

(II) Policies for engaging in high-risk, high-leverage investments, loans to others, endorsement and guarantee, and derivative transaction, the main causes for profit or loss, and the future countermeasures:

(1) As of the publication date of the Annual Report, the Company has not engaged in any high-risk, high-leverage investments, loans to others, endorsement or guarantee, or derivative transaction.

(2) The Company has established its "Procedures for the Acquisition and Disposal of Assets," "Procedures for Loans to Others," and "Procedures for Endorsements and Guarantees" that have been passed by the Board of Shareholders as resolutions. In the future, the Company will operate according to relevant procedures so established when necessary.

(III) Future R&D Projects and R&D expenses expected to be invested:

R&D Project	Content/Progress
SHP01-1/ G-quadruplex stabilizer (CX-5461)	U.S./Canada: Currently, phase Ib/ expansion clinical trials for breast cancer, ovarian cancer, prostate cancer, and other solid tumors in the U.S. and Canada are being conducted in the United States and Canada. U.S.: Collaborating with the NCI on the NExT Program.
SHP01-2-A/ Development of inhibitor of protein kinase CK2 (casein kinase II)	U.S.: Complete the phase I expansion clinical trials for BBC U.S.: Cooperate with PBTC to complete the phase I/II clinical trials for MB Taiwan and the United States: Conducting Phase II clinical trials for CAP.

The expenses for the above drug discoveries are paid according to the progress of R&D projects; the amount expected to be invested in 2024 is approximately NT$400 million.

(IV) Effects of changes in domestic and foreign significant policies and laws on the Company's financial operations, and countermeasures:

The Company will actively cooperate with and utilize incentive measures provided by the government based on the Executive Yuan's "Action Plan for Strengthening the Biotechnology Industry," "Diamond Promotion Plan for the Biotechnology Industry," Act for the Development of Biotech and New Pharmaceuticals Industry, and the Cross-Strait Clinical Trial Cooperation Pilot Program which facilitates the development of the domestic biotech industry. The Company's SHP01-1: development of G-quadruplex stabilizer (CX-5461) and SHP01-2: development of inhibitor of protein kinase CK2 (casein kinase II) (CX-4945) obtained incentives from the government for the biotech industry. The Company is qualified as a biotech and new pharmaceuticals company and qualified for biotech and new pharmaceuticals investment programs. In the future, the Company will continue to closely monitor changes in domestic regulations and changes in regulations related to the review and registration of drug discovery in Asian and the U.S. markets to reduce the effects of such changes.

(V) Effects of changes in technology and industry on the Company's financial operations, and the countermeasures:

The Company is a biotech company dedicated to drug discovery. The novel drugs developed by the Company are mainly small-molecule novel drugs against cancer. It has high technical barriers, and the indications we focus on have fewer competitors. The Company possesses niche advantages for drug discoveries. Therefore, changes in technology or industry have limited effects on the Company's finance. The Company will closely observe the effects of changes in technology or industry on the Company, examine product R&D, and adjust resources allocation at any time to minimize the effects of changes in the future industrial environments.

(VI) Effects of changes in the corporate image on the corporate crisis management and countermeasures:

The Company's shareholders have strong backgrounds, and the management team has extensive educational backgrounds and experiences and an excellent reputation; the Company upholds the business style of ethical corporate management and is abide by laws and regulations. Senhwa shall continue to strengthen corporate governance and remain committed to maintaining the Company's positive image to attract outstanding international talents and build a world-class new drug

development company. There have been no cases that affect the Company's corporate image or operations since the founding of the Company.

(VII) Estimated benefits and possible risks for mergers and acquisitions (M&A) and countermeasures:

As of the publication date of the Annual Report, the Company has no M&A plan.

(VIII) Estimated benefits and possible risks for the expansion of plants and countermeasures:

As of the publication date of the Annual Report, the Company has no plant expansion plan.

(IX) Risks associated with concentrated purchases or sales, and countermeasures:

The Company's primary scope of business is drug discovery; all products are to be developed or during the stage of clinical trials; therefore, the Company has no risk associated with concentrated purchases or sales. In addition, the patents attributed to G-quadruplex stabilizer (CX-5461) and inhibitor of protein kinase CK2 (casein kinase II) (CX-4945) developed by the Company are valid in multiple countries. In the future, royalties from foreign licensing will also be sources of profits for such novel drugs, which shall disperse the risk of drug discovery.

(X) Effects and risks arising from significant transfer or exchange of equity held by Directors or major shareholders with over 10% of shareholdings, and countermeasures:

For the most recent year and as of the publication date of the Annual Report, there is no significant transfer of equity held by Directors or major shareholders with over 10% of shareholdings.

(XI) Effects and risks of changes in ownership on the Company, and countermeasures:

As of the publication date of the annual report, the Company's management remains stable, and there is no change in ownership.

(XII) For any litigation or non-litigation, the Company and its Directors, President & CEO, substantial representative, or major shareholders with over 10% of shareholdings, and subsidiaries shall be disclosed. For litigation, non-litigation, or administrative dispute having confirmed judgment or currently in process with results that may have significant effects on the Company's shareholders' interests or securities price for the most recent two years and as of the publication date of the Annual Report, the fact of disputes, target amount, starting date of the litigation, primary parties involved, and the processing status as of the publication date of the Annual Report shall be disclosed:

1. For litigation, non-litigation, or administrative dispute of the Company having confirmed judgment or currently in process with results that may have significant effects on the shareholders' interests or securities price for the most recent two years and as of the publication date of the Annual Report, the fact of disputes, target amount, starting date of the litigation, primary parties involved, and the processing status as of the publication date of the Annual Report shall be disclosed:

   The resigned employee filed a civil lawsuit to the Taiwan Taipei District Court on March 9, 2021, to request the confirmation of the existence of employment relations and request the Company to pay salaries, monthly contributions to the retirement pension, overtime payment, and the interests on the above amounts accruing from the service day of the complaint transcription regarding the period from May 18, 2020, to the date of resuming its original post. On March 13, 2023, the Company received the civil judgment from the Taiwan Taipei District Court, confirming the existence of an employment relationship between the two parties.

The Company filed an appeal on March 31, 2023, and reached a settlement on July 24, 2023. The Company made a settlement payment of NT$1,500 thousand. However, part of this settlement amount, NT$702 thousand, was paid by the insurance company.

2. For litigation, non-litigation, or administrative dispute of the Company's Directors, President & CEO, substantial representative, or major shareholders with over 10% of shareholdings, and subsidiaries having confirmed judgment or currently in process with results that may have significant effects on the shareholders' interests or securities price for the most recent two years and as of the publication date of the Annual Report: None.
3. Circumstances stated under Article 157 of the Securities Exchange Act occurred to the Company's Directors, Supervisors, President & CEO, substantial representative, and major shareholders with over 10% of shareholdings for the most recent two years and as of the publication date of the Annual Report and the Company's processing status: None.

(XIII) Other significant risks and countermeasures:

1. Drug discovery has extended timetable and high capital requirements:

Drug discovery is limited to the issued of use safety by humans. The timetable for its R&D to the clinical stage may span for as long as 10 to 15 years. However, as production value and added-value created by the biotech and new pharmaceuticals industry are relatively high, and it is a knowledge-oriented industry; therefore, the global pharmaceutical industry continues to record stable growth. The government of the R.O.C. has established various action plans since 1980 to actively develop the biotech and pharmaceuticals industry. Despite a wide range of talented individuals and the support of government policies, the majority of biotech companies are still small-to-medium OEM pharmaceutical manufacturers that produce healthy food, generic drugs, and other small-molecule drugs. The supply chain lacks special generic drugs and more profitable innovative drugs that are developed independently. The biotechnology industry is characterized by high R&D expenditures, high risk, and long industrial value chains. Therefore, the R&D and launches of new drugs are fundamentally different from other industries due to the costly R&D expenses and time-consuming R&D and manufacturing processes.

Countermeasures:

(1) Focus on drug discovery and application to shorten the time required for drug discovery and avoid risks

For the research and development (R&D) of drugs, research focuses on the explorations, functions, and mechanisms of drugs, which possess academic innovation. Development refers to the industrialization or commercialization of drugs with applicable value for treatment, including the manufacturing, toxicity research, and observation of the clinical effects of drugs. The Company’s drug discovery is mainly based on the subsequent development after technology transfer, which reduces the R&D cost of new drug discovery and shortens the time required for drug discovery.

(2) Adop the portfolio management strategy of novel drugs to reduce risks in drug discovery

The Company balances the human resources management capacity and has established a portfolio management strategy of novel drugs that maintain 2 to 3 clinical trials for novel drugs at all times to significantly reduce the risk of failure associated with having a single clinical trial for novel drugs.

Relevant knowledge, experiences, and judging abilities are required for seeking new candidates for human clinical trials.

(3) Actively cooperate with renowned international institutions for them to sponsor the fundings for clinical trials

The Company's novel drug projects under development have received sponsorships from a number of internationally renowned institutions, e.g., CX-5461 used in phase I clinical trial for the treatment of hematologic cancers received the funding applied by the PMCC from the Australian Government. The Company only bears the cost of drugs and blood analysis fees required for the trial without paying for management fees and related expenses related to clinical medication to the clinical center. In addition, CX-5461 was selected as the drug used by the Canada SU2C Breast Cancer Dream Team in 2015 and won a funding subsidy of approximately NT$220 million. The Company also signed a cooperation agreement with the PBTC in 2018 to jointly organize and execute phase I/II clinical trials using CX-4945 for the treatment of malignant child brain cancer. Senhwa is responsible for providing drugs for the trial that is sponsored by the CTEP of NCI. It is estimated that more than US$3 million will be invested.

On December 1, 2021, the Company received notification from the National Cancer Institute (NCI), a division of the National Institutes of Health (NIH) in the United States, that Pidnarulex (CX-5461), a novel drug under development, has undergone rigorous evaluation by the Special Emphasis Panel (SEP) and Internal Committee. This evaluation consisted of three rounds of review over a period of nearly six months. Pidnarulex (CX-5461) stood out among numerous project applications worldwide and was successfully selected to participate in the NIH-sponsored NCI Experimental Therapeutics Program (NExT). The project will be led by the NIH and be responsible for the execution of the future clinical trial design and development direction of Pidnarulex (CX-5461). In addition, the NIH will provide funding for the major clinical expenses. This collaborative R&D project is expected to span a period of five years. This cooperation model will significantly reduce the Company's drug discovery costs.

2. Cyber security risk assessment

(1) Taking into account factors such as the control environment, risk assessment, control activities, information and communication, and monitoring, among others, the Company has established an internal control system for information management and internal control self-assessment operations, including the functions of risk management and internal monitoring.

(2) Cyber security management audit

The Company has included the information security inspection and control operations as an annual audit item. The audit department shall perform audits at least once a year. Also, the Company carries out the self-inspection operations for its internal control system associated with risk each year; in particular, the self-inspection operations for its internal control system associated with information circulation also include cybersecurity inspection control.

VII. Other Important Matters: None.

Chapter 8. Special Disclosures

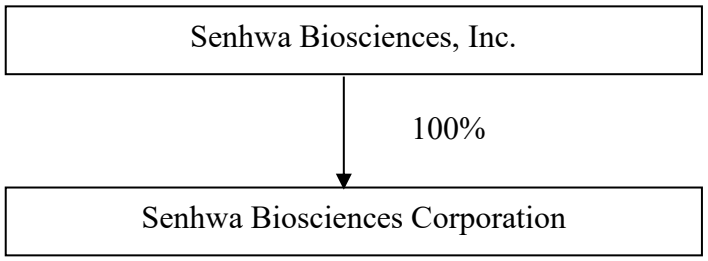
I. Summary of Affiliated Companies:

(I) Consolidated business report of affiliates

1. Overview of affiliates

(1) Organizational table of affiliates (as of December 31, 2023):

Senhwa Biosciences Corporation is a subsidiary established through investment by the Company. As of the publication date of the Annual Report, the Company retains 100% of shares in the subsidiary.



2. Name, date of establishment, address, paid-in capital, and primary scope of business of the affiliates:

Name of company	Date of incorporation	Address	Paid-in capital	Primary scope of business
Senhwa Biosciences Corporation	April 25, 2013	10509 Vista Sorrento Parkway, Suite 201, San Diego, CA92121	US$2,000 thousand	Clinical and technical support services for novel drugs

3. Information on the same shareholders of companies that the Company is presumed to have a controlling and subordinate relation: None.

4. When industries covered by all affiliates' scope of business are related to the scope of business of affiliates, the distribution of work shall be explained:

Senhwa Biosciences Corporation assists the Company in strategy formulation and project execution of clinical trials related to novel drugs. In addition, it also assists the parent company in participating in conferences related to national pharmaceuticals management authorities and relevant coordination and contacts.

5. Name of the Directors, Supervisors, and Presidents of affiliates, and their shareholdings or capital contributions to such companies

Name of company	Title	Name and representative	Shareholding	
			Number of shares	Shareholding percentage
Senhwa Biosciences Corporation	Director	Jin-Ding Huang	—	—
	President & CEO	Jin-Ding Huang	—	—

6. Business overview of affiliates:

December 31, 2023; Unit: NT$ thousand

Name of company	Paid-in capital	Total assets	Total liabilities	Net value	Operating income	Operating profit or loss	Profit or loss for the period (after tax)	Earnings per share (NT$) (after tax)
Senhwa Biosciences Corporation	59,123	56,037	984	55,053	42,053	(8,899)	(10,229)	(10,229)

(II) Consolidated Financial Statement of Affiliates Companies:

The companies to be included in the consolidated financial statements of affiliates stated under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and subsidiaries to be included in the 2023 consolidated financial report of the parent company and its subsidiaries stated under the IFRS 10 are identical, and relevant information to be disclosed in the consolidated financial statements of affiliates had been disclosed in the consolidated financial report of the parent company and its subsidiaries; therefore, no consolidated financial statements of affiliates is otherwise prepared.

(III) Affiliates report: Not applicable.

II. Private Placement Securities in the Most Recent Year and as of the Publication Date of the Annual Report: None.

III. The Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Fiscal Year and as of the Publication Date of the Annual Report: None.

IV. Other Important Matters: Tracking List for Pledged Items for Listing

Commitment Matters for the Listing on TPEx	Implementation of Commitment Matters
Amendment to the "Procedures for Acquisition and Disposal of Assets" will be made as follows: When the Company loses substantial control over Senhwa Biosciences Corporationresulted from the Company directly or indirectly waived the capital increase of the company in the future, or directly or indirectly disposed of the company's shares held by the Company, which shall be approved by the Company's Board of Directors as a special resolution, and Independent Directors shall all attend the meeting to express their opinions. The above content of the resolution and the subsequent amendments to the Procedures shall be uploaded to MOPS for the disclosure of significant information, and a letter shall be dispatched to TPEx for future reference.	1. The shareholders' meeting on June 16, 2017 has approved the amendments to relevant provisions of the Company's "Procedures for Acquisition and Disposal of Assets." 2. As of the publication date of the Annual Report, the Company maintains its substantial control over Senhwa Biosciences Corporation.

Chapter 9. Matters that Have Significantly Affected Shareholders' Equity and Prices of the Securities Pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act in the Most Recent Year: None.

Attachment:

Financial statements

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT THEREON

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

In connection with the Consolidated Financial Statements of Affiliated Enterprises of SENHWA BIOSCIENCES, INC. (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of SENHWA BIOSCIENCES, INC. and its subsidiary (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, SENHWA BIOSCIENCES, INC. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
SENHWA BIOSCIENCES, INC.
By

Benny T. Hu, Chairman
March 14, 2024

SENHWA BIOSCIENCES, INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT THEREON

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To Senhwa Biosciences, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Senhwa Biosciences, Inc. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Senhwa Biosciences, Inc. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Independent auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of Senhwa Biosciences, Inc. 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 Senhwa Biosciences, Inc.'s 2023 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for Senhwa Biosciences, Inc.'s 2023 financial statements is stated below:

Existence of bank deposits

Description

Refer to Note 4(5) for accounting policies on cash equivalents and Note 6(1) for details of cash and cash equivalents. As at December 31, 2023, Senhwa Biosciences, Inc.'s cash and cash equivalents amounted to NT$1,291,849 thousand, accounting for 93% of total assets. Given the significance of cash and cash equivalents to Senhwa Biosciences, Inc.'s total assets, we considered the existence of bank deposits a key audit matter.

How our audit addressed the matter

We performed the following audit procedures to address the above key audit matter:

- Confirmed the bank accounts and ascertained whether there were any specific agreements with the financial institutions to verify the existence of bank accounts and accompanying rights and obligations;
- Verified whether the contact information of the bank is true and correct;
- Obtained the bank reconciliation statements and checked for any unusual reconciling items, verified the nature and causes to confirm the reasonableness of the reconciling items.
- Inspected the source documents of significant cash receipts and payments to verify whether the transactions are for business purposes; and
- Confirmed whether the classification of time deposits is in compliance with the policy described in Note 4(5).

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

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

In preparing the parent company only financial statements, management is responsible for assessing the ability of Senhwa Biosciences, Inc. 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 Senhwa Biosciences, Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of Senhwa Biosciences, Inc.

Independent auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Senhwa Biosciences, Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Senhwa Biosciences, Inc. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Senhwa Biosciences, Inc. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Senhwa Biosciences, Inc. to express an opinion on the parent company only 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public d isclosure 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 s uch communication.

Yu, Shu-Fen　　Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles 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 parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or standards on auditing of the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,291,849	93	$ 1,589,209	94
1200	Other receivables	6(2)	10,523	1	569	-
1210	Other receivables - related parties	7(2)	57	-	56	-
1410	Prepayments	6(3)	12,010	1	13,200	1
11XX	**Total current assets**		1,314,439	95	1,603,034	95
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	12(3)	130	-	130	-
1550	Investments accounted for under equity method	6(4)	55,053	4	65,138	4
1600	Property, plant and equipment		5,494	-	260	-
1755	Right-of-use assets	6(5)	8,500	1	12,097	1
1780	Intangible assets		231	-	-	-
1920	Guarantee deposits paid		1,754	-	1,283	-
15XX	**Total non-current assets**		71,162	5	78,908	5
1XXX	**Total assets**		$ 1,385,601	100	$ 1,681,942	100
	Liabilities and Equity					
	Current liabilities					
2200	Other payables	6(6)	$ 36,106	3	$ 24,342	2
2220	Other payables - related parties	7(2)	23,198	2	30,860	2
2280	Lease liabilities - current		5,855	-	5,265	-
21XX	**Total current liabilities**		65,159	5	60,467	4
	Non-current liabilities					
2580	Lease liabilities - non-current		3,286	-	7,516	-
2XXX	**Total liabilities**		68,445	5	67,983	4
	Equity					
	Share capital					
3110	Common stock	1 and 6(9)	897,436	65	897,436	53
	Capital surplus					
3200	Capital surplus	6(10)	765,883	55	1,116,156	67
	Retained earnings					
3350	Accumulated deficit	6(11)	(296,306)	(21)	(349,632)	(21)
	Other equity interest					
3400	Other equity interest		1,490	-	1,346	-
3500	Treasury shares	6(9)	(51,347)	(4)	(51,347)	(3)
3XXX	**Total equity**		1,317,156	95	1,613,959	96
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,385,601	100	$ 1,681,942	100

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNT)

			Years ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	7(2)	$ 1,000	100	$ 1,000	100
5000	Operating costs	6(15)(16)	(448)	(44)	(495)	(50)
5950	Gross margin		552	56	505	50
	Operating expenses	6(15)(16) and 7				
6200	General and administrative expenses		(54,792)	(5479)	(43,772)	(4377)
6300	Research and development expenses		(247,808)	(24781)	(308,731)	(30873)
6000	Total operating expenses		(302,600)	(30260)	(352,503)	(35250)
6900	Operating loss		(302,048)	(30204)	(351,998)	(35200)
	Non-operating income and expenses					
7100	Interest income	6(12)	7,638	764	7,314	732
7020	Other gains and losses	6(13)	8,795	879	1,160	116
7050	Finance costs	6(5)(14)	(462)	(46)	(379)	(38)
7070	Share in loss of subsidiaries, associates and joint ventures accounted for using equity method	6(4)	(10,229)	(1023)	(5,729)	(573)
7000	Total non-operating income and expenses		5,742	574	2,366	237
8200	**Loss for the year**		($ 296,306)	(29630)	($ 349,632)	(34963)
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		$ 144	14	$ 6,582	658
8500	**Total comprehensive loss for the year**		($ 296,162)	(29616)	($ 343,050)	(34305)
	Loss per share	6(19)				
9750	Basic loss per share (in dollars)		($ 3.32)		($ 3.92)	
9850	Diluted loss per share (in dollars)		($ 3.32)		($ 3.92)	

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Common stock	Capital Reserves			Accumulated deficit	Other Equity	Treasury shares	Total equity
			Additional paid-in capital	Stock options	Others		Financial statements translation differences of foreign operations		
2022									
Balance at January 1, 2022		$ 897,436	$ 1,428,951	$ 15,436	$ -	($ 329,257)	($ 5,236)	($ 38,108)	$ 1,969,222
Loss for the year		-	-	-	-	(349,632)	-	-	(349,632)
Other comprehensive income for the year		-	-	-	-	-	6,582	-	6,582
Total comprehensive income (loss)		-	-	-	-	(349,632)	6,582	-	(343,050)
Capital surplus used to offset against accumulated deficit	6(11)	-	(329,257)	-	-	329,257	-	-	-
Amortisation of compensation cost of employee stock options	6(8)	-	-	1,087	-	-	-	-	1,087
Reversal of amortization of compensation cost of subsidiaries' employee stock options		-	-	(61)	-	-	-	-	(61)
Employee stock options expired	6(8)	-	-	(3,803)	3,803	-	-	-	-
Subsidiaries' employee stock options expired	6(8)	-	-	(798)	798	-	-	-	-
Purchase of treasury shares	6(9)	-	-	-	-	-	-	(13,239)	(13,239)
Balance at December 31, 2022		$ 897,436	$ 1,099,694	$ 11,861	$ 4,601	($ 349,632)	$ 1,346	($ 51,347)	$ 1,613,959
2023									
Balance at January 1, 2023		$ 897,436	$ 1,099,694	$ 11,861	$ 4,601	($ 349,632)	$ 1,346	($ 51,347)	$ 1,613,959
Loss for the year		-	-	-	-	(296,306)	-	-	(296,306)
Other comprehensive income for the year		-	-	-	-	-	144	-	144
Total comprehensive income (loss)		-	-	-	-	(296,306)	144	-	(296,162)
Capital surplus used to offset against accumulated deficit	6(11)	-	(345,031)	-	(4,601)	349,632	-	-	-
Reversal of amortization of compensation cost of employee stock options	6(8)	-	-	(641)	-	-	-	-	(641)
Employee stock options expired	6(8)	-	-	(2,092)	2,092	-	-	-	-
Balance at December 31, 2023		$ 897,436	$ 754,663	$ 9,128	$ 2,092	($ 296,306)	$ 1,490	($ 51,347)	$ 1,317,156

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		($ 296,306)	($ 349,632)
Adjustments			
Adjustments to reconcile profit (loss)			
Compensation cost of employee stock options	6(8)(16)	(641)	1,087
Depreciation	6(15)	7,624	4,175
Amortisation	6(15)	47	65
Interest expense	6(14)	462	379
Interest income	6(12)	(7,638)	(7,305)
Gain from lease modification	6(5)(13)	(432)	-
Share of loss of associates and joint ventures accounted for using equity method	6(4)	10,229	5,729
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		-	189
Other receivables		(9,873)	(52)
Other receivables - related parties		(1)	(3)
Prepayments		1,190	(5,329)
Changes in operating liabilities			
Other payables		9,701	(52,372)
Other payables - related parties		(7,662)	2,960
Cash outflow generated from operations		(293,300)	(400,109)
Interest received		7,606	7,045
Interest paid		(462)	(379)
Tax refund received		2	10
Income taxes paid		(51)	-
Net cash flows used in operating activities		(286,205)	(393,433)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(20)	(4,605)	(142)
Acquisition of intangible assets		(169)	-
Increase in guarantee deposits paid		(471)	(196)
Net cash flows used in investing activities		(5,245)	(338)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(21)	(5,910)	(3,575)
Purchase of treasury shares	6(9)	-	(13,239)
Net cash flows used in financing activities		(5,910)	(16,814)
Net decrease in cash and cash equivalents		(297,360)	(410,585)
Cash and cash equivalents at beginning of year		1,589,209	1,999,794
Cash and cash equivalents at end of year		$ 1,291,849	$ 1,589,209

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Senhwa Biosciences, Inc. (the "Company") was incorporated and registered with the Ministry of Economic Affairs on November 16, 2012. The Company's shares started trading over-the-counter after approval by the Taipei Exchange on April 24, 2017. The Company is primarily engaged in the development of new drugs and special pharmaceutical ingredients.

(2) As of December 31, 2023, the Company's authorised capital and paid-in capital amounted to $1,500,000 and $897,436, respectively.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for financial assets at fair value through other comprehensive income, the parent company only financial statements have been prepared under the historical cost convention.

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

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

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

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

(c) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

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

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Investments accounted for using equity method

A. Subsidiaries are all entities (including special-purpose entities) that the Company has the rights to direct its financial and operational policies. In general, it refers to those held directly or indirectly more than 50% of the voting shares by the Company. Investments in subsidiaries are accounted for using the equity method.

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

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

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

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented in the parent company only financial statements are consistent with those presented in the consolidated financial statements. In addition, owner's equity presented in the parent company only is consistent with equity attributable to owners of parent presented in the consolidated financial statements.

(12) Property, plant and equipment

A. Equipment are initially recorded at cost.

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

C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The useful lives are 2~3 years for both office equipment and leasehold improvements.

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

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

(14) Intangible assets

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

(15) Impairment of non-financial assets

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

(16) Derecognition of financial liabilities

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

(17) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

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

(18) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest. In addition, the Company chose the date on which the number of shares for employee pre-emption was confirmed to be the grant date for the reporting period and the following reporting periods.

(19) Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(20) Share capital

A. Common stocks are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(21) Revenue recognition

A. Consulting service revenue

The Company provides product development consulting services. Revenue from providing services is recognised in the financial reporting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the stage of completion of a service contract to the total services to be performed. Customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Revenue from licensing intellectual property

(a) The Company entered into a contract with a customer to grant a license of patents of new drugs to the customer. Given the license is distinct from other promised goods or services in the contract, the Company recognises the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. The nature of the Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Company's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are

not met, the nature of the Company's promise in granting a license is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognised when transferring the license to a customer at a point in time.

(b) Some contracts require a sales-based royalty in exchange for a license of patents of new drugs. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

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

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

Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 118	$ 119
Checking account deposits	463	440
Demand deposits	743,808	766,700
Time deposits	547,460	821,950
	$ 1,291,849	$ 1,589,209

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

B. The Company has no cash and cash equivalents pledged to others.

(2) Other receivables

	December 31, 2023	December 31, 2022
Receivables of research expenses refund	$ 9,896	$ -
Interests receivable	525	516
Tax refund receivable	102	53
	$ 10,523	$ 569

(3) Prepayments

	December 31, 2023	December 31, 2022
Excess business tax paid	$ 10,433	$ 8,075
Prepaid insurance premiums	1,162	910
Others	415	4,215
	$ 12,010	$ 13,200

(4) Investment accounted for using equity method

	December 31, 2023	December 31, 2022
SenHwa Biosciences Corporation	$ 55,053	$ 65,138

A. Subsidiaries

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

B. The share in comprehensive (loss) income of investee accounted for using the equity method recognized by the Company for the years ended December 31, 2023 and 2022 are as follows:

	Years ended December 31,	
	2023	2022
SenHwa Biosciences Corporation	($ 10,085)	$ 853

C. For the years ended December 31, 2023 and 2022, the share in comprehensive loss of the above investee accounted for using equity method was calculated based on the investee's audited financial statements for the corresponding period.

(5) Leasing arrangements - lessee

A. The Company leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 7,251	$ 12,097
Transportation equipment (Business vehicles)	1,249	-
	$ 8,500	$ 12,097

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings	$ 5,750	$ 4,077
Transportation equipment (Business vehicles)	549	-
	$ 6,299	$ 4,077

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $1,798 and $6,488, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 462	$ 370
Expense on short-term lease contracts	14	580
Expense on leases of low-value assets	100	57
Gain from lease modification	432	-

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $6,486 and $4,582, respectively.

(6) Other payables

	December 31, 2023	December 31, 2022
Accrued research expenses	$ 23,434	$ 13,049
Salaries and bonuses payable	8,120	8,032
Accrued service expenses	817	955
Payable on equipment	1,954	-
Others	1,781	2,306
	$ 36,106	$ 24,342

(7) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount of not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $2,038 and $1,871, respectively.

(8) Share-based payment

A. As of December 31, 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employees of the Company and subsidiaries:				
Employee stock options - D	2018.5.30	700	7 years	2~4 years of service
Employee stock options - E	2018.12.4	150	7 years	2~4 years of service
Employee stock options - F	2019.5.9	150	7 years	2~4 years of service

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

	2023		2022	
	Number of option shares (in thousands)	Weighted-average exercise price (in dollars)	Number of option shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	396	$ 81.34	565	$ 81.78
Employee stock options expired	(100)	77.18	(169)	82.81
Options outstanding at December 31	296	82.75	396	81.34
Options exercisable at December 31	296		378	

C. No stock options were exercised for the years ended December 31, 2023 and 2022.

D. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	Number of option shares (in thousands)	Exercise price (in dollars)	Number of option shares (in thousands)	Exercise price (in dollars)
2018.5.30	2025.5.29	251	$ 85.30	251	$ 85.30
2018.12.4	2025.12.3	-	$ -	70	$ 80.90
2019.5.9	2026.5.8	45	$ 68.50	75	$ 68.50

E. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - D	2018.5.30	$ 85.30	$ 85.30	42.41%~ 42.44%	4.5~ 5.5 years	0%	0.71%~ 0.76%	$30.53~ 33.61
Employee stock options - E	2018.12.4	80.90	80.90	42.04%~ 42.06%	4.5~ 5.5 years	0%	0.76%~ 0.81%	28.78~ 31.70
Employee stock options - F	2019.5.9	68.50	68.50	41.03%	4.5~ 5.5 years	0%	0.59%~ 0.63%	23.66~ 26.07

F. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2023	2022
Equity-settled	($ 641)	$ 1,087

(9) Share capital

A. As of December 31, 2023, the Company's authorised capital was $1,500,000, consisting of 150 million shares of ordinary stock (including 7.5 million shares reserved for employee stock options), and the paid-in capital was $897,436 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	89,186	89,314
Purchase of treasury shares	-	(128)
At December 31	89,186	89,186

C. Treasury shares

(a) In order to motivate employees and enhance employees' loyalty, the Board of Directors of the Company during its meeting on March 25, 2020 and December 3, 2021 has resolved to purchase treasury shares to be reissued to employees. The reason for share reacquisition and details of numbers of the Company's treasury shares are as follows:

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	558,000	$ 51,347

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	558,000	$ 51,347

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to shareholders' equity before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the shareholders' equity should be retired within six months of acquisition.

(10) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(11) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the shareholders at the shareholders' meeting.

B. Except for covering accumulated deficit or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the paid-in capital.

C. The shareholders during their meeting on June 30, 2023 and May 27, 2022 resolved to offset the accumulated deficit with capital surplus of $349,632 and $329,257, respectively.

D. On March 14, 2024, the board of the directors resolved to offset the accumulated deficit with capital surplus of $296,306. The above resolution has not yet been approved by the shareholders.

(12) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 7,615	$ 7,305
Other interest income	23	9
	$ 7,638	$ 7,314

(13) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gains on financial assets at fair value through profit or loss	$ 8,042	$ 2,079
Gain from lease modification	432	-
Net currency exchange gain (loss)	321	(919)
	$ 8,795	$ 1,160

(14) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Interest expense from lease liabilities	$ 462	$ 370
Imputed interest on deposits	-	9
	$ 462	$ 379

(15) Expenses by nature

	Years ended December 31,	
	2023	2022
Commission research expenses	$ 189,801	$ 247,662
Employee benefit expense	64,554	58,009
Patent application fees	18,197	26,016
Service expenses	6,311	5,257
Depreciation	7,624	4,175
Amortisation	47	65
Other expenses	16,514	11,814
Operating costs and expenses	$ 303,048	$ 352,998

(16) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 51,449	$ 46,312
Compensation cost of share-based payment	(641)	1,087
Labour and health insurance fees	3,592	3,638
Pension costs	2,038	1,871
Directors' remuneration	6,800	4,000
Other personnel expenses	1,316	1,101
	$ 64,554	$ 58,009

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and remuneration. The ratio shall be 10% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. The Company has incurred net loss for the years ended December 31, 2023 and 2022. Therefore, employees' compensation and directors' remuneration were not accrued in accordance with the Company's Articles of Incorporation.

C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(17) Income tax

A. Income tax expense

The Company has no current and deferred income tax expense for the years ended December 31, 2023 and 2022.

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Income tax calculated based on loss before tax and statutory tax rate	($ 59,261)	($ 69,926)
Expenses disallowed by tax regulation	244	238
Share of loss of associates and joint ventures accounted for using equity method not added to the amount of income	2,046	1,146
Temporary differences not recognised as deferred tax assets	(131)	70
Taxable loss not recognised as deferred tax assets	57,102	68,472
Income tax expense	$ -	$ -

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

	December 31, 2023		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 804,590	$ 804,590	(Note)

	December 31, 2022		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 756,898	$ 756,898	(Note)

Note: The Company and its shareholders are entitled to the incentives conferred under the Act for the Development of Biotech and Pharmaceutical Industry following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10820413380 issued by the Ministry of Economic Affairs (MOEA) on May 23, 2019. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used when there is taxable business income. Any unused tax credit is available for the following four years.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	Assessed	$ 156,145	$ 156,145	2024
2015	Assessed	195,046	195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Assessed	356,007	356,007	2027
2018	Assessed	378,080	378,080	2028
2019	Assessed	390,278	390,278	2029
2020	Assessed	302,777	302,777	2030
2021	Assessed	322,410	322,410	2031
2022	Filed	340,634	340,634	2032
2023	Filed	285,511	285,511	2033
		$ 2,962,058	$ 2,962,058	

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	Assessed	$ 113,000	$ 113,000	2023
2014	Assessed	156,145	156,145	2024
2015	Assessed	195,046	195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Assessed	356,007	356,007	2027
2018	Assessed	378,080	378,080	2028
2019	Assessed	390,278	390,278	2029
2020	Assessed	302,777	302,777	2030
2021	Filed	322,410	322,410	2031
2022	Filed	340,634	340,634	2032
		$ 2,789,547	$ 2,789,547	

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(18) Significant contracts

A. The Company acquired intangible assets including multiple patents, technologies, clinical trial drugs and clinical trial information from Company A under the agreement in April 2013. The Company's payment for acquiring the assets relative to the agreement was shown as 'research and development expenses'. In the following years, the Company is obliged to pay royalties computed based on a certain percentage of revenue arising from either licensing to the third party or sales pertaining to the assets provided that the research and development comes to fruition.

B. The Company was commissioned on improving API Production using the industrial strains for generic medicine by Company B under an agreement in April 2013. The Company was permitted to recommission a third party provided that Company B owns the research results. The total contract price was $45,000. The Company recognised the commission research revenue for each period based on the period of time the service was rendered. Further, the Company is entitled to the receipt of royalties computed based on a certain percentage of net sales amount provided that the products are manufactured and sold under cGMP standard. However, Company B entered into a termination agreement with the Company due to the shift in its operating strategy. The latest agreement allowed the Company to access the research results as well as to authorise the third party to the extent of development. Once the products are manufactured or sold, the revenue must be shared with Company B without exceeding the R&D expenses amounting to $28,125 paid by the Company. All service revenue was recognised by the Company during the year ended December 31, 2014.

(19) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (note)			
Loss attributable to ordinary shareholders of the Company	($ 296,306)	89,186	($ 3.32)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (note)			
Loss attributable to ordinary shareholders of the Company	($ 349,632)	89,190	($ 3.92)

Note: As options issued to employees do not have diluted effect, diluted loss per share is the same as the basic loss per share.

(20) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 6,559	$ 142
Less: Ending balance of payable on equipment	(1,954)	-
Cash paid during the year	$ 4,605	$ 142

(21) Changes in liabilities from financing activities

	Lease liability 2023	Lease liability 2022
At January 1	$ 12,781	$ 9,868
Changes in cash flow from financing activities	(5,910)	(3,575)
Changes in other non-cash items	2,270	6,488
At December 31	$ 9,141	$ 12,781

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related parties	Relationship with the Company
SenHwa Biosciences Corporation	Subsidiary
Panlabs Biologics Inc.	The Company's chairman is also the chairman of this company

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31, 2023	Years ended December 31, 2022
Service revenue:		
Panlabs Biologics Inc.	$ 1,000	$ 1,000

Service revenue arises from the provision of consulting services and the payments are collected quarterly based on the contract.

B. Research and development expense

	Years ended December 31, 2023	Years ended December 31, 2022
Subsidiaries	$ 41,888	$ 59,782

The above pertains to research and development expenses that the Company commissioned its subsidiaries to perform clinical and technical support services. Prices and payment terms are determined based on mutual agreements. As of December 31, 2023, the research and development expenses incurred but not yet paid amounted to $23,033.

C. Other receivables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 57	$ 56

The above pertains to the payments made by the Company on behalf of the subsidiaries.

D. Other payables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 23,198	$ 30,860

The above pertains to other payables for the clinical and technical support services performed by the subsidiaries for the Company as well as the payments made by the subsidiaries on behalf of the Company. Prices and payment terms are determined based on mutual agreements.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 5,821	$ 4,935
Share-based payments	-	208
	$ 5,821	$ 5,143

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(18)A and B and Notes 7(2)B, the Company had no other significant contingent liabilities and unrecognised contract commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of capital surplus used to offset against accumulated deficit for the year ended December 31, 2023 as resolved by the Board of Directors are provided in Note 6(11) D.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 130	$ 130
Financial assets at amortised cost / Loans and receivables		
Cash and cash equivalents	$ 1,291,849	$ 1,589,209
Other receivables (including related parties)	10,580	625
Guarantee deposits paid	1,754	1,283
	$ 1,304,183	$ 1,591,117
Financial liabilities		
Financial liabilities at amortised cost		
Other payables (including related parties)	$ 59,304	$ 55,202
Lease liability	$ 9,141	$ 12,781

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 357	30.71	$ 10,973
Non-monetary items			
USD:NTD	1,793	30.71	55,053
Financial liabilities			
Monetary items			
USD:NTD	$ 1,456	30.71	$ 44,727

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 435	30.71	$ 13,375
Non-monetary items			
USD:NTD	2,121	30.71	65,138
Financial liabilities			
Monetary items			
USD:NTD	$ 1,207	30.71	$ 37,063
CAD:NTD	192	22.67	4,353

ii. The unrealised exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to $669 and $12, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 110	$ -
Non-monetary items			
USD:NTD	1%	-	551
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 447	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 134	$ -
Non-monetary items			
USD:NTD	1%	-	651
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 371	$ -
CAD:NTD	1%	44	-

Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages its credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with good credit quality are accepted. According to the Company's credit policy, each department is responsible for managing and analysing the credit risk for their clients. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Other payables (including payables to related parties)	$ 59,304	$ -	$ -
Lease liability (Note)	6,107	3,272	53

December 31, 2022	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Other payables (including payables to related parties)	$ 55,202	$ -	$ -
Lease liability (Note)	5,610	5,204	2,498

Note: The amounts represented the total repayment of debts in the future, therefore, interest expenses for the year were included.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. All equity instruments invested by the Company are classified as level 3.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Equity securities	$ -	$ -	$ 130	$ 130

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Equity securities	$ -	$ -	$ 130	$ 130

(b) The methods and assumptions the Company used to measure fair value are as follows:

(i) For the instruments the Company used market quoted prices as their fair values (that is, Level 1), the Company uses the closing price of market quoted price to measure the close-end fund.

(ii) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

C. The Company has no changes in the movement of Level 3 for the years ended December 31, 2023 and 2022.

D. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent and reliable.

E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 130	Discounted cash flow	Long-term revenue growth rate; Discount rate	N/A	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 130	Discounted cash flow	Long-term revenue growth rate; Discount rate	N/A	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Refer to table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

The Company has no shareholder whose shareholding ratio is above 5%.

Senhwa Biosciences, Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Senhwa Biosciences, Inc.	Chaperone Therapeutics, Inc. - ordinary shares	None	Financial assets at fair value through other comprehensive income - non-current	409,400	$ 128	10.73%	$ 128	None
Senhwa Biosciences, Inc.	Pimera, Inc. - ordinary shares	None	Financial assets at fair value through other comprehensive income - non-current	468,179	2	3%	2	None

Senhwa Biosciences, Inc.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Senhwa Biosciences, Inc.	CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	$ -	277,839,516	$ 3,120,000	277,839,516	$ 3,128,042	$ 3,120,000	$ 8,042	-	$ -

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Senhwa Biosciences, Inc.

Significant inter-company transactions during the reporting period

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Other payables	$ 23,198	Mutual agreement	2%
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Research and development expense	41,888	Mutual agreement	4189%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Related party transactions are disclosed only for amounts reaching $10,000. In addition, transactions of the related counter-party are not disclosed.

Senhwa Biosciences, Inc.

Names, locations and other information of investee companies (not including investee in Mainland China)

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	USA	New drug clinical and technical support services	$ 59,123	$ 59,123	1,000,000	100	$ 55,053	($ 10,229)	($ 10,229)	Subsidiary

SENHWA BIOSCIENCES, INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount	Note
Cash on hand and petty cash		$ 118	
Checking accounts		463	
Demand deposits			
- NTD		742,730	
- USD	USD 34,466.40 @ 30.71	1,058	
- CAD	CAD 377.61 @ 23.20	9	
- RMB	RMB 2,439.84 @ 4.33	11	
Time deposits			
- NTD		547,460	
		$ 1,291,849	

The maturities of the above time deposits were from January 7, 2024 to March 30, 2024 and the interest rate was 1.13%.

SENHWA BIOSCIENCES, INC.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 2

		Beginning Balance		Addition (Note 3)		Decrease (Note 4)		Ending Balance			Market Value or Net Assets Value		
Name	Type	Shares (Note 1)	Amount	Shares (Note 1)	Amount	Shares (Note 1)	Amount	Shares (Note 1)	Percentage of Ownership	Amount	Unit Price (Note 2)	Total Amount	Collateral
SenHwa Biosciences Corporation	Common stock	1,000	$ 65,138	-	$ 144	-	$ 10,229	1,000	100%	$ 55,053	$ 55.05	$ 55,053	None

Note 1: Number of shares is expressed in thousands.

Note 2: Expressed in New Taiwan dollars.

Note 3: Refers to currency translation differences.

Note 4: Refers to loss from investment accounted for using equity method.

SENHWA BIOSCIENCES, INC.
DETAILS OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 3

Item	Amount	Note
Salaries expense	$ 448	

SENHWA BIOSCIENCES, INC.
DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 4

Item	Amount	Note
Salaries expense	$ 27,282	
Cost of services	3,653	
Depreciation	4,418	
Other expenses	19,439	Balance of individual accounts is under 5% of this account's balance.
	$ 54,792	

SENHWA BIOSCIENCES, INC.
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 5

Item	Amount	Note
Commission research expense	$ 189,801	
Salaries expense	23,078	
Patent application fees	18,197	
Other expenses	16,732	Balance of individual accounts is under 5% of this account's balance.
	$ 247,808	

SENHWA BIOSCIENCES, INC.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

YEAR ENDED DECEMBER 31, 2023

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 6

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 448	$ 51,001	$ 51,449	$ 495	$ 45,817	$ 46,312
Share-based payments	-	(641)	(641)	-	1,087	1,087
Labour and health insurance fees	-	3,592	3,592	-	3,638	3,638
Pension costs	-	2,038	2,038	-	1,871	1,871
Directors' remuneration	-	6,800	6,800	-	4,000	4,000
Other personnel expenses	-	1,316	1,316	-	1,101	1,101
Depreciation Expense	-	7,624	7,624	-	4,175	4,175
Amortisation Expense	-	47	47	-	65	65

Note:

1. As at December 31, 2023 and 2022, the Company had 35 and 33 employees, including 6 and 5 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(1) The average employee benefit expense for the current year was $1,992 ((Total employee benefit expense for the current year - Total directors' remuneration for the previous year) / (Number of employees in the current year - Number of non-employee directors in the current year)).

The average employee benefit expense for the previous year was $1,929 ((Total employee benefit expense for the previous year - Total directors' remuneration for the previous year) / (Number of employees in the previous year - Number of non-employee directors)).

(2) The average wages and salaries for the current year was $1,752 (Total wages and salaries for the current year / (Number of employees in the current year - Number employee of non- directors in the current year)).
The average wages and salaries for the previous year was $1,654 (Total wages and salaries for the previous year / (Number of employees in the previous year - Number of non-employee directors in the previous year)).

(3) Adjustment of average employee salaries was 5.93% ((Average employee salaries for the current year - Average employee salaries for the previous year) / Average employee salaries for the previous year).

(4) The Company set up an audit committee to replace supervisors.

(5) The Company's Salary and Compensation Policy (including directors, managers and employees) is as follows:

A. Under the Company's Articles of Incorporation as approved by the shareholders, the Company's board of directors is authorised to decide on the directors' remuneration based on directors' participation and value of their contribution to the Company's operations and by reference to the general pay levels in the industry. When the Company has earnings, the distribution of directors' remuneration shall be reported to the shareholders after it has been reviewed by the remuneration committee and Audit Committee and resolved by the Board of Directors in accordance with the Company's Articles of Incorporation. If the director is also an employee, the remuneration shall be paid in accordance with the following regulations as described in B and C.

B. The salary payment standards for the Company's managers are determined by the Company's human resources department based on the Company's performance appraisal regulations, managers' personal performance and contribution to the Company's overall operations and by reference to the general pay levels in the industry. The distribution will be implemented upon approval of the Board of Directors after being reviewed by the remuneration committee and Audit Committee.

C. The remuneration policy of the Company is established based on the employee's ability, contribution to the Company and performance, which has a positive correlation with the Company's operating performance. The overall salary and compensation package of the Company's employees consists of three parts: basic salary, bonus and welfare. The payment standard: the basic salary is determined based on the competition of labor market for the position and the Company's policy; bonus is awarded based on the achievement of employees' and departments' goals or the Company's operating performance; the welfare system stipulates the benefits that employees can enjoy according to law and regulation and takes into account the needs of employees.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To Senhwa Biosciences, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Senhwa Biosciences, Inc. and its subsidiary (the "Group") as at December 31, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Independent auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2023 consolidated financial statements is stated as follows:

Existence of bank deposits

Description

Refer to Note 4(6) for accounting policies on cash equivalents and Note 6(1) for details of cash and cash equivalents. As at December 31, 2023, the Group's cash and cash equivalents amounted to NT$1,318,808 thousand, accounting for 97% of total assets. Given the significance of cash and cash equivalents to the Group's total assets, we considered the existence of bank deposits a key audit matter.

How our audit addressed the matter

We performed the following audit procedures to address the above key audit matter:

- Confirmed the bank accounts and ascertained whether there were any specific agreements with the financial institutions to verify the existence of bank accounts and accompanying rights and obligations;
- Verified whether the contact information of the bank is true and correct;
- Obtained the bank reconciliation statements and checked for any unusual reconciling items, verified the nature and causes to confirm the reasonableness of the reconciling items.
- Inspected the source documents of significant cash receipts and payments to verify whether the transactions are for business purposes; and
- Confirmed whether the classification of time deposits is in compliance with the policy described in Note 4(6).

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Senhwa Biosciences, Inc. as at and for the years ended December 31, 2023 and 2022.

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.

Independent auditors' responsibilities for the audit of the consolidated financial statements

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Yu, Shu-Fen Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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.

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,318,808	97	$ 1,619,137	98
1200	Other receivables	6(2)	10,593	1	569	-
1410	Prepayments	6(3)	17,174	1	17,762	1
11XX	**Total current assets**		1,346,575	99	1,637,468	99
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	12(3)	130	-	130	-
1600	Property, plant and equipment		5,638	-	612	-
1755	Right-of-use assets	6(4)	8,734	1	15,134	1
1780	Intangible assets		231	-	-	-
1920	Guarantee deposits paid		2,023	-	1,541	-
15XX	**Total non-current assets**		16,756	1	17,417	1
1XXX	**Total assets**		$ 1,363,331	100	$ 1,654,885	100
	Liabilities and Equity					
	Current liabilities					
2200	Other payables	6(5)	$ 36,574	3	$ 24,767	2
2280	Lease liabilities - current		6,314	-	8,184	-
21XX	**Total current liabilities**		42,888	3	32,951	2
	Non-current liabilities					
2580	Lease liabilities - non-current		3,287	-	7,975	-
2XXX	**Total liabilities**		46,175	3	40,926	2
	Equity					
	Equity attributable to shareholders of the parent					
	Share capital					
3110	Common stock	6(8)	897,436	66	897,436	54
	Capital surplus					
3200	Capital surplus	6(9)	765,883	57	1,116,156	68
	Retained earnings					
3350	Accumulated deficit	6(10)	(296,306)	(22)	(349,632)	(21)
	Other equity interest					
3400	Other equity interest		1,490	-	1,346	-
3500	Treasury shares	6(8)	(51,347)	(4)	(51,347)	(3)
3XXX	**Total equity**		1,317,156	97	1,613,959	98
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,363,331	100	$ 1,654,885	100

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNT)

			Years ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	7(2)	$ 1,000	100	$ 1,000	100
5000	Operating costs	6(14)(15)	(448)	(45)	(495)	(50)
5900	Gross margin		552	55	505	50
	Operating expenses	6(14)(15)				
6200	General and administrative expenses		(54,792)	(5479)	(43,772)	(4377)
6300	Research and development expenses		(256,871)	(25687)	(312,848)	(31285)
6000	Total operating expenses		(311,663)	(31166)	(356,620)	(35662)
6900	Operating loss		(311,111)	(31111)	(356,115)	(35612)
	Non-operating income and expenses					
7100	Interest income	6(11)	7,641	764	7,315	731
7010	Other income		-	-	6	1
7020	Other gains and losses	6(12)	8,960	896	1,078	108
7050	Finance costs	6(4)(13)	(535)	(53)	(544)	(54)
7000	Total non-operating income and expenses		16,066	1607	7,855	786
7900	**Loss before income tax**		(295,045)	(29504)	(348,260)	(34826)
7950	Income tax expense	6(16)	(1,261)	(126)	(1,372)	(137)
8200	**Loss for the year**		($ 296,306)	(29630)	($ 349,632)	(34963)
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		$ 144	14	$ 6,582	658
8300	**Other comprehensive income for the year**		$ 144	14	$ 6,582	658
8500	**Total comprehensive loss for the year**		($ 296,162)	(29616)	($ 343,050)	(34305)
	Loss attributable to:					
8610	Shareholders of the parent		($ 296,306)	(29630)	($ 349,632)	(34963)
	Comprehensive loss attributable to:					
8710	Shareholders of the parent		($ 296,162)	(29616)	($ 343,050)	(34305)
	Loss per share	6(18)				
9750	Basic loss per share (in dollars)		($ 3.32)		($ 3.92)	
9850	Diluted loss per share (in dollars)		($ 3.32)		($ 3.92)	

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to shareholders of the parent							
			Capital Reserves				Other Equity		
	Notes	Common stock	Additional paid-in capital	Stock options	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Treasury shares	Total equity
2022									
Balance at January 1, 2022		$ 897,436	$ 1,428,951	$ 15,436	$ -	($ 329,257)	($ 5,236)	($ 38,108)	$ 1,969,222
Loss for the year		-	-	-	-	(349,632)	-	-	(349,632)
Other comprehensive income for the year		-	-	-	-	-	6,582	-	6,582
Total comprehensive income (loss)		-	-	-	-	(349,632)	6,582	-	(343,050)
Capital surplus used to offset against accumulated deficit	6(10)	-	(329,257)	-	-	329,257	-	-	-
Amortisation of compensation cost of employee stock options	6(7)	-	-	1,087	-	-	-	-	1,087
Reversal of amortization of compensation cost of subsidiaries' employee stock options	6(7)	-	-	(61)	-	-	-	-	(61)
Employee stock options expired	6(7)	-	-	(3,803)	3,803	-	-	-	-
Subsidiaries' employee stock options expired		-	-	(798)	798	-	-	-	-
Purchase of treasury shares	6(8)	-	-	-	-	-	-	(13,239)	(13,239)
Balance at December 31, 2022		$ 897,436	$ 1,099,694	$ 11,861	$ 4,601	($ 349,632)	$ 1,346	($ 51,347)	$ 1,613,959
2023									
Balance at January 1, 2023		$ 897,436	$ 1,099,694	$ 11,861	$ 4,601	($ 349,632)	$ 1,346	($ 51,347)	$ 1,613,959
Loss for the year		-	-	-	-	(296,306)	-	-	(296,306)
Other comprehensive income for the year		-	-	-	-	-	144	-	144
Total comprehensive income (loss)		-	-	-	-	(296,306)	144	-	(296,162)
Capital surplus used to offset against accumulated deficit	6(10)	-	(345,031)	-	(4,601)	349,632	-	-	-
Reversal of amortization of compensation cost of employee stock options	6(7)	-	-	(641)	-	-	-	-	(641)
Employee stock options expired	6(7)	-	-	(2,092)	2,092	-	-	-	-
Balance at December 31, 2023		$ 897,436	$ 754,663	$ 9,128	$ 2,092	($ 296,306)	$ 1,490	($ 51,347)	$ 1,317,156

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		($ 295,045)	($ 348,260)
Adjustments			
Adjustments to reconcile profit (loss)			
Compensation cost of employee stock options	6(7)(15)	(641)	1,026
Depreciation	6(14)	10,678	7,047
Amortisation	6(14)	47	65
Interest expense	6(13)	535	544
Interest income	6(11)	(7,641)	(7,306)
Gain from lease modification	6(4)(12)	(432)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		-	189
Other receivables		(9,873)	(51)
Prepayments		1,106	(6,064)
Changes in operating liabilities			
Other payables		9,744	(52,299)
Cash outflow generated from operations		(291,522)	(405,109)
Interest received		7,609	7,045
Interest paid		(535)	(544)
Tax refund received		2	10
Income taxes paid		(1,908)	(1,373)
Net cash flows used in operating activities		(286,354)	(399,971)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(19)	(4,605)	(369)
Acquisition of intangible assets		(169)	-
Increase in guarantee deposits paid		(482)	(221)
Net cash flows used in investing activities		(5,256)	(590)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(20)	(8,828)	(6,312)
Purchase of treasury shares	6(8)	-	(13,239)
Net cash flows used in financing activities		(8,828)	(19,551)
Effect of exchange rate changes		109	6,670
Net decrease in cash and cash equivalents		(300,329)	(413,442)
Cash and cash equivalents at beginning of year		1,619,137	2,032,579
Cash and cash equivalents at end of year		$ 1,318,808	$ 1,619,137

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Senhwa Biosciences, Inc. (the "Company") was incorporated and registered with the Ministry of Economic Affairs on November 16, 2012. The Company's shares started trading over-the-counter after approval by the Taipei Exchange on April 24, 2017. The Company is primarily engaged in the development of new drugs and special pharmaceutical ingredients.

(2) As of December 31, 2023, the Company's authorised capital and paid-in capital amounted to $1,500,000 and $897,436, respectively.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17,'Insurance contracts'	January 1, 2023
Amendment to IFRS 17,'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for financial assets at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

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

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022
Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	New drug clinical and technical support services	100	100

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

(c) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

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

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Property, plant and equipment

A. Equipment are initially recorded at cost.

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

C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The useful lives are 2~3 years for both office equipment and leasehold improvements.

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

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

(14) Intangible assets

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

(15) Impairment of non-financial assets

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

(16) Derecognition of financial liabilities

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

(17) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

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

(18) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest. In addition, the Group chose the date on which the number of shares for employee pre-emption was confirmed to be the grant date for the reporting period and the following reporting periods.

(19) Income tax

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

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

expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(20) Share capital

A. Common stocks are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

(21) Revenue recognition

A. Consulting service revenue

The Group provides product development consulting services. Revenue from providing services is recognised in the financial reporting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the stage of completion of a service contract to the total services to be performed. Customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Revenue from licensing intellectual property

(a) The Group entered into a contract with a customer to grant a license of patents of new drugs to the customer. Given the license is distinct from other promised goods or services in the contract, the Group recognises the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. The nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the license to a customer at a point in time.

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

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 118	$ 119
Checking account deposits	463	440
Demand deposits	770,767	796,628
Time deposits	547,460	821,950
	$ 1,318,808	$ 1,619,137

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

B. The Group has no cash and cash equivalents pledged to others.

(2) Other receivables

	December 31, 2023	December 31, 2022
Receivables of commission research expenses refund	$ 9,896	$ -
Interests receivable	525	516
Tax refund receivable	172	53
	$ 10,593	$ 569

(3) Prepayments

	December 31, 2023	December 31, 2022
Excess business tax paid	$ 10,433	$ 8,075
Prepaid income tax	4,663	4,182
Prepaid insurance premiums	1,390	1,291
Others	688	4,214
	$ 17,174	$ 17,762

(4) Leasing arrangements - lessee

A. The Group leases various assets including offices and business vehicles. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 7,485	$ 15,134
Transportation equipment (Business vehicles)	1,249	-
	$ 8,734	$ 15,134

	Years ended December 31,			
	2023		2022	
	Depreciation charge		Depreciation charge	
Buildings	$	8,592	$	6,802
Transportation equipment (Business vehicles)		549		-
	$	9,141	$	6,802

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $1,798 and $6,488, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	535	$	535
Expense on short-term lease contracts		14		580
Expense on leases of low-value assets		100		57
Gain from lease modification		432		-

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $9,477 and $7,484, respectively.

(5) Other payables

	December 31, 2023		December 31, 2022	
Accrued research expenses	$	23,434	$	13,049
Salaries and bonuses payable		8,120		8,032
Accrued service expenses		817		955
Payable on equipment		1,954		-
Others		2,249		2,731
	$	36,574	$	24,767

(6) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount of not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The subsidiary, SenHwa Biosciences Corporation, offers its employees 401(K) pension savings plan which adopts defined contribution plan. The plan enables both the employer and employees during their employment to contribute monthly based on a certain percentage or a certain amount of their salaries in their pension accounts.

B. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $3,261 and $3,318, respectively.

(7) Share-based payment

A. As of December 31, 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options - D	2018.5.30	700	7 years	2~4 years of service
Employee stock options - E	2018.12.4	150	7 years	2~4 years of service
Employee stock options - F	2019.5.9	150	7 years	2~4 years of service

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

	2023		2022	
	Number of option shares (in thousands)	Weighted-average exercise price (in dollars)	Number of option shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	396	$ 81.34	565	$ 81.78
Employee stock options expired	(100)	77.18	(169)	82.81
Options outstanding at December 31	296	82.75	396	81.34
Options exercisable at December 31	296		378	

C. No stock options were exercised for the years ended December 31, 2023 and 2022.

D. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	Number of option shares (in thousands)	Exercise price (in dollars)	Number of option shares (in thousands)	Exercise price (in dollars)
2018.5.30	2025.5.29	251	$ 85.30	251	$ 85.30
2018.12.4	2025.12.3	-	$ -	70	$ 80.90
2019.5.9	2026.5.8	45	$ 68.50	75	$ 68.50

E. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - D	2018.5.30	$ 85.30	$ 85.30	42.41%~42.44%	4.5~5.5 years	0%	0.71%~0.76%	$30.53~33.61
Employee stock options - E	2018.12.4	80.90	80.90	42.04%~42.06%	4.5~5.5 years	0%	0.76%~0.81%	28.78~31.70
Employee stock options - F	2019.5.9	68.50	68.50	41.03%	4.5~5.5 years	0%	0.59%~0.63%	23.66~26.07

F. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2023	2022
Equity-settled	($ 641)	$ 1,026

(8) Share capital

A. As of December 31, 2023, the Company's authorised capital was $1,500,000, consisting of 150 million shares of ordinary stock (including 7.5 million shares reserved for employee stock options), and the paid-in capital was $897,436 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	89,186	89,314
Purchase of treasury shares	-	(128)
At December 31	89,186	89,186

C. Treasury shares

(a) In order to motivate employees and enhance employees' loyalty, the Board of Directors of the Company during its meeting on March 25, 2020 and December 3, 2021 has resolved to purchase treasury shares to be reissued to employees. The reason for share reacquisition and details of numbers of the Company's treasury shares are as follows:

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	558,000	$ 51,347

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	558,000	$ 51,347

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to shareholders' equity before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the shareholders' equity should be retired within six months of acquisition.

(9) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(10) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the shareholders at the shareholders' meeting.

B. Except for covering accumulated deficit or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the paid-in capital.

C. The shareholders during their meeting on June 30, 2023 and May 27, 2022 resolved to offset the accumulated deficit with capital surplus of $349,632 and $329,257, respectively.

D. On March 14, 2024, the board of the directors resolved to offset the accumulated deficit with capital surplus of $296,306. The above resolution has not yet been approved by the shareholders.

(11) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 7,618	$ 7,306
Other interest income	23	9
	$ 7,641	$ 7,315

(12) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gains on financial assets at fair value through profit or loss	$ 8,042	$ 2,079
Gain from lease modification	432	-
Net currency exchange gain (loss)	486	(1,001)
	$ 8,960	$ 1,078

(13) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Interest expense from lease liabilities	$ 535	$ 535
Imputed interest on deposits	-	9
	$ 535	$ 544

(14) Expenses by nature

	Years ended December 31,	
	2023	2022
Commission research expenses	$ 147,913	$ 187,880
Employee benefit expense	105,104	112,832
Patent application fees	18,197	26,016
Service expenses	7,758	5,731
Depreciation	10,678	7,047
Amortisation	47	65
Other expenses	22,414	17,544
Operating costs and expenses	$ 312,111	$ 357,115

(15) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 88,266	$ 96,912
Compensation cost of share-based payment	(641)	1,026
Labour and health insurance fees	3,592	3,638
Pension costs	3,261	3,318
Directors' remuneration	6,800	4,000
Other personnel expenses	3,826	3,938
	$ 105,104	$ 112,832

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. The Company has incurred net loss for the years ended December 31, 2023 and 2022. Therefore, employees' compensation and directors' remuneration were not accrued in accordance with the Company's Articles of Incorporation.

C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(16) Income tax

A. Income tax expense

	Years ended December 31,	
	2023	2022
Current income tax:		
Current income tax on profits for the year	$ 1,261	$ 1,372
Deferred income tax:		
Origination and reversal of temporary differences	-	-
Income tax expense	$ 1,261	$ 1,372

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Income tax calculated based on loss before tax and statutory tax rate	($ 61,937)	($ 71,226)
Expenses disallowed by tax regulation	244	238
Taxable income by tax regulation	3,937	2,672
Temporary differences not recognised as deferred tax assets	1,915	1,216
Taxable loss not recognised as deferred tax assets	57,102	68,472
Income tax expense	$ 1,261	$ 1,372

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

	December 31, 2023		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 804,590	$ 804,590	(Note)

	December 31, 2022		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 756,898	$ 756,898	(Note)

Note: The Company and its shareholders are entitled to the incentives conferred under the Act for the Development of Biotech and Pharmaceutical Industry following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10820413380 issued by the Ministry of Economic Affairs (MOEA) on May 23, 2019. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used when there is taxable business income. Any unused tax credit is available for the following four years.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	Assessed	$ 156,145	$ 156,145	2024
2015	Assessed	195,046	195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Assessed	356,007	356,007	2027
2018	Assessed	378,080	378,080	2028
2019	Assessed	390,278	390,278	2029
2020	Assessed	302,777	302,777	2030
2021	Assessed	322,410	322,410	2031
2022	Filed	340,634	340,634	2032
2023	Filed	285,511	285,511	2033
		$ 2,962,058	$ 2,962,058	

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	Assessed	$ 113,000	$ 113,000	2023
2014	Assessed	156,145	156,145	2024
2015	Assessed	195,046	195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Assessed	356,007	356,007	2027
2018	Assessed	378,080	378,080	2028
2019	Assessed	390,278	390,278	2029
2020	Assessed	302,777	302,777	2030
2021	Filed	322,410	322,410	2031
2022	Filed	340,634	340,634	2032
		$ 2,789,547	$ 2,789,547	

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(17) Significant contracts

A. The Company acquired intangible assets including multiple patents, technologies, clinical trial drugs and clinical trial information from Company A under the agreement in April 2013. The Company's payment for acquiring the assets relative to the agreement was shown as 'research and development expenses'. In the following years, the Company is obliged to pay royalties computed based on a certain percentage of revenue arising from either licensing to the third party or sales pertaining to the assets provided that the research and development comes to fruition.

B. The Company was commissioned on improving API Production using the industrial strains for generic medicine by Company B under an agreement in April 2013. The Company was permitted to recommission a third party provided that Company B owns the research results. The total contract price was $45,000. The Company recognised the commission research revenue for each period based on the period of time the service was rendered. Further, the Company is entitled to the receipt of royalties computed based on a certain percentage of net sales amount provided that the products are manufactured and sold under cGMP standard. However, Company B entered into a termination agreement with the Company due to the shift in its operating strategy. The latest agreement allowed the Company to access the research results as well as to authorise the third party to the extent of development. Once the products are manufactured or sold, the revenue must be shared with Company B without exceeding the R&D expenses amounting to $28,125 paid by the Company. All service revenue was recognised by the Company during the year ended December 31, 2014.

(18) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (note)			
Loss attributable to shareholders of the parent	($ 296,306)	89,186	($ 3.32)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (note)			
Loss attributable to shareholders of the parent	($ 349,632)	89,190	($ 3.92)

Note: As options issued to employees do not have dilutive effect, diluted loss per share is the same as the basic loss per share.

(19) Supplement cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 6,559	$ 369
Less: Ending balance of payable on equipment	(1,954)	-
Cash paid during the year	$ 4,605	$ 369

(20) Changes in liabilities from financing activities

	2023	2022
	Lease liability	Lease liability
At January 1	$ 16,159	$ 15,376
Changes in cash flow from financing activities	(8,828)	(6,312)
Impact of changes in foreign exchange rate	-	607
Changes in other non-cash items	2,270	6,488
At December 31	$ 9,601	$ 16,159

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Panlabs Biologics Inc.	The Company's chairman is also the chairman of this company

(2) Significant related party transactions

Operating revenue

	Years ended December 31,	
	2023	2022
Service revenue		
Panlabs Biologics Inc.	$ 1,000	$ 1,000

Service revenue arises from the provision of consulting services and the payments are collected quarterly based on the contract.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 5,821	$ 4,935
Share-based payments	-	208
	$ 5,821	$ 5,143

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(17)A and B, the Group had no other significant contingent liabilities and unrecognised contract commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of capital surplus used to offset against accumulated deficit for the year ended December 31, 2023 as resolved by the Board of Directors are provided in Note 6(10) D.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 130	$ 130
Financial assets at amortised cost / Loans and receivables		
Cash and cash equivalents	$ 1,318,808	$ 1,619,137
Other receivables	10,593	569
Guarantee deposits paid	2,023	1,541
	$ 1,331,424	$ 1,621,247
Financial liabilities		
Financial liabilities at amortised cost		
Other payables	$ 36,574	$ 24,767
Lease liability	$ 9,601	$ 16,159

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 357	30.71	$ 10,973
Non-monetary items			
USD:NTD	1,793	30.71	55,053
Financial liabilities			
Monetary items			
USD:NTD	$ 1,456	30.71	$ 44,727

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 435	30.71	$ 13,375
Non-monetary items			
USD:NTD	2,121	30.71	65,138
Financial liabilities			
Monetary items			
USD:NTD	$ 1,207	30.71	$ 37,063
CAD:NTD	192	22.67	4,353

ii. The unrealised exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to $669 and $12, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 110	$ -
Non-monetary items			
USD:NTD	1%	-	551
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 447	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 134	$ -
Non-monetary items			
USD:NTD	1%	-	651
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 371	$ -
CAD:NTD	1%	44	-

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit quality are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for their clients before standard payment term and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Non-derivative financial liabilities:				
Other payables	$ 36,574	$ -	$ -	$ 36,574
Lease liability (Note)	6,363	3,272	53	9,688

December 31, 2022	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Non-derivative financial liabilities:				
Other payables	$ 24,767	$ -	$ -	$ 24,767
Lease liability (Note)	8,601	5,665	2,498	16,764

Note: The amounts represented the total repayment of debts in the future, therefore, interest expenses for the year were included.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. All equity instruments invested by the Group are classified as level 3.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 130	$ 130

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 130	$ 130

(b) The methods and assumptions the Group used to measure fair value are as follows:

(i) For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the close price of market quoted price to measure the closed-end fund.

(ii) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

C. The Company has no changes in the movement of Level 3 for the years ended December 31, 2023 and 2022.

D. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent and reliable.

E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 130	Discounted cash flow	Long-term revenue growth rate; Discount rate	N/A	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 130	Discounted cash flow	Long-term revenue growth rate; Discount rate	N/A	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

The following transactions were eliminated when preparing the consolidated financial statements.

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Refer to table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

The following transactions with the subsidiary were eliminated when preparing the consolidated financial statements.

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

The Group has no shareholder whose shareholding ratio is above 5%.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry by primarily engaging in the development of new drugs and special pharmaceutical ingredients. The chief operating decision maker, who allocates resources and assesses operating performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies adopted by the Group's operating segments are consistent with that summarised in Note 4. The operating segments' profit or loss is measured with net operating profit and based on which the performance is evaluated.

(3) Information about segment profit or loss, assets and liabilities

The Group has only one reportable segment so the reportable information is identical with the financial statements.

(4) Reconciliation for segment income (loss)

The net operating loss reported to the chief operating decision-maker is measured in a manner consistent with the income and expense in the statement of comprehensive income. Hence, the reconciliation is indicated in the statement of comprehensive income.

(5) Information on products and services

	Years ended December 31,	
	2023	2022
Service revenue	$ 1,000	$ 1,000

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,000	$ 14,225	$ 1,000	$ 12,358
USA	-	378	-	3,388
	$ 1,000	$ 14,603	$ 1,000	$ 15,746

(7) Major customer information

Information on major customers accounting for 10% of the Company's operating revenue for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Precentage of operating income (%)	Revenue	Precentage of operating income (%)
Panlabs Biologics Inc.	$ 1,000	100	$ 1,000	100

Senhwa Biosciences, Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Senhwa Biosciences, Inc.	Chaperone Therapeutics, Inc. - ordinary shares	None	Financial assets at fair value through other comprehensive income - non-current	409,400	$ 128	10.73%	$ 128	None
Senhwa Biosciences, Inc.	Pimera, Inc. - ordinary shares	None	Financial assets at fair value through other comprehensive income - non-current	468,179	2	3%	2	None

Senhwa Biosciences, Inc.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Senhwa Biosciences, Inc.	CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	$ -	277,839,516	$ 3,120,000	277,839,516	$ 3,128,042	$ 3,120,000	$ 8,042	-	$ -

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Senhwa Biosciences, Inc.

Significant inter-company transactions during the reporting period

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Other payables	$ 23,198	Mutual agreement	2%
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Research and development expense	41,888	Mutual agreement	4189%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Related party transactions are disclosed only for amounts reaching $10,000. In addition, transactions of the related counter-party are not disclosed.

Senhwa Biosciences, Inc.

Names, locations and other information of investee companies (not including investee in Mainland China)

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	USA	New drug clinical and technical support services	$ 59,123	$ 59,123	1,000,000	100	$ 55,053	($ 10,229)	($ 10,229)	Subsidiary

Senhwa Biosciences, Inc.

Chairman Benny T. Hu