



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

2023 Annual Shareholders' Meeting

Meeting Handbook

Meeting Date: 9 a.m., June 26 (Monday), 2023

Meeting Venue: 2F, 19-10, Sanchong Road, Nangang District, Taipei
International Convention Center (2F of Building A)

Type of Meeting: Physical Shareholders' Meeting

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail.

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I. Meeting Procedure for the 2023 Medigen Biotechnology Corp.
Annual Shareholders' Meeting

I. Report the Number of Shares in Attendance

II. Call the Meeting to Order

III. Speech by the Chairperson

IV. Management Presentations

V. Proposals

VI. Election Matters

VII. Other Agenda

VIII. Motions

IX. Adjournment

II. Meeting Agenda for the 2023 Medigen Biotechnology Corp. Annual Shareholders Meeting

Meeting Date: 9 a.m., June 26 (Monday), 2023

Meeting Venue: 2F, Building A, 19-10, Sanchong Road, Nangang District, Taipei
(International Convention Center)

Type of Meeting: Physical Shareholders' Meeting

I. Speech by the Chairperson

II. Management Presentations

(I) 2022 Business Report

(II) 2022 Audit Committee's Review Report

III. Proposals

(I) 2022 Business Report & Financial Statements

(II) 2022 Statement of Deficit Compensation

IV. Election Matters

(I) Addition of One Independent Director

V. Other Agenda

(I) Lift the Prohibition on New Directors from Participating in Competitive
Businesses

VI. Motions

VII. Adjournment

[Management Presentations]

- I. Gist: 2022 Business Report for your adoption.

Explanation: Please refer to Attachment 1 from page 7 to page 10 of this handbook for the Company's 2022 Business Report.

- II. Gist: 2022 Audit Committee's Review Report for your adoption.

Explanation: Please refer to Attachment 2 on page 11 of this handbook for the Company's 2022 Audit Committee's Review Report.

[Proposals]

Case 1

Proposed by the Board of Directors

Gist: 2022 Business Report & Financial Statements for your adoption.

Explanation:

- (1) After auditing the Company's 2022 individual financial statements as well as consolidated financial statements, CPAs Juan Lu Man-Yu and Lin Ya-hui from PwC Taiwan have provided review reports with unqualified opinion. Along with the Business Report, these statements had been reviewed and approved by the Audit Committee before they were approved by the Board of Directors.
- (2) Please refer to Attachment 1 from page 7 to page 10 of this handbook for the Company's 2022 Business Report, and Attachment 3 from page 12 to page 40 of this handbook for its 2022 Financial Statements.

Resolutions:

Case 2

Proposed by the Board of Directors

Gist: 2022 Statement of Deficit Compensation for your adoption.

Explanation: Please refer to the table below for 2022 Statement of Deficit Compensation.

Resolutions:

Medigen Biotechnology Corp. 2022 Statement of Deficit Compensation

Currency Unit: NT\$

| Item | Amount |
|---|-----------------|
| Accumulated deficit at the beginning of the year | (\$52,816,703) |
| Less : After-tax net profit loss in 2022 | (\$675,873,657) |
| Add : Actuarial gain (losses) of defined benefit | \$711,530 |
| Accumulated deficit | (\$727,978,830) |
| Items for compensation deficit | |
| Add : Capital Surplus, changes in ownership interests in subsidiaries | 541,716,414 |
| Accumulated deficit at the end of the year | (\$186,262,416) |

Chairman: Chang, Shi-Chung Managerial Personnel: Chang, Shun-Lang Accounting Supervisor: Chen, I-Ju

[Election Matters]

Case 1

Proposed by the Board of Directors

Gist: Addition of One Independent Director for voting.

Explanation:

- I. In coordination with Corporate Governance 3.0 -Sustainable Development Roadmap and in compliance with Article 4, Paragraph 2 of the "Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEx Listed Companies", the number of independent directors shall be no fewer than 4 when the Chairman, General Manager or equivalent job positions are held by the same person, or by individuals who are spouses or first-degree relatives. Therefore, the Company intends to hold a by-election in this shareholders' meeting to elect one independent director.
- II. The additionally elected independent director shall take office immediately after he/she is elected in the 2023 annual shareholders' meeting. The new Director's tenure shall expire on August 1, 2024.
- III. In accordance with Article 19 of the Articles of Incorporation, the candidate nomination system shall be adopted in an election of Directors (including independent directors). Shareholders should elect and appoint one from the list of Director (independent director) candidates. Please refer to the following table for the candidates' educational background, work experience, and other related data. Please cast your ballot.

| Job title & category | Name | Work experience and educational background | Positions currently held in other companies | Number of Shares Held | Reason to continue to nominate an independent director who has served three consecutive terms |
|----------------------|-----------------|--|--|-----------------------|---|
| Independent director | Lin, Sheue-Rong | Deputy Director General, Taiwan FDA, Department of Health, Executive Yuan Counselor, Department of Health, Executive Yuan Commissioner, Department of Health, New Taipei City Government Master's degree, Department of Epidemiology, Johns Hopkins University, U.S.A. PhD research, Institute of Epidemiology, National Taiwan University | Liver Disease Prevention & Treatment Research Foundation CEO, Public Health & Promotion of Liver Disease Prevention | 0 shares | None |

The criteria of the aforementioned independent director nominee have been approved by the Company's Board of Directors meeting on March 28, 2023.

Election Result:

[Other Agenda]

Case 1

Proposed by the Board of Directors

Gist: Lift the Prohibition on New Directors from Participating in Competitive Businesses; for your discussion, please.

Explanation:

- I. In accordance with Article 209 of the Company Act, a Director shall obtain approval from the shareholders' meeting before he/she does anything within the scope of the Company's business for himself/herself, or on behalf of another person.
- II. In case a newly elected Director invests in or manages a company with an operation scope identical or similar to that of the Company while serving as its Director at the conclusion of the election in this shareholders' meeting, we plan to suggest that the annual shareholders' meeting lift the ban on new Directors from participating in competitive businesses, on the condition that no harm is done to the Company's interests.
- III. The following is a list of Director candidates who also serve at other companies and their job titles:

| Title | Name | Lift the ban on participating in competitive businesses | Job post held |
|----------------------|-----------------|--|---------------|
| Independent director | Lin, Sheue-Rong | Liver Disease Prevention & Treatment Research Foundation | CEO |

Resolutions:

[Motions]

[Adjournment]

III. Attachments

[Attachment 1]

Business Report

I. 2022 Business Results

(I) 2022 Business Plan Implementation Results and Profitability

The Company booked a consolidated operating income of NT\$1,055,947,000 in 2022. It recorded an after-tax loss of NT\$675,874,000, or a loss of NT\$4.86 per share. The Company's paid-in capital was NT\$1,394,463,000 by the end of 2022, and shareholders' equity stood at NT\$2,194,027,000.

(II) Budget Execution Status and Financial Revenues and Expenditures

Unit: NTD thousands

| Item | 2022 actual amount | 2022 budget | Difference |
|-----------------------------|--------------------|-------------|--------------|
| Operating revenue | 1,055,947 | 12,627,454 | (11,571,507) |
| Net operating profit | (1,666,976) | 2,098,630 | (3,765,606) |
| Net profit (loss) after tax | (675,874) | 178,231 | (854,105) |

There is a considerable gap between the actual 2022 operating income/operating net profit and the anticipated revenue for 2022. The main reason is that orders for the COVID-19 vaccine developed by the Company's subsidiary Medigen Vaccine Biologics Corp. (6547) have fallen short of expectations. The Company still strives to maintain stable financial planning while trying to achieve its budget goals.

(III) Research and Development Status

1. New drug PI-88

The Company has granted a license to "Cellxpert Biotechnology Co., Ltd." (Cellxpert Biotech). The Company shall collect royalties, milestone fee, and shared profits from proceeds based on the terms of the Agreement and the R&D progress.

2. New drug OBP-301

With effect from Oct. 15, 2022, the Company has taken over the OBP-301 that it co-developed with Japan's Oncolys from Chugai Pharmaceutical Co., Ltd., in addition to retrieving all the rights associated with the OBP-301. The stage-2 clinical trial for esophageal cancer, originally conducted in Japan by Chugai Pharmaceutical, completed recruiting the last participant in December 2022. Rolling reviews will be submitted to the

Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, in line with the country's Sakigake Designation System going forward. The goal is to apply for new drug approvals in Japan by 2024. Strategically speaking, the Company's teams will continue to promote GMP manufacturing as well as commercial events for joint sales with pharmaceutical companies. Meanwhile, the Company will seek authorizations from large pharmaceutical companies as well as opportunities to broaden the application base of patients for OBP-301.

3. Immunotherapy

The Company has obtained approvals for two kinds of cell therapy technologies from the MOHW pursuant to the "Regulations Governing the Administration or Use of Medical Equipment for Examination & Testing with Specific Medical Technologies" (Specific Regulations), namely the Magicell-NK (NK) cell and the Gamma Delta T (GDT) cell. In particular, the Company has teamed up with Shin Kong Memorial Wu Ho-Su Hospital to submit the GDT cell therapy technology plan, which was approved by the MOHW in February 2023. Furthermore, two additional cases under the Magicell-NK (NK) cell therapy technology plan were approved in 2022. As a result, patients could seek treatment plans at Hualien Tzu Chi Hospital, Chi Mei Hospital Liouying Branch, Changhua Christian Hospital, Shin Kong Memorial Wu Ho-Su Hospital, En Chu Kong Hospital, Wanfang Hospital, and Taichung Tzu Chi Hospital.

According to the Specific Regulations, approved cell therapy products are restricted to administration at approved medical institutions in Taiwan, and are limited to indications stipulated in regulations; The Company actively pushes for clinical trials in order to expand market shares and promote international business operations. The Company has obtained approval from the Taiwan Food and Drug Administration (TFDA) for executing stage-1 human clinical trials of autogenous natural killer cells in August 2021. Indications include auxiliary treatment for post-operative colon cancer patients. That clinical trial has officially recruited participants since March 2022. It is our hope that the new treatment could prevent relapses and increase survival rates.

II. 2023 Business Plan

(I) Business Strategy

The Company mainly deals in the exploration of new drugs and the development of clinical trials. It has been devoted to operational activities associated with the cell therapy domain since

2019. Strategically, the Company gives consideration to both the Specific Regulations governed by the Department of Medical Affairs and clinical trials governed by the TFDA, as it seeks to expand overseas markets while boosting revenues through international cooperation. As of the end of 2022, the Company has obtained approvals for two kinds of cell therapy technologies from the MOHW pursuant to the Specific Regulations, namely the Magicell-NK (NK) cell and the Gamma Delta T (GDT) cell. In particular, the NK cell service is available at seven medical institutions across Taiwan, while one medical institution provides the GDT cell service. There is one clinical trial currently in progress pursuant to TFDA regulations, and stage-1 clinical trial is being executed. Going forward, the Company will initiate clinical research for allogeneic immune cells as well as development projects of automated equipment at appropriate times, in addition to continuing to expand applicable indications, patients and markets. It is hoped they could contribute to short-, medium-, and long-term revenues.

(II) Expected sales volume and its basis

As of the end of 2023, the Company has partnered with 11 medical institutions across Taiwan. It has also submitted applications for the NK cell and the GDT cell pursuant to the "Specific Regulations". Revenues have fallen short of expectations over the past three years due to factors such as the pandemic. The Company will focus more on closer communications with collaborative medical institutions to enhance market promotion moving forward.

As the COVID-19 pandemic subsides, revenues generated from the COVID-19 vaccine developed by the subsidiary Medigen Vaccine Biologics Corp. and the COVID-19 reagents developed by TBG Diagnostics Limited declined accordingly in 2022. The focus of these subsidiaries in 2023 will revert to development of their existing product pipelines and related business promotions. Winston, a subsidiary of the Company, has managed to maintain stable revenues and high gross profit margins with its own brand as well as OEM operations and sales. It is expected to continue to maintain stable return on investment for its shareholders.

(III) Important production and sales policies

The Company will continue to focus on business expansion for the NK cell and GDT cell services. On one hand, the Company will seek to increase the number of collaborative medical institutions while enhancing service pursuant to the Specific Regulations; on the other hand, it will seek to increase revenue through approaches such as international cooperation and commissioned services. From a mid- and long-term perspective, the Company will invest in the

development of automated equipment to achieve the goal of lower costs and boosting market penetration.

III. The Company's future development strategies

The Company will focus on developing the immune cell therapy domain going forward. Strategically, it will zero in on technologically autonomous and unique projects with high levels of safety and development potential. Therefore, the NK cell and GDT cell will be the main themes for market exploration and R&D. Moreover, the Company will leverage its R&D capabilities as well as the capabilities of resource integration and international cooperation that it has built over the years, in order to help its subsidiaries expedite product rollouts and improve their operational capabilities. By doing so, we can create maximum value for our shareholders.

IV. Effect of external competition, the legal environment, and the overall business environment

Business management of the immune cell therapy service--to a large extent--is still subject to regulatory influence. These regulations include Taiwan's "Regulations Governing the Administration or Use of Medical Equipment for Examination & Testing with Specific Medical Technologies", regenerative medical bills both in Taiwan and overseas, as well as regulations governing medical technologies, etc. The impact of COVID-19 created a certain level of hindrance to the number of patient admissions at medical institutions in 2022. As a result, revenues fell short of expectations. For the Company's subsidiaries, they will move away from vaccine and testing operations and reverts to their pre-pandemic focus, as the COVID-19 pandemic subsides and they continue to seek development. As far as Winston is concerned, it should be able to sustain stable revenues and high gross profit margins. Despite tough regulatory and competitive challenges as well as headwinds from the overall landscape, the entire management team and all of the Company's employees as well as those of its subsidiaries will stay true to their original intention of innovation and creating interests for shareholders. We continue to endeavor and leverage professional expertise within our respective business realms, while actively devoting ourselves to R&D, clinical trials and market expansion, in hopes of creating greater success together.

Chairman: Chang, Shi-Chung Managerial Personnel: Chang,Shun-Lang Accounting Supervisor: Chen,I-Ju

[Attachment 2]

Medigen Biotechnology Corp.
Audit Committee's Review Report

The 2022 individual financial reports and consolidated financial report prepared and presented by the Board of Directors have been reviewed by CPAs Juan Lu Man-Yu and Lin Ya-hui from PwC Taiwan. The Audit Committee has reviewed them along with the Business Report and Loss Compensation bills. No inconsistencies or discrepancies have been found. Therefore, we have submitted our report as above for your review, pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:
2023 General Shareholders' Meeting of Medigen Biotechnology Corp.

Audit Committee convener: Chen, Pei-Wei

March 30, 2023

[Attachment 3]

CPA's Audit Report & Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medigen Biotechnology Corp.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

On December 31, 2022, the Company's subsidiaries, Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD., were the Group's primary operation entities, which were shown as investments accounted for using equity method, please refer to Note 6(5). Because these subsidiaries' financial status and financial performance had significant impacts on the Company's parent company only financial statements, these subsidiaries' key audit matters, including impairment assessment on property, plant and equipment, right-of-use assets and intangible assets, assessment of loss allowance for inventory decline and the reality of sales revenue from major customers, were listed into the Company's key audit matters as well.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Realisability assessment of deferred income tax assets

Description

Please refer to Note 4(20) for accounting policies on income taxes, Note 5(2) for accounting estimates and assumptions of deferred income tax assets, and Note 6(24) for details of significant accounting items of deferred income tax assets.

As of December 31, 2022, the Company had deferred income tax assets generated from the tax credit and loss carry forwards applicable for Act for the Development of Biotech and Pharmaceutical Industry in the amount of NT\$ 308,614 thousand.

The Company assessed the realisability of deferred income tax assets by using expected future sales revenue growth rate, gross profit rate, usable tax credit and other assumptions. We recognised the aforementioned adopted assumptions contained a high degree of uncertainty, and involved managements' significant accounting judgement and estimates. Thus, we consider the realisability assessment of deferred income tax a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding on managements' estimate procedures and basis of the Company's financial forecast of future operation.
2. Discussed financial forecast of future operation with management, and compared with historical results for the reasonableness.
3. Reviewed the reasonableness of sales revenue growth rate, gross profit rate and other significant assumptions used by managements, and whether the usable tax credit was met with related regulations, and examined the accuracy of tax credit amount.

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

Description

Please refer to Note 4(15) for accounting policies on non-financial assets impairment, Note 5(2) for accounting estimates and assumptions of impairment assessment of property, plant and equipment, right-of-use assets and intangible assets, Note 6(6) and 6(7) for details of significant accounting items of property, plant and equipment, and right-of-use assets, and Note 6(8) for details of significant accounting items of intangible assets.

The Company and Medigen Vaccine Biologics Corporation assessed the recoverable amount by value in use. Because the assessment of cash-generating units involved the subjective judgement of management, including the estimate of future cash flow and discount with proper discounts rate.

We considered that the aforementioned assumptions contained high degree of uncertainty, and their estimated results had significant impacts on the valuation of value in use, thus, we consider the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the reasonableness of the Company's and Medigen Vaccine Biologics Corporation's future cash flow estimate procedures.
2. Discussed financial forecast of future operation with management, and compared with historical results for the reasonableness.
3. Reviewed the reasonableness of sales revenue growth rate, gross profit rate and other significant assumptions used by managements, as well as the parameters of discount rate used, including the reasonableness of the risk-free rate for cost of equity capital, industry risk coefficient and the rate of return of similar assets in the market.

Investments accounted for using equity method - the reality of WINSTON MEDICAL SUPPLY CO., LTD.'s sales revenue from major customer

Description

WINSTON MEDICAL SUPPLY CO., LTD. selling generic drug and aesthetic medicine products, its customers spread over hospitals, clinics, pharmacies, medicine companies and channel vendors in the country, there were variety of customers and the revenue was decentralised. Because the revenue from major customers for the current year presented significant proportion in the consolidated operating revenue of WINSTON MEDICAL SUPPLY CO., LTD., and revenue contained a high degree of risks in nature, thus, we consider the reality of sales revenue from major customers a key audit matter.

How our audit addressed the matter

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

1. Understood, assessed and performed sampling test on the consistency and effectiveness of internal controls procedures of sales revenue recognition from major customers, including inspected customers' credit data, controls of credit facility, the basis of sales revenue recognition and collection procedures.
2. Obtained the basic information of sales revenue from major customers, including the representative and major shareholders, established address, capital amount, primary operating items, and confirmed the reality of major customers and the reasonableness of transactions.
3. Obtained details of revenue from major customers in the current year, performed sampling test on related contracts, orders, delivery documents, invoice and collections, etc, in order to confirm those transactions indeed happened.

4. Performed sampling test and examined whether the subsequent sales returns and discounts and subsequent collection were abnormal.

Investments accounted for using equity method - assessment of allowance for inventory valuation losses of Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD.

Description

Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD. primarily engaged in manufacturing and sales vaccines, generic drug and aesthetic medicine products. Such inventories will be affected due to normal depletion, obsolescence or lack of market value, thus there were certain risks in inventory valuation loss or obsolescence. Inventories were measured at the lower of cost and net realisable value, the reasonable net realisable value was identified according to individual inventory's number with item by item approach, and provisioned valuation loss according to the above. Taking into consideration the amounts of inventory and its allowance for inventory valuation loss had significant impact on the financial statements of Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD.. Additionally, for the inventory valuation, the net realisable value at the balance sheet date should be decided by judgement and estimation. Thus, we consider the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Medigen Vaccine Biologics Corporation's and WINSTON MEDICAL SUPPLY CO., LTD.'s operation and industry nature and assessed the provision policy on allowance for inventory valuation loss.
2. Obtained an understanding on the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the accuracy of inventory age attribution to ensure the consistence of report statement information and its policies.
4. Tested the report statement used in the inventory valuation and assessed the adequacy of allowance for inventory valuation loss.

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

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

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

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

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 generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Juanlu, Man-Yu

Lin, Ya-Hui

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 30, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles 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 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.

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Assets | | | December 31, 2022 | | December 31, 2021 | |
|--------------------|---|-------------|-------------------|-----|-------------------|-----|
| Notes | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 418,967 | 14 | \$ 553,132 | 18 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 1,232 | - | 502 | - |
| 1140 | Current contract assets | 6(17) and 7 | 8,638 | - | 8,638 | - |
| 1170 | Accounts receivable, net | 6(3) | 424 | - | 4,861 | - |
| 1180 | Accounts receivable due from related parties, net | 7 | 1,356 | - | 1,937 | - |
| 1220 | Current income tax assets | | 4,673 | - | 4 | - |
| 130X | Inventory | 6(4) | 9,638 | 1 | 15,824 | 1 |
| 1470 | Other current assets | 7 and 8 | 47,613 | 2 | 70,295 | 2 |
| 11XX | Total current assets | | 492,541 | 17 | 655,193 | 21 |
| Non-current assets | | | | | | |
| 1550 | Investments accounted for under equity method | 6(5) and 8 | 1,511,674 | 51 | 1,493,554 | 48 |
| 1600 | Property, plant and equipment | 6(6) and 8 | 434,939 | 15 | 447,587 | 14 |
| 1755 | Right-of-use assets | 6(7) | 2,993 | - | 5,433 | - |
| 1780 | Intangible assets | 6(8) | 2,948 | - | 9,102 | - |
| 1840 | Deferred income tax assets | 6(24) | 474,230 | 16 | 516,796 | 17 |
| 1900 | Other non-current assets | 7 | 41,842 | 1 | 10,708 | - |
| 15XX | Total non-current assets | | 2,468,626 | 83 | 2,483,180 | 79 |
| 1XXX | Total assets | | \$ 2,961,167 | 100 | \$ 3,138,373 | 100 |

(Continued)

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2022 | | December 31, 2021 | |
|-------------------------|--|--------------|--------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(9) and 8 | \$ 268,000 | 9 | \$ 240,000 | 8 |
| 2130 | Current contract liabilities | 6(17) and 7 | 26,385 | 1 | 26,385 | 1 |
| 2150 | Notes payable | | 815 | - | 3,767 | - |
| 2170 | Accounts payable | | 149 | - | 4 | - |
| 2200 | Other payables | | 43,733 | 1 | 25,337 | 1 |
| 2230 | Current tax liabilities | | - | - | 4,958 | - |
| 2320 | Long-term liabilities, current portion | 6(10) and 8 | 21,100 | 1 | 13,301 | - |
| 2399 | Other current liabilities, others | | 1,348 | - | 727 | - |
| 21XX | Total current liabilities | | 361,530 | 12 | 314,479 | 10 |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(10) and 8 | 401,188 | 14 | 412,892 | 13 |
| 2560 | Current tax liabilities-non current | | - | - | 8,924 | 1 |
| 2570 | Deferred income tax liabilities | 6(24) | 665 | - | 487 | - |
| 2580 | Non-current lease liabilities | | 3,026 | - | 5,480 | - |
| 2640 | Net defined benenit liability, non-current | 6(11) | 731 | - | 1,723 | - |
| 25XX | Total non-current liabilities | | 405,610 | 14 | 429,506 | 14 |
| 2XXX | Total liabilities | | 767,140 | 26 | 743,985 | 24 |
| Equity | | | | | | |
| | Share capital | 6(13) | | | | |
| 3110 | Share capital - common stock | | 1,394,463 | 47 | 1,393,625 | 44 |
| 3140 | Advance receipts for share capital | | - | - | 225 | - |
| | Capital surplus | 6(5)(12)(14) | | | | |
| 3200 | Capital surplus | | 1,561,666 | 53 | 1,108,539 | 35 |
| | Retained earnings | 6(15) | | | | |
| 3350 | Accumulated deficit | | (727,979) (25) (| | 52,817) (2) | |
| | Other equity interest | 6(16) | | | | |
| 3400 | Other equity interest | | (34,123) (1) (| | 55,184) (1) | |
| 3XXX | Total equity | | 2,194,027 | 74 | 2,394,388 | 76 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 2,961,167 | 100 | \$ 3,138,373 | 100 |

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

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for deficits per share in New Taiwan dollars)

| | | Year ended December 31 | | | |
|---|-----------------|------------------------|---------|--------------|--------|
| Items | Notes | 2022 | | 2021 | |
| | | AMOUNT | % | AMOUNT | % |
| 4000 Sales revenue | 6(17) and 7 | \$ 30,655 | 100 | \$ 36,312 | 100 |
| 5000 Operating costs | 6(4) and 7 | (42,371) | (138) | (62,594) | (172) |
| 5900 Net operating margin | | (11,716) | (38) | (26,282) | (72) |
| 5920 Realized profit on from sales | 6(5) | 3,039 | 10 | 3,039 | 8 |
| 5950 Net operating margin | | (8,677) | (28) | (23,243) | (64) |
| Operating expenses | 6(22)(23) and 7 | | | | |
| 6100 Selling expenses | | (760) | (2) | (2,791) | (8) |
| 6200 General & administrative expenses | | (70,356) | (230) | (69,599) | (192) |
| 6300 Research and development expenses | | (160,164) | (522) | (171,155) | (471) |
| 6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | | (151) | (1) | - | - |
| 6000 Total operating expenses | | (231,431) | (755) | (243,545) | (671) |
| 6900 Operating loss | | (240,108) | (783) | (266,788) | (735) |
| Non-operating income and expenses | | | | | |
| 7100 Interest income | 6(18) | 605 | 2 | 139 | - |
| 7010 Other income | 6(19) | 1,725 | 6 | 5,469 | 15 |
| 7020 Other gains and losses | 6(20) | (7,618) | (25) | (771) | (2) |
| 7050 Finance costs | 6(21) | (10,113) | (33) | (9,947) | (27) |
| 7070 Share of (loss) profit of associates and joint ventures accounted for using equity method, net | 6(5) | (391,343) | (1277) | (264,151) | (728) |
| 7000 Total non-operating revenue and expenses | | (406,744) | (1327) | (259,041) | (714) |
| 7900 Profit (loss) before income tax | | (646,852) | (2110) | (7,747) | (21) |
| 7950 Income tax (expense) benefit | 6(24) | (29,022) | (95) | (44,867) | (124) |
| 8200 Profit (loss) for the year | | (\$ 675,874) | (2205) | (\$ 52,614) | (145) |
| Other comprehensive income | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans | 6(11) | \$ 890 | 3 | (\$ 254) | - |
| 8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | 6(16) | 16,231 | 53 | (10,936) | (30) |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(24) | (178) | (1) | 2,238 | 6 |
| 8310 Components of other comprehensive income that will not be reclassified to profit or loss | | 16,943 | 55 | (8,952) | (24) |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 Other comprehensive income, before tax, exchange differences on translation | 6(16) | (30) | - | (7,236) | (20) |
| 8399 Income tax relating to the components of other comprehensive income | 6(16)(24) | 6 | - | 1,447 | 4 |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | (24) | - | (5,789) | (16) |
| 8300 Other comprehensive income for the year | | \$ 16,919 | 55 | (\$ 14,741) | (40) |
| 8500 Total comprehensive income for the year | | (\$ 658,955) | (2150) | (\$ 67,355) | (185) |
| Basic and diluted deficits per share | | | | | |
| 9750 Total basic and diluted deficits per share | 6(25) | (\$ 4.86) | | (\$ 0.38) | |

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

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital | | Capital Reserves | | | | | | Other equity interest | | | | Total equity |
|---|-----------|------------------------------|------------------------------------|---|--|---|-------------------------|-----------------------------------|-------------------------|--|---|---|----------------------|--------------|
| | | Share capital - common stock | Advance receipts for share capital | Total capital surplus, additional paid-in capital | Difference between the price for acquisition or disposal of subsidiaries and carrying amount | Capital Surplus, changes in ownership interests in subsidiaries | Employee stock warrants | Capital Surplus, restricted stock | Capital surplus, others | Total unappropriated retained earnings (accumulated deficit) | Exchange differences on translation of foreign financial statements | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Other equity, others | |
| 2021 | | | | | | | | | | | | | | |
| Balance at January 1 | | \$ 1,389,856 | \$ 1,130 | \$ 3,317 | \$ 325,954 | \$ 472,376 | \$ 18,567 | \$ 15,591 | \$ 265,503 | (\$ 631,375) | (\$ 5,161) | (\$ 26,603) | (\$ 13,737) | \$ 1,815,418 |
| Loss for the year | | - | - | - | - | - | - | - | - | (52,614) | - | - | - | (52,614) |
| Other comprehensive income | 6(16) | - | - | - | - | - | - | - | - | (203) | (5,789) | (8,749) | - | (14,741) |
| Total comprehensive income | | - | - | - | - | - | - | - | - | (52,817) | (5,789) | (8,749) | - | (67,355) |
| Capital surplus used to offset accumulated deficits | 6(15) | - | - | - | (325,954) | (39,918) | - | - | (265,503) | 631,375 | - | - | - | - |
| Changes in ownership interests in subsidiaries | 6(5) | - | - | - | - | 18,424 | - | - | - | - | - | - | - | 18,424 |
| Changes in equity of associates accounted for using equity method, net | 6(5) | - | - | - | - | - | - | - | 166,581 | - | - | - | - | 166,581 |
| Issuance of new shares due to the exercise of stock options by employees | | 3,769 | (905) | 14,109 | - | - | (5,701) | - | - | - | - | - | - | 11,272 |
| Compensation costs of employee stock options | 6(12) | - | - | - | - | - | 3,727 | - | - | - | - | - | - | 3,727 |
| Compensation cost of restricted stocks | 6(12)(16) | - | - | - | - | - | - | - | - | - | - | - | 4,855 | 4,855 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 6(5) | - | - | - | 441,466 | - | - | - | - | - | - | - | - | 441,466 |
| Balance at December 31 | | \$ 1,393,625 | \$ 225 | \$ 17,426 | \$ 441,466 | \$ 450,882 | \$ 16,593 | \$ 15,591 | \$ 166,581 | (\$ 52,817) | (\$ 10,950) | (\$ 35,352) | (\$ 8,882) | \$ 2,394,388 |
| 2022 | | | | | | | | | | | | | | |
| Balance at January 1 | | \$ 1,393,625 | \$ 225 | \$ 17,426 | \$ 441,466 | \$ 450,882 | \$ 16,593 | \$ 15,591 | \$ 166,581 | (\$ 52,817) | (\$ 10,950) | (\$ 35,352) | (\$ 8,882) | \$ 2,394,388 |
| Loss for the year | | - | - | - | - | - | - | - | - | (675,874) | - | - | - | (675,874) |
| Other comprehensive income | 6(16) | - | - | - | - | - | - | - | - | 712 | (24) | 16,231 | - | 16,919 |
| Total comprehensive income | | - | - | - | - | - | - | - | - | (675,162) | (24) | 16,231 | - | (658,955) |
| Changes in ownership interests in subsidiaries | 6(5) | - | - | - | - | 90,834 | - | - | - | - | - | - | - | 90,834 |
| Changes in equity of associates accounted for using equity method, net | 6(5) | - | - | - | - | - | - | - | 15,126 | - | - | - | - | 15,126 |
| Issuance of new shares due to the exercise of stock options by employees | | 838 | (225) | 2,748 | - | - | (951) | - | - | - | - | - | - | 2,410 |
| Compensation costs of employee stock options | 6(12) | - | - | - | - | - | 1,603 | - | - | - | - | - | - | 1,603 |
| Compensation cost of restricted stocks | 6(12)(16) | - | - | - | - | - | - | - | - | - | - | - | 4,854 | 4,854 |
| Acquisition in subsidiaries | 6(5) | - | - | - | (34,273) | - | - | - | - | - | - | - | - | (34,273) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 6(5) | - | - | - | 378,040 | - | - | - | - | - | - | - | - | 378,040 |
| Balance at December 31 | | \$ 1,394,463 | \$ - | \$ 20,174 | \$ 785,233 | \$ 541,716 | \$ 17,245 | \$ 15,591 | \$ 181,707 | (\$ 727,979) | (\$ 10,974) | (\$ 19,121) | (\$ 4,028) | \$ 2,194,027 |

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

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|--|-----------|------------------------|--------------|
| | Notes | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (\$ 646,852) | (\$ 7,747) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense | 6(6)(22) | 14,528 | 16,262 |
| Depreciation charges on right-of-use assets | 6(7)(22) | 4,061 | 3,670 |
| Amortisation expense | 6(8)(22) | 6,154 | 8,950 |
| Excepted credit loss | | 151 | - |
| Net (Gain) loss on financial assets at fair value through profit or loss | 6(20) | (70) | 28 |
| Interest expense | 6(21) | 10,044 | 9,853 |
| Interest expense on lease liabilities | 6(7)(21) | 69 | 94 |
| Interest income | 6(18) | (605) | (139) |
| Share-based payments | 6(12)(23) | 6,457 | 8,582 |
| Share of loss (profit) of subsidiary - associates and joint ventures accounted for using equity method | 6(5) | 391,343 | (264,151) |
| Property, plant and equipment transferred to expenses | | - | 365 |
| Loss (Gain) on disposals of investments | 6(20) | 7 | (61) |
| Gain arising from lease modifications | (| 4) | - |
| Cash dividends from investments accounted for using equity method | 6(5) | 43,626 | 32,719 |
| Unrealised gain on inter-affiliate accounts | 6(5) | (3,039) | (3,039) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss | (| 667) | 561 |
| Current contract assets | | - | (4,598) |
| Accounts receivable | | 4,286 | (3,123) |
| Accounts receivable due from related parties | | 581 | (1,937) |
| Inventory | | 6,186 | 14,635 |
| Other current assets | | 25,992 | 43,230 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | - | 26,304 |
| Notes payable | (| 2,952) | (5,635) |
| Accounts payable | | 145 | (622) |
| Other payables | | 19,512 | 10,388 |
| Other current liabilities | | 621 | 208 |
| Net defined benefit liability, non-current | (| 992) | 120 |
| Cash outflow generated from operations | (| 121,418) | (115,083) |
| Interest received | | 573 | 111 |
| Interest paid | (| 10,113) | (9,947) |
| Income taxes paid | (| 5,001) | (8,039) |
| Net cash flows used in operating activities | (| 135,959) | (132,958) |

(Continued)

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|---|-------|------------------------|--------------|
| | Notes | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of property, plant and equipment | 6(26) | (\$ 2,106) | (\$ 1,417) |
| Increase in refundable deposits | | (280) | (1,170) |
| Acquisition of intangible assets | 6(8) | - | (169) |
| Increase in prepayments for business facilities | | (854) | (750) |
| (Increase) decrease in restricted assets | | (7,800) | 24,500 |
| Net cash flows (used in) from investing activities | | (11,040) | 20,994 |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Proceeds from short-term debt | 6(27) | 218,000 | 250,000 |
| Repayments of short-term debt | 6(27) | (190,000) | (360,000) |
| Repayments of long-term debt | 6(27) | (3,905) | (3,000) |
| Disposal of ownership interests in subsidiaries (without losing control) | 6(26) | 434,264 | 480,073 |
| Acquisition of investments accounted for using equity method - increase capital in subsidiaries | 6(5) | (413,864) | (21,452) |
| Increase in prepayments for investments | | (30,000) | - |
| Payments of lease liabilities | 6(27) | (4,071) | (3,655) |
| Exercise of employee share options | | 2,410 | 11,272 |
| Net cash flows from financing activities | | 12,834 | 353,238 |
| Net (decrease) increase in cash and cash equivalents | | (134,165) | 241,274 |
| Cash and cash equivalents at beginning of year | | 553,132 | 311,858 |
| Cash and cash equivalents at end of year | | \$ 418,967 | \$ 553,132 |

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medigen Biotechnology Corp.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Reality of sales revenue from major customer

Description

Please refer to Note 4(28) for accounting policies on revenue recognition, and Note 6(21) for details of operating revenue account.

The Group's consolidated subsidiary, WINSTON MEDICAL SUPPLY CO., LTD., selling generic drug and aesthetic medicine products, its customers spread over hospitals, clinics, pharmacies, medicine companies and channel vendors in the country, there were variety of customers and the revenue was decentralised. Because the revenue from major customers for the current year was significant, and revenue contained a high degree of risks in nature, thus, we consider the reality of sales revenue from major customers a key audit matter.

How our audit addressed the matter

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

1. Understood, assessed and performed sampling test on the consistency and effectiveness of internal controls procedures of sales revenue recognition from major customers, such as inspecting customers' credit data, controls of credit facility, the basis of sales revenue recognition and collection procedures.
2. Obtained the basic information of sales revenue from major customers, including the representative and major shareholders, establishment address, capital amount, primary operating items, and confirmed the reality of major customers and the reasonableness of transactions.
3. Obtained details of revenue from major customers in the current year, performed sampling test on related contracts, orders, delivery documents, invoice and collections, etc, in order to confirm those transactions indeed happened.

4. Performed sampling test and examined whether the subsequent sales returns and discounts and subsequent collection were abnormal.

Realisability assessment of deferred income tax assets

Description

Please refer to Note 4(25) for accounting policies on income taxes, Note 5(2) for accounting estimates and assumptions of deferred income tax assets, and Note 6(28) for details of significant accounting items of deferred income tax assets.

As of December 31, 2022, the Group had deferred income tax assets generated from the tax credit and loss carry forwards applicable for Act for the Development of Biotech and Pharmaceutical Industry in the amount of NT\$ 308,614 thousand.

The Group assessed the realisability of deferred income tax assets by using expected future sales revenue growth rate, gross profit rate, usable tax credit and other assumptions. We recognised the aforementioned adopted assumptions contained a high degree of uncertainty, and involved managements' significant accounting judgement and estimates. Thus, we consider the realisability assessment of deferred income tax a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding on managements' estimate procedures and basis of the Group's financial forecast of future operation.
2. Discussed financial forecast of future operation with management, and compared with historical results for the reasonableness.
3. Reviewed the reasonableness of sales revenue growth rate, gross profit rate and other significant assumptions used by managements, and whether the usable tax credit was met with related regulations, and examined the accuracy of tax credit amount.

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

Description

Please refer to Note 4(18) for accounting policies on non-financial assets impairment, Note 5(2) for accounting estimates and assumptions of impairment assessment of property, plant and equipment, right-of-use assets and intangible assets, Note 6(9) and 6(10) for details of significant accounting items of property, plant and equipment, and right-of-use assets, and Note 6(11) for details of significant accounting items of intangible assets.

As described in Note 6(9) to 6(11), as at December 31, 2022, the carrying amount of the Group's property, plant and equipment, right-of-use assets and intangible assets amounted to NT\$2,310,756 thousand, constituting 23% of the consolidated total assets.

Some of the Group's operating entities assessed the recoverable amount by value in use. Because the assessment of cash-generating units involved the subjective judgement of management, including the estimate of future cash flow and discount with proper discounts rate.

We considered that the aforementioned assumptions contained high degree of uncertainty, and their estimated results had significant impacts on the valuation of value in use, thus, we consider the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the reasonableness of the Group's cash-generating units' future cash flow estimate procedures.
2. Discussed financial forecast of future operation with management, and compared with historical results for the reasonableness.
3. Reviewed the reasonableness of sales revenue growth rate, gross profit rate and other significant assumptions used by managements, as well as the parameters of discount rate used, including the reasonableness of the risk-free rate for cost of equity capital, industry risk coefficient and the rate of return of similar assets in the market.

Description

Refer to Note 4(13) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of inventory.

As described in Note 6(6), as at December 31, 2022, the Group's inventory and allowance for inventory valuation losses amounted to NT\$1,206,484 thousand and NT\$513,869 thousand, respectively, constituting 7% of the consolidated total assets.

Some of the Group's operating entities primarily engaged in manufacturing and sales vaccines, generic drug and aesthetic medicine products. Such inventories will be affected due to normal depletion, obsolescence or lack of market value, thus there were certain risks in inventory valuation loss or obsolescence. Inventories were measured at the lower of cost and net realisable value, the reasonable net realisable value was identified according to individual inventory's number with item by item approach, and provisioned valuation loss according to the above. Taking into consideration the amounts of inventory and its allowance for inventory valuation loss had significant impact on the financial statements. Additionally, for the inventory valuation, the net realisable value at the balance sheet date should be decided by judgement and estimation. Thus, we consider the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Company's operation and industry nature and assessed the provision policy on allowance for inventory valuation loss.
2. Obtained an understanding on the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the accuracy of inventory age attribution to ensure the consistence of report statement information and its policies.
4. Tested the report statement used in the inventory valuation and assessed the adequacy of allowance for inventory valuation loss.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Medigen Biotechnology Corp. as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Juanlu, Man-Yu

Lin, Ya-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2022 | | December 31, 2021 | |
|--------------------|---|---------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 2,040,633 | 20 | \$ 2,144,580 | 26 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 54,225 | - | 53,599 | 1 |
| 1136 | Current financial assets at amortised cost, net | 6(4) | 2,979,940 | 30 | 800,000 | 10 |
| 1140 | Current contract assets | 6(21) | 8,638 | - | 347,785 | 4 |
| 1150 | Notes receivable, net | 6(5) | 120,042 | 1 | 57,126 | 1 |
| 1170 | Accounts receivable, net | 6(5) | 263,919 | 3 | 380,272 | 5 |
| 1180 | Accounts receivable due from related parties, net | 7 | 5,715 | - | 15,037 | - |
| 1200 | Other receivables | 6(30) | 8,253 | - | 6,935 | - |
| 1210 | Other receivables due from related parties | 7 | 41 | - | 4,353 | - |
| 130X | Inventory | 6(6) | 692,615 | 7 | 752,874 | 9 |
| 1470 | Other current assets | 6(7), 7 and 8 | 558,805 | 6 | 355,721 | 4 |
| 11XX | Current Assets | | 6,732,826 | 67 | 4,918,282 | 60 |
| Non-current assets | | | | | | |
| 1517 | Total non-current financial assets at fair value through other comprehensive income | 6(3) | 205,634 | 2 | 54,000 | 1 |
| 1550 | Investments accounted for using equity method | 6(8) | 101,696 | 1 | 309,711 | 4 |
| 1600 | Property, plant and equipment | 6(9) and 8 | 1,918,498 | 19 | 1,995,830 | 24 |
| 1755 | Right-of-use assets | 6(10) | 279,186 | 3 | 193,501 | 2 |
| 1780 | Intangible assets | 6(11) | 113,072 | 1 | 124,250 | 2 |
| 1840 | Deferred income tax assets | 6(28) | 480,938 | 5 | 522,175 | 6 |
| 1900 | Other non-current assets | 8 | 150,424 | 2 | 81,745 | 1 |
| 15XX | Non-current assets | | 3,249,448 | 33 | 3,281,212 | 40 |
| 1XXX | Total assets | | \$ 9,982,274 | 100 | \$ 8,199,494 | 100 |

(Continued)

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | | December 31, 2022 | | December 31, 2021 | |
|--|--|---------------|-------------------|------|-------------------|------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(12) and 8 | \$ 328,000 | 3 | \$ 300,000 | 4 |
| 2130 | Current contract liabilities | 6(21) and 7 | 130,398 | 1 | 244,423 | 3 |
| 2150 | Notes payable | | 34,771 | - | 44,494 | 1 |
| 2170 | Accounts payable | | 150,238 | 2 | 119,442 | 1 |
| 2200 | Other payables | | 319,394 | 3 | 308,034 | 4 |
| 2280 | Current lease liabilities | | 13,126 | - | 3,317 | - |
| 2320 | Long-term liabilities, current portion | 6(13) and 8 | 28,862 | - | 21,340 | - |
| 2399 | Other current liabilities | | 47,534 | 1 | 23,855 | - |
| 21XX | Current Liabilities | | 1,052,323 | 10 | 1,064,905 | 13 |
| Non-current liabilities | | | | | | |
| 2500 | Non-current financial liabilities at fair value through profit or loss | 6(2) | 19,250 | - | - | - |
| 2530 | Bonds payable | 6(14) | 1,677,850 | 17 | - | - |
| 2540 | Long-term borrowings | 6(13) and 8 | 451,307 | 5 | 470,772 | 6 |
| 2570 | Deferred income tax liabilities | 6(28) | 14,241 | - | 14,348 | - |
| 2580 | Non-current lease liabilities | | 275,319 | 3 | 196,638 | 3 |
| 2640 | Net defined benenit liability, non-current | 6(15) | 10,691 | - | 10,833 | - |
| 2670 | Other non-current liabilities | | 10,280 | - | 15,894 | - |
| 25XX | Non-current liabilities | | 2,458,938 | 25 | 708,485 | 9 |
| 2XXX | Total Liabilities | | 3,511,261 | 35 | 1,773,390 | 22 |
| Equity attributable to owners of parent | | | | | | |
| Share capital | | | | | | |
| 3110 | Common stock | 6(17) | 1,394,463 | 14 | 1,393,625 | 17 |
| 3140 | Advance receipts for share capital | | - | - | 225 | - |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(16)(18)(30) | 1,561,666 | 15 | 1,108,539 | 13 |
| Accumulated deficit | | | | | | |
| 3350 | Accumulated deficit | 6(19) | (727,979) | (7) | (52,817) | (1) |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | 6(20) | (34,123) | - | (55,184) | - |
| 31XX | Equity attributable to owners of the parent | | 2,194,027 | 22 | 2,394,388 | 29 |
| 36XX | Non-controlling interest | | 4,276,986 | 43 | 4,031,716 | 49 |
| 3XXX | Total equity | | 6,471,013 | 65 | 6,426,104 | 78 |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | |
| Significant events after the balance sheet date | | | | | | |
| 3X2X | Total liabilities and equity | | \$ 9,982,274 | 100 | \$ 8,199,494 | 100 |

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

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for deficits per share in New Taiwan dollars)

| Items | | Notes | Year ended December 31 | | | |
|-------|--|-----------------|------------------------|--------|--------------|-------|
| | | | 2022 | | 2021 | |
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Sales revenue | 6(21) and 7 | \$ 1,055,947 | 100 | \$ 3,922,012 | 100 |
| 5000 | Operating costs | 6(6)(26)(27) | (968,487) | (92) | (1,370,698) | (35) |
| 5900 | Net operating margin | | 87,460 | 8 | 2,551,314 | 65 |
| 5920 | Realized profit on from sales | 6(8) | - | - | 1,362 | - |
| 5950 | Net operating margin | | 87,460 | 8 | 2,552,676 | 65 |
| | Operating expenses | 6(26)(27) and 7 | | | | |
| 6100 | Selling expenses | | (160,752) | (15) | (93,259) | (2) |
| 6200 | General & administrative expenses | | (241,554) | (23) | (283,347) | (7) |
| 6300 | Research and development expenses | | (1,330,997) | (126) | (1,407,360) | (36) |
| 6450 | Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | 12(2) | (21,133) | (2) | 20,494 | - |
| 6000 | Total operating expenses | | (1,754,436) | (166) | (1,763,472) | (45) |
| 6900 | Operating (loss) profit | | (1,666,976) | (158) | 789,204 | 20 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(22) and 7 | 8,883 | 1 | 3,160 | - |
| 7010 | Other income | 6(23) | 75,863 | 7 | 447,721 | 11 |
| 7020 | Other gains and losses | 6(24) | 11,283 | 1 | 14,216 | - |
| 7050 | Finance costs | 6(25) | (39,453) | (3) | (19,068) | - |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method | 6(8) | (262,213) | (25) | (98,799) | (2) |
| 7000 | Total non-operating revenue and expenses | | (205,637) | (19) | 347,230 | 9 |
| 7900 | Profit (loss) before income tax | | (1,872,613) | (177) | 1,136,434 | 29 |
| 7950 | Income tax expense (benefit) | 6(28) | (58,874) | (6) | (65,733) | (1) |
| 8200 | Profit (loss) for the year | | (\$ 1,931,487) | (183) | \$ 1,070,701 | 28 |

(Continued)

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for deficits per share in New Taiwan dollars)

| | | Year ended December 31 | | | |
|---|--|------------------------|--------|----------------|----------------|
| | | 2022 | | 2021 | |
| Items | Notes | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Actuarial loss on defined benefit plan | 6(15) | | | |
| | | (\$ 614) | - | (\$ 400) | - |
| 8316 | Total expenses, by nature | 6(3)(20) | 82,225 | 8 | (21,129) (1) |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(20)(28) | | | |
| | | 122 | - | 2,267 | - |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss | | | | |
| | | 81,733 | 8 | (19,262) (1) | |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Financial statements translation differences of foreign operations | 6(20) | | | |
| | | (1,266) | - | (13,703) | - |
| 8399 | Income tax relating to the components of other comprehensive income | 6(20)(28) | | | |
| | | 6 | - | 1,447 | - |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | | | |
| | | (1,260) | - | (12,256) | - |
| 8300 | Total other comprehensive income for the year | | | | |
| | | \$ 80,473 | 8 | (\$ 31,518) | (1) |
| 8500 | Total comprehensive income for the year | | | | |
| | | (\$ 1,851,014) | (175) | \$ 1,039,183 | 27 |
| Profit (loss), attributable to: | | | | | |
| 8610 | Owners of the parent | | | | |
| | | (\$ 675,874) | (64) | (\$ 52,614) | (1) |
| 8620 | Non-controlling interest | | | | |
| | | (\$ 1,255,613) | (119) | \$ 1,123,315 | 29 |
| Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | | | | |
| | | (\$ 658,955) | (62) | (\$ 67,355) | (1) |
| 8720 | Non-controlling interest | | | | |
| | | (\$ 1,192,059) | (113) | \$ 1,106,538 | 28 |
| Basic earnings per share | | | | | |
| 9750 | Total basic earnings per share | 6(29) | | | |
| | | (\$ 4.86) | | (\$ 0.38) | |

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

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | | | | | | | | | |
|------|-----------|---|------------------------------------|---|--|---|-------------------------|-----------------------------------|-------------------------|--|--|---|----------------------|--------------|--------------------------|--------------|--|--|
| | | Capital | | Capital Reserves | | | | | | | Other equity interest | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | Notes | Share capital - common stock | Advance receipts for share capital | Capital surplus, additional paid-in capital | Difference between the price for acquisition or disposal of subsidiaries and carrying amount | Capital Surplus, changes in ownership interests in subsidiaries | Employee stock warrants | Capital Surplus, restricted stock | Capital surplus, others | Total unappropriated retained earnings (accumulated deficit) | Financial statements translation differences of foreign operations | Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Other equity, others | Total | Non-controlling interest | Total equity | | |
| 2021 | | | | | | | | | | | | | | | | | | |
| | | \$ 1,389,856 | \$ 1,130 | \$ 3,317 | \$ 325,954 | \$ 472,376 | \$ 18,567 | \$ 15,591 | \$ 265,503 | (\$ 631,375) | (\$ 5,161) | (\$ 26,603) | (\$ 13,737) | \$ 1,815,418 | \$ 2,684,052 | \$ 4,499,470 | | |
| | | - | - | - | - | - | - | - | - | (52,614) | - | - | - | (52,614) | 1,123,315 | 1,070,701 | | |
| | 6(20) | - | - | - | - | - | - | - | - | (203) | (5,789) | (8,749) | - | (14,741) | (16,777) | (31,518) | | |
| | | - | - | - | - | - | - | - | - | (52,817) | (5,789) | (8,749) | - | (67,355) | 1,106,538 | 1,039,183 | | |
| | 6(19) | - | - | - | (325,954) | (39,918) | - | - | (265,503) | 631,375 | - | - | - | - | - | - | | |
| | 6(16)(30) | - | - | - | - | 18,424 | - | - | - | - | - | - | - | 18,424 | 111,070 | 129,494 | | |
| | 6(8) | - | - | - | - | - | - | - | 166,581 | - | - | - | - | 166,581 | 110,280 | 276,861 | | |
| | 6(17) | 3,769 | (905) | 14,109 | - | (5,701) | - | - | - | - | - | - | - | 11,272 | - | 11,272 | | |
| | 6(16) | - | - | - | - | - | 3,727 | - | - | - | - | - | - | 3,727 | - | 3,727 | | |
| | 6(16)(20) | - | - | - | - | - | - | - | - | - | - | - | 4,855 | 4,855 | - | 4,855 | | |
| | 6(30) | - | - | - | 441,466 | - | - | - | - | - | - | - | - | 441,466 | 42,308 | 483,774 | | |
| | 4(3) | - | - | - | - | - | - | - | - | - | - | - | - | - | (22,532) | (22,532) | | |
| | | \$ 1,393,625 | \$ 225 | \$ 17,426 | \$ 441,466 | \$ 450,882 | \$ 16,593 | \$ 15,591 | \$ 166,581 | (\$ 52,817) | (\$ 10,950) | (\$ 35,352) | (\$ 8,882) | \$ 2,394,388 | \$ 4,031,716 | \$ 6,426,104 | | |
| 2022 | | | | | | | | | | | | | | | | | | |
| | | \$ 1,393,625 | \$ 225 | \$ 17,426 | \$ 441,466 | \$ 450,882 | \$ 16,593 | \$ 15,591 | \$ 166,581 | (\$ 52,817) | (\$ 10,950) | (\$ 35,352) | (\$ 8,882) | \$ 2,394,388 | \$ 4,031,716 | \$ 6,426,104 | | |
| | | - | - | - | - | - | - | - | - | (675,874) | - | - | - | (675,874) | (1,255,613) | (1,931,487) | | |
| | 6(20) | - | - | - | - | - | - | - | - | 712 | (24) | 16,231 | - | 16,919 | 63,554 | 80,473 | | |
| | | - | - | - | - | - | - | - | - | (675,162) | (24) | 16,231 | - | (658,955) | (1,192,059) | (1,851,014) | | |
| | 6(16)(30) | - | - | - | - | 90,834 | - | - | - | - | - | - | - | 90,834 | 1,400,890 | 1,491,724 | | |
| | 6(8) | - | - | - | - | - | - | - | 15,126 | - | - | - | - | 15,126 | (19,494) | (4,368) | | |
| | 6(17) | 838 | (225) | 2,748 | - | (951) | - | - | - | - | - | - | - | 2,410 | - | 2,410 | | |
| | 6(16) | - | - | - | - | - | 1,603 | - | - | - | - | - | - | 1,603 | - | 1,603 | | |
| | 6(16)(20) | - | - | - | - | - | - | - | - | - | - | - | 4,854 | 4,854 | - | 4,854 | | |
| | 6(30) | - | - | - | 378,040 | - | - | - | - | - | - | - | - | 378,040 | 51,702 | 429,742 | | |
| | 4(3) | - | - | - | (34,273) | - | - | - | - | - | - | - | - | (34,273) | 34,273 | - | | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | (30,042) | (30,042) | | |
| | | \$ 1,394,463 | \$ - | \$ 20,174 | \$ 785,233 | \$ 541,716 | \$ 17,245 | \$ 15,591 | \$ 181,707 | (\$ 727,979) | (\$ 10,974) | (\$ 19,121) | (\$ 4,028) | \$ 2,194,027 | \$ 4,276,986 | \$ 6,471,013 | | |

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

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|---|-----------|------------------------|--------------|
| | Notes | 2022 | 2021 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| (Loss) profit before tax | | (\$ 1,872,613) | \$ 1,136,434 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense | 6(9)(26) | 157,477 | 156,387 |
| Depreciation charges on right-of-use assets | 6(10)(26) | 19,777 | 8,950 |
| Amortisation expense | 6(11)(26) | 14,392 | 33,091 |
| Excepted credit loss (gain) | 12(2) | 21,133 | (20,494) |
| Net loss on financial assets and liabilities at fair value through profit or loss | 6(2)(24) | | |
| | | 16,649 | 101 |
| Interest expense | 6(25) | 12,386 | 13,161 |
| Interest expense on lease liabilities | 6(10)(25) | 7,712 | 5,907 |
| Interest expense on corporate bonds | 6(25) | 19,355 | - |
| Interest income | 6(22) | (8,850) | (3,081) |
| Other interest income | 6(22) | (33) | (79) |
| Share-based payments | 6(16)(27) | 82,066 | 77,397 |
| Losses on disposals of property, plant and equipment | 6(9)(24) | - | 250 |
| Loss (Gain) on disposals of investments | 6(2)(24) | 7 | (61) |
| Gain arising from lease modifications | 6(24) | (4) | - |
| Gain on disposal of investments accounted for using equity method | 6(24) | - | (10,964) |
| Share of loss of subsidiary - associates and joint ventures accounted for using equity method | 6(8) | 262,213 | 98,799 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss | | (832) | 561 |
| Current contract assets | | 339,147 | (343,745) |
| Notes receivable | | (62,916) | 13,067 |
| Accounts receivable | | 117,664 | (299,087) |
| Accounts receivable due from related parties | | (13,122) | (7,999) |
| Other receivables | | (1,134) | 678 |
| Other receivables due from related parties | | 4,312 | 5,136 |
| Inventory | | 60,291 | (429,015) |
| Other current assets | | (194,340) | (193,312) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | (114,025) | 130,503 |
| Notes payable | | (9,723) | 106 |
| Accounts payable | | 30,796 | 67,869 |
| Accounts payable to related parties | | - | (14,040) |
| Other payables | | (7,083) | 118,765 |
| Other current liabilities | | 15,821 | (2,303) |
| Net defined benefit liability, non-current | | (142) | (507) |
| Cash (outflow) inflow generated from operations | | (1,103,619) | 542,475 |
| Interest received | | 8,850 | 3,081 |
| Interest paid | | (20,098) | (19,068) |
| Income taxes paid | | (23,352) | (8,370) |
| Net cash flows (used in) from operating activities | | (1,138,219) | 518,118 |

(Continued)

MEDIGEN BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|---|-------|------------------------|---------------|
| | Notes | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | (\$ 69,409) | (\$ 54,000) |
| Acquisition of financial assets at amortised cost | | (2,979,940) | (1,900,000) |
| Proceeds from repayments of financial assets at amortised cost | | 800,000 | 1,100,000 |
| Acquisition of property, plant and equipment | 6(31) | (54,875) | (130,501) |
| Proceeds from disposal of property, plant and equipment | 6(31) | - | 126,000 |
| Decrease (increase) in refundable deposits | | 3,658 | (5,741) |
| Acquisition of intangible assets | 6(11) | (3,214) | (1,591) |
| Increase in prepayments for business facilities | | (93,281) | (12,456) |
| Decrease in restricted assets, current | | (8,198) | (6,510) |
| Acquisition of investments accounted for using equity method | | (30,127) | (20,911) |
| Proceeds from disposal of investments accounted for using equity method | | - | 23,003 |
| Increase in prepayments for investments | | (17,731) | (27,795) |
| Net cash flows used in investing activities | | (2,453,117) | (910,502) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Proceeds from short-term debt | 6(32) | 308,000 | 370,000 |
| Repayments of short-term debt | 6(32) | (280,000) | (545,000) |
| Proceeds from issuing bonds | 6(14) | 1,755,250 | - |
| Repayments of long-term debt | 6(32) | (11,943) | (15,651) |
| Payments of lease liabilities | 6(32) | (16,968) | (6,834) |
| Exercise of employee share options | | 2,410 | 11,272 |
| Increase (decrease) in guarantee deposits received | | 3,310 | (654) |
| Disposal of ownership interests in subsidiaries (without losing control) | 6(30) | 434,264 | 480,073 |
| Proceeds from non-controlling interest participated in subsidiaries cash capital increase | 6(30) | 1,326,185 | 60,679 |
| Cash dividends to non-controlling interests | 4(3) | (30,042) | (22,532) |
| Net cash flows from financing activities | | 3,490,466 | 331,353 |
| Effect of exchange rate changes | | (3,077) | (964) |
| Net decrease in cash and cash equivalents | | (103,947) | (61,995) |
| Cash and cash equivalents at beginning of year | | 2,144,580 | 2,206,575 |
| Cash and cash equivalents at end of year | | \$ 2,040,633 | \$ 2,144,580 |

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

IV. Appendix

[Appendix 1]

Medigen Biotechnology Corp. Rules of Procedure for Shareholder Meetings

Formulated and approved by the annual shareholders' meeting on Aug. 13, 2001

Amendments approved by the annual shareholders' meeting on May 9, 2002

Amendments approved by the annual shareholders' meeting on June 29, 2007

Amendments approved by the annual shareholders' meeting on June 22, 2020

Amendments approved by the annual shareholders' meeting on Monday, August 02, 2021

- Article 1 These Rules have been formulated in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, in an attempt to establish a sound system to administer the Company's shareholders' meetings, develop a robust oversight function, and strengthen the management mechanism.
- Article 2 Unless otherwise stipulated in regulations or the Articles of Incorporation, the Company's Rules of Procedure for Shareholders' Meetings shall be observed.
- Article 3 (Meeting notice for convening a shareholders' meeting)
- I. Unless otherwise stipulated in regulations, the Company's shareholders' meetings shall be convened by its Board of Directors.
 - II. The Company should convert the gist of and explanation for various resolutions such as shareholders' meeting notices, proxy forms, related adoptions, discussions, and Director appointment or discharge into electronic files, and upload them to the Market Observation Post System 30 days prior to an annual shareholders' meeting, or 15 days prior to an extraordinary shareholders' meeting. It should also convert shareholders' meeting handbooks and supplementary meeting data into electronic files and upload them to the Market Observation Post System 21 days prior to an annual shareholders' meeting, or 15 days prior to an extraordinary shareholders' meeting. It should prepare shareholders' meeting handbooks and supplementary meeting data 15 days prior to a shareholders' meeting, and make them readily available to shareholders upon request. They should also be on display at the Company and the professional stock transfer agency commissioned by the Company. They should also be distributed on site at the shareholders' meeting. Meeting notices and public announcements should clearly state the reason for convening a meeting: Such notices may be sent electronically with the consent of the counterpart.
 - III. Matters such as Director appointment or discharge, changes to the Articles of Incorporation, capital reduction, application for delisting, exclusion from non-compete cause for a Director, capitalization of retained earnings, capitalization of surplus, dissolution, merger, divestiture, or items stipulated in the Subparagraphs of Article 185, Paragraph 1 should be listed and summarized in the reasons for calling a meeting. They shall not be submitted as motions.
 - IV. In case a shareholders' meeting notice has clearly stated a complete reshuffle of the Board of

Directors as well as the date for new Directors to take office, that date shall not be changed by a motion or any other means in the same shareholders' meeting after reelection is concluded.

- V. Directors in possession of more than 1% of the total number of shares issued by the Company may propose as many as one bill in an annual shareholders' meeting. Proposed bills beyond the first shall not be admissible. However, in case a shareholder's proposal is a suggestion meant to encourage the Company to further public interest or perform its social responsibilities, the Board of Directors may still admit it. Furthermore, in case a shareholder's proposed bill falls into any of the situations stipulated in Article 172-1, Paragraph 4 of the Company Act, the Board of Directors may choose not to admit it.
- VI. Prior to the book closure day before an annual shareholders' meeting, the Company should publicly announce that it is prepared to entertain shareholders' proposals. It should also announce the method of accepting written or electronic proposals, locations where they can be submitted, and the submission time frame. The submission time frame shall be no less than 10 days.
- VII. A shareholder's proposed bill shall be limited to 300 words. Proposals in excess of 300 words shall not be admitted. A shareholder who has submitted a proposal should attend the annual shareholders' meeting in person, or commission a proxy to attend on his/her behalf. The shareholder should also participate in the discussion over the proposal in question.
- VIII. The Company should inform shareholders who have submitted proposals of its decision prior to sending shareholders' meeting notices. It should also itemize bills in compliance with this Article in the meeting notice. With respect to shareholders' proposals not included in a shareholders' meeting agenda, the Board of Directors should state the reasons for excluding them.

Article 4 (Attendance of a shareholders' meeting by proxy & authorization)

- I. Before each shareholders' meeting, a shareholder may produce a proxy form issued by the Company and containing clearly stated scope of authorization to commission a proxy to attend a shareholders' meeting.
- II. Each shareholder is limited to providing one proxy form to commission one proxy only. The proxy form should be sent to the Company five days prior to a shareholders' meeting. In the event of duplicated proxy forms, the first that arrives shall prevail. However, such restriction does not apply to a shareholder who has declared to rescind his/her previous proxy request.
- III. After a shareholder's proxy form has been sent to the Company and the shareholder wishes to attend the shareholders' meeting in person, or exercise his/her voting rights in writing or electronically, he/she should submit a written request to rescind the proxy form two days prior to the shareholders' meeting. In case the deadline for rescinding a proxy form has passed, the voting rights of the proxy shall be honored.

Article 5 (Principles for choosing a location and time for a shareholders' meeting)

Shareholders' meetings should be held at the Company's location, or a location that is both convenient for shareholders to attend and appropriate for shareholder's meetings. These

meetings shall not begin earlier than 9 a.m. or later than 3 p.m. When choosing a location and time for a meeting, independent directors' opinions should be taken into full account.

Article 6 (Provision of documents such as sign in books)

- I. The Company should clearly state in the meeting notice the check-in time and place of shareholders, as well as other matters of note.
- II. The aforementioned shareholder check-in time shall be no later than 30 minutes prior to the start of the meeting. The check-in place should be clearly indicated, and should be manned by appropriate personnel.
- III. A shareholder or his/her proxy (referred to as shareholder hereafter) should present the certificate of attendance, attendance card or other attendance certificates for admission to a shareholders' meeting. With regard to such certificates, the Company shall not arbitrarily demand a shareholder to provide additional proof or other papers. Solicitors who solicit proxy forms should bring their IDs for verification.
- IV. The Company should prepare a sign in book for attending shareholders to check in. Alternatively, attending shareholders may submit their attendance cards.
- V. The Company should deliver the meeting handbook, annual report, certificate of attendance, speech notes, ballots and other meeting data to attending shareholders. In the event of a Director election, election ballots should also be attached.
- VI. In case a shareholder is a government agency or a juristic person, the number of representatives to a shareholders' meeting shall not be limited to one person. When a juristic person is commissioned to attend a shareholders' meeting, only one representative shall be allowed to attend.

Article 7 (Chairperson of a shareholders' meeting and attendants)

- I. When a shareholders' meeting is convened by the Board of Directors, the Chairman shall act as the chairperson of the meeting. When the Chairman is on leave or when he or she is unable to perform his or her duties, he or she may designate one Director to act as the chairperson on his or her behalf. In case the Chairman fails to designate a proxy, Directors will choose one from among themselves.
- II. When a Managing Director or Director acts as the aforementioned proxy chairperson, he/she should have served in that role for more than six months and be familiar with the Company's financial and business situations. The same rule applies to the situation where the chairperson is a representative of a corporate Director.
- III. The Chairman should personally preside over a shareholders' meeting convened by the Board of Directors. It is preferred that more than 50% of the Board members attend, and that at least one representative from each functional committee attend. Their attendance should be documented in the shareholders' meeting minutes.
- IV. In case a shareholders' meeting is convened by an individual outside the Board of Directors with the convening right, he/she shall act as the chairperson of that meeting provided, however, that if there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among themselves.

- V. The Company may designate its commissioned lawyers, accountants or related individuals to attend a shareholders' meeting.

Article 8 (Audio and video recording of a shareholders' meeting process for archival purposes)

- I. From the minute shareholders check in, the Company should make continuous and non-stop audio and video recordings of the shareholder check-in process, the meeting process, and the voting and vote counting process.
- II. The aforementioned audio and video recordings should be preserved for at least one year. However, in case a shareholder has filed a lawsuit pursuant to Article 189 of the Company Act, they should be preserved until the termination of the lawsuit.

Article 9 (Tallying the number of shares in attendance at a shareholders' meeting & commencement of meeting)

- I. Attendance at a shareholders' meeting should be based on calculating the number of shares. The number of shares in attendance shall be tallied based on the sign-in books or submitted attendance cards plus those who exercise their voting rights in writing or electronically.
- II. When it is time to start a meeting, the chairperson should immediately call the meeting to order. In the meantime, he/she should also announce related information such as the number of shares with no voting rights and the number of shares in attendance. However, in case the number of shares held by attending shareholders is less than 50% of the total number of issued shares, the chairperson may announce to delay the meeting. However, such delays shall be limited to no more than two, and the total amount of time delayed shall not exceed one hour. In case the attending shareholders still fail to represent more than one third of the total number of issued shares after two delays, the chairperson shall announce that the meeting cannot be convened for failing to reach a quorum.
- III. In case the attending shareholders still fail to represent more than one third of the total number of issued shares after two aforementioned delays, a tentative resolution may be passed pursuant to Article 175, Paragraph 1 of the Company Act. A notice of such a tentative resolution shall be given to each of the shareholders, and a shareholders' meeting shall be reconvened within one month.
- IV. In case the number of shares represented by the attending shareholders has surpassed 50% of the total number of issued shares before the meeting is over, the chairperson may re-submit the tentative resolution to the shareholders' meeting for a vote pursuant to Article 174 of the Company Act.

Article 10 (Discussion of bills)

- I. In case a shareholders' meeting is convened by the Board of Directors, its agenda shall be formulated by the Board of Directors. Related bills (including motions and amendments to existing bills) should be put up to a vote on a one-by-one basis. The meeting should follow the set agenda, which should not be altered unless otherwise approved by the shareholders' meeting.
- II. In case a shareholders' meeting is convened by an individual outside the Board of Directors with the convening right, the regulation in the preceding paragraph may apply.

- III. With respect to bills scheduled in line with the previous two paragraphs, the chairperson shall not arbitrarily announce that the meeting is over when meeting procedures (including motions) are still in progress, unless a resolution is otherwise passed. In case the chairperson violates these Rules of Procedure and announces that the meeting is over, other members of the Board of Directors should immediately help attending shareholders elect another person as chairperson with a majority vote of the voting shares in attendance, in accordance with legal procedures. The meeting, therefore, shall continue.
- IV. The chairperson should provide opportunities for bills, amendments or motions submitted by shareholders to be adequately expounded and discussed. When the chairperson deems the time is ripe for a vote, he or she may announce to stop the discussion, take it to a vote, and allocate an adequate amount of time for voting.

Article 11 (Discussion of bills)

- I. Before an attending shareholder speaks, he or she is required to fill out a speech note, which should clearly state the gist of the speech, shareholder serial number (or the number of his or her certificate of attendance), as well as account name. The chairperson shall decide the order of such speeches.
- II. In case an attending shareholder submits a speech note but fails to deliver a speech, the speech note shall be ignored. In the event of inconsistencies between the content of a speech and the corresponding speech note, the speech shall prevail.
- III. Each shareholder shall not speak more than twice with respect to the same bill, unless consent is granted by the chairperson. Each speech shall not exceed five minutes. The chairperson may stop a speech if the shareholder violates regulations or goes off topic.
- IV. When an attending shareholder speaks, other shareholders shall not interrupt and speak, unless consent has been granted by the chairperson as well as the shareholder delivering the speech. The chairperson should stop those in violation of this rule.
- V. In case a corporate shareholder has designated more than two representatives to attend a shareholders' meeting, only one representative shall be allowed to speak with respect to the same bill.
- VI. After an attending shareholder speaks, the chairperson may reply in person, or designate a related person/persons to reply.

Article 12 (Counting of voting shares & abstention)

- I. Voting at a shareholders' meeting should be based on calculating the number of shares.
- II. With respect to resolutions at a shareholders' meeting, the number of shares with no voting rights held by shareholders shall not be included in the total number of issued shares.
- III. In the event of a conflict of interest between a shareholder and any meeting agenda item which may be detrimental to the Company's interests, he or she shall be barred from voting and shall not exercise the voting rights of another shareholder.
- IV. The number of shares held by the aforementioned shareholder who is barred from exercising his or her voting rights shall not be included in the number of attending shareholders' voting

shares.

- V. When an individual has been commissioned by more than two shareholders simultaneously, the proxy voting rights shall not exceed 3% of the voting rights of the total number of issued shares, with the exception of trust enterprises or stock transfer agencies approved by the securities regulator. The voting rights of shares exceeding this limit shall not count.

Article 13 (Voting on bills, scrutiny and method of vote counting)

- I. Each share held by a shareholder counts as one voting right. However, shares that are limited or shares with no voting rights as stipulated in Article 179, Paragraph 2 of the Company Act shall be excluded.
- II. When the Company convenes a shareholders' meeting, it should allow its shareholders to exercise their voting rights electronically or in writing. The method for shareholders to exercise their voting rights--electronically or in writing--shall be clearly stated in shareholders' meeting notices. Shareholders who exercise their voting rights electronically or in writing shall be deemed as attending a shareholders' meeting in person. However, with respect to motions and amendments to existing bills at that particular shareholders' meeting, they shall be deemed as abstainees.
- III. Those who wish to exercise their voting rights in writing or electronically as mentioned in the preceding paragraph are required to have their intentions delivered to the Company at least two days prior to the day of the shareholders' meeting. In the event of duplicated intentions, the first delivered intention shall prevail. However, such restriction does not apply to a shareholder who has declared to rescind his/her prior intention.
- IV. In case shareholders wish to attend a shareholders' meeting in person after exercising their voting rights in writing or electronically, they should rescind their intentions to exercise their voting rights in the same way that they exercise their voting rights at least two days prior to the day of the shareholders' meeting. In case the deadline for rescinding an intention has passed, the voting rights exercised in writing or electronically shall be honored. In case a shareholder decides to exercise his or her voting rights in writing or electronically while commissioning a proxy to attend a shareholders' meeting with a proxy form, the voting rights exercised by the proxy shall be honored.
- V. With respect to voting on a bill, a majority voting rights of attending shareholders in favor of the bill shall constitute consent, unless otherwise stipulated in the Company Act or the Company's Articles of Incorporation. The chairperson or the designated person should announce the total number of attending shareholders' voting rights for each bill at the time of voting, before shareholders vote on each bill on a one-by-one basis. Results of consent, objections and abstentions should be uploaded to the Market Observation Post System by the end of day of the shareholders' meeting.
- VI. In the event of an amendment bill or an alternative bill for the same bill, the chairperson should combine them with the existing bill and arrange the voting order. In case one of such bills have been approved, the other bills shall be deemed as being disapproved, and there is no need to vote on them.

- VII. The chairperson shall designate personnel in charge of scrutiny and vote counting for the voting on bills. However, such scrutiny personnel must be the Company's shareholders.
- VIII. Vote counting for voting on bills or elections at a shareholders' meeting should take place at a public place within the venue of the meeting. Voting results, including the tally of the number of voting rights, should be immediately announced on site at the conclusion of vote counting. Such results should also be documented as archives.

Article 14 (Election Matters)

- I. In the event of a Director election at a shareholders' meeting, related election regulations formulated by the Company should be followed. Election results should also be immediately announced on site, including the list of elected Directors and the number of their elected voting rights, as well as the list of candidates who have failed to be elected and the number of voting rights they have obtained.
- II. Ballots of the aforementioned elections should be sealed and signed by the scrutiny personnel, before being placed in appropriate custody. They should be preserved for at least one year. However, in case a shareholder has filed a lawsuit pursuant to Article 189 of the Company Act, they should be preserved until the termination of the lawsuit.

Article 15 (Meeting minutes & signatures)

- I. Meeting minutes should be kept to document the bills that have been voted on at a shareholders' meeting. They should bear the chairperson's signature or stamp. Such meeting minutes shall be distributed to each shareholder within 20 days of the meeting. The making and distribution of meeting minutes may be done electronically.
- II. For the sake of distributing the aforementioned meeting minutes, the Company may upload them to the public announcement area of the Market Observation Post System.
- III. Meeting minutes should faithfully record the date, location, chairperson's name, voting methods, gist of meeting procedures and voting results (including the tallied number of voting rights). In the event of a Director election, elected Directors' numbers of voting rights shall be disclosed. Meeting minutes shall be preserved as long as the Company continues to exist.

Article 16 (External announcements)

- I. With respect to the number of shares solicited by solicitors and the number of shares represented by commissioned proxies, the Company shall clearly display statistical charts it has compiled in accordance with the required format within the location of the shareholders' meeting on the day of the meeting.
- II. In case the resolution items of a shareholders' meeting are material information identified by regulators and the Taiwan Stock Exchange Corporation (Taipei Exchange), the Company shall upload them to the Market Observation Post System within the required time frame.

Article 17 (Maintaining meeting order)

- I. Personnel in charge of conducting a shareholders' meeting shall wear an ID badge or an armband.
- II. The chairperson may direct marshals or security personnel to help maintain order at a meeting. When helping to maintain order on site, marshals or security personnel should wear

an armband that reads "Marshal" or an ID badge.

- III. In case the meeting venue is equipped with audio amplification equipment, the chairperson may stop a shareholder who uses any piece of equipment not provided by the Company from delivering a speech. In case a shareholder violates these Rules of Procedure, disobeys the chairperson's correction, and continues to obstruct meeting procedures despite being warned not to do so, the chairperson may instruct marshals or security personnel to escort him or her out of the meeting location.

Article 18 (Breaks & reconvene a meeting)

- I. The chairperson may announce a break during the course of a meeting at his or her discretion. In the event of force majeure, the chairperson may suspend the meeting and announce the time to resume the meeting, depending on the situation.
- II. In the event that a shareholders' meeting has failed to proceed to set agenda items (including motions), and that the meeting location is no longer available, the shareholders' meeting may take a vote to find another meeting location.
- III. A shareholders' meeting may take a vote on postponing or reconvening the meeting within five days pursuant to Article 182 of the Company Act.

Article 19 These Rules shall be enforced upon approval from the shareholders' meeting, and the same rule also applies to amendments.

[Appendix 2]

Articles of Incorporation of Medigen Biotechnology Corporation

Chapter 1 General Provisions

- Article 1 In accordance with the rules for organizing a company limited by shares under the Company Act, the Company is named Medigen Biotechnology Corporation.
- Article 2 The Company's business operation items are listed on the left:
- I. IZ99990 Other business and commercial services.
 - II. F401010 International Trade.
 - III. F107070 Animal Use Drugs Wholesale Industry.
 - IV. F207070 Retail Sale of Veterinary Drugs.
 - V. F108021 Wholesale of Drugs and Medicines.
 - VI. F208021 Retail Sale of Western Pharmaceuticals
 - VII. C802041 Manufacture of Drugs and Medicines.
 - VIII. C802990 Manufacture of Other Chemical Products
 - IX. F107990 Wholesale of Other Chemical Products
 - X. F108031 Wholesale of Medical Devices.
 - XI. F207990 Retail Sale of Other Chemical Products
 - XII. F208031 Retail Sale of Medical Equipment.
 - XIII. JE01010 Rental Business
 - XIV. IC01010 Testing of Pharmaceutical Drugs
 - XV. IG01010 Biotechnology Services.
 - XVI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company may endorse or reinvest in a third-party out of business needs. In case a reinvestment has made the Company a shareholder with limited liability of another company, the total amount of investment may be exempt from the restrictions stipulated in Article 13 of the Company Act.
- Article 3 The Company is headquartered in Taipei City. It may set up branch offices in appropriate locations in Taiwan and abroad, depending on the actual needs.
- Article 4 The Company makes public announcements in methods consistent with regulations stipulated in Article 28 of the Company Act.

Chapter 2 Shares

- Article 5 The total amount of the Company's share capital is set at NT\$2,500,000,000. It is divided into 250 million shares. The par value of each share is NT\$10. The Board of

- Directors is authorized to take a vote on issuing them in several batches. In particular, 21 million shares are reserved for the issuance of employee stock option certificates.
- Article 6 The Company's stocks should be numbered and bear the signature or stamp of the Director that represents the Company. Before the stocks are issued, they should be underwritten by a bank certified by law to serve as underwriter in a new stock offering. After the IPO, the Company may choose against printing when it issues new stocks. It should approach a centralized securities depository enterprise to register the aforementioned shares that have been issued.
- Article 7 All of the Company's stocks are registered. Shareholders should provide their names, residence or addresses for the Company to log them in the shareholders' register. They should also provide their signature cards to the Company for archival purposes. In case a shareholder is a juristic person, a signature card bearing the full name of that juristic person should be provided to the Company for archival purposes. A corporate shareholder may request that a signature card of its representative be registered and sent to the Company for archival purposes.
- Article 8 In case a registered stamp in a shareholder's custody is lost, he or she should produce a letter of guarantee and submit an application to the Company to switch to another stamp.
- Article 9 In the event of a stock transfer, both the transferrer and the transferee should fill out and sign/stamp application forms, before applying for a transfer with the Company. Stock transfers not recorded in the shareholders' register shall not be used to challenge the Company.
- Article 10 Stock transfers shall be suspended within 60 days of each annual shareholders' meeting and 30 days within an extraordinary shareholders' meeting.
- Article 11 With respect to other matters relating to administration of shareholder services, the Company abides by the "Regulations Governing the Administration of Shareholder Services of Public Companies" formulated by regulators, unless otherwise stipulated in laws and securities regulations.

Chapter 3 Shareholders' Meetings

- Article 12 Shareholders' meetings are divided into two types, namely annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings, held once every year, are convened by the Board of Directors within six months after the conclusion of each fiscal year. However, such restrictions do not apply when there is a just cause and regulatory approval has been granted. Matters relating to convening annual shareholders' meetings and extraordinary shareholders' meetings are conducted in accordance with Articles 172, 173, 220 and 245 of the Company Act.
- Article 12-1 The Company may conduct a shareholders' meeting via videoconferencing, or by other

methods promulgated by authorities at the national level. When a shareholders' meeting is conducted via videoconferencing, the Company should abide by related regulations in terms of the criteria, operating procedures and other items to be observed.

- Article 13 A resolution at a shareholders' meeting is only valid when the attending shareholders represent more than half of the issued shares, unless otherwise stipulated in related regulations. A resolution is approved when more than 50% of the attending shareholders' voting rights are in favor of it.
- Article 14 Unless otherwise stipulated as shares with no voting rights in Article 179 of the Company Act and other regulations, each share held by a shareholder counts as one voting right.
- Article 15 In case a shareholder is unable to attend a shareholders' meeting, he or she may produce a proxy form issued by the Company containing clearly stated scope of authorization and the stamp left with the Company, before commissioning a proxy to attend the shareholders' meeting. When a person has been commissioned by more than two shareholders simultaneously, the proxy voting rights shall not exceed 3% of the voting rights of the total number of issued shares. The voting rights of shares exceeding this limit shall not count.
- Article 16 When a shareholders' meeting is in session, the Chairman of the Board of Directors shall be the chairperson. When the Chairman is on leave or when he or she is unable to perform his or her duties, he or she may designate one Director to act as the chairperson on his or her behalf. In case the Chairman fails to designate a proxy, Directors will choose one from among themselves. In case a shareholders' meeting is convened by an individual outside the Board of Directors with the convening right, he/she shall act as the chairperson of that meeting provided, however, that if there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among themselves.
- Article 17 Shareholders' meeting minutes should bear the chairperson's signature or stamp. Meeting minutes shall be distributed to each shareholder within 20 days of the meeting, and such distribution may be replaced with a public announcement.

Chapter 4 Directors, Audit Committee and Managers

- Article 18 The Company shall install seven to eleven Directors, with a tenure of three years. Directors who are reelected can continue to serve. The combined shareholding ratio of Directors shall be dictated by securities regulators. The Company may purchase insurance policies for its Directors against liabilities within the scope of their business operations, and in line with their compensation liabilities as required by law.
- Article 19 With respect to the aforementioned quota of Directors, the Company shall appoint no fewer than three independent directors, and their share shall be no less than one fifth of the seats on the Board of Directors. The Company shall abide by related regulations by

securities regulators with respect to independent directors' professional qualifications, shareholding, concurrent serving restrictions, methods of nomination and election, as well as other items that should be observed. The candidate nomination system shall be adopted for all Directors. Directors shall be elected from a list of candidates in a shareholders' meeting. The Company shall abide by the Company Act and related regulations, such as the Securities and Exchange Act with respect to administering and promulgating the nomination of candidates.

Article 20
on the left:

The Board of Directors is made up of Directors, and its job functions are listed

- I. Business plans drafting
- II. Submission of bills for surplus distribution or loss compensation
- III. Submission of bills for capital increase/reduction
- IV. Formulation of important rules and contract drafting
- V. Appointment and discharge of the Company's General Manager, Deputy General Managers, and Senior Managers
- VI. Review and confirmation of reinvestment in other businesses
- VII. Establishment and dissolution of branch offices
- VIII. Compilation of budgets and final accounts
- IX. Appointment and discharge of CPAs
- X. Other job functions that are invested in accordance with the Company Act and shareholders' meeting resolutions

However, approval of a resolution to reinvest in other businesses requires a majority vote in a Board of Directors meeting attended by more than two thirds of its Directors.

Article 21

The Board of Directors shall elect a Chairman from among the Directors by a majority vote at a meeting attended by more than two thirds of the Directors. The Chairman represents the Company. In case the Chairman is on leave or unable to perform his or her job duties, the Company shall abide by Article 208 of the Company Act.

Article 22

Unless otherwise stipulated in the Company Act, the Board of Directors shall be convened by the Chairman. Approval of a resolution at the Board of Directors shall require a majority vote at a meeting attended by more than one half of the Directors, unless otherwise stipulated in the Company Act.

Article 22-1

All Directors should be notified at least seven days prior to a Board meeting, with reasons for convening such a meeting clearly stated. However, in the event of urgent matters, the meeting may be convened at any time. Notices for convening a Board meeting may be served in writing, by fax, or via emails.

Article 23

When a Director is unable to attend a Board meeting in person, he or she may commission another Director to attend as his or her proxy pursuant to law. However, the aforementioned proxy may only be commissioned by no more than one person.

Article 24

The Company has set up an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. With effect from the day the Audit Committee was

established, it has replaced Supervisors and their job duties stipulated in the Company Act, Securities and Exchange Act and other related regulations.

The Audit Committee shall be made up of all of the Company's independent directors. One of them shall serve as the convener. With respect to the number of members, tenure, job duties, rules of procedure and other matters that should be observed, the Audit Committee Organizational Rules shall be formulated separately.

Article 25 Deleted

Article 26 The Company shall install one General Manager, who shall be appointed or discharged with a majority vote at the Board of Directors. The General Manager shall follow Board of Directors resolutions to process the Company's business operations. His or her job duties are listed on the left:

- I. Responsible for administering and managing the Company's daily operations, including all R&D, clinical trials, technological cooperation, manufacturing, and the formulation, submission and execution of sales and operational plans
- II. Responsible for the Company's administrative management and formulation of related systems, including various systems, rules, measures, and the formulation, submission and execution of enforcement rules
- III. Responsible for managing the Company's financial and accounting operations, including regular compilation of financial statements, annual business plans and budgets, which shall be submitted to the Board of Directors for approval in accordance with regulations in the Articles of Incorporation
- IV. Oversight and management of responsible persons, as well as HR policy formulation, including confirmation of personnel appointment and discharge, transfer, assessment, and remuneration
- V. Other job duties assigned by the Board of Directors pertaining to corporate operation and management
- VI. The General Manager shall submit written reports to the Board of Directors on a regular basis, detailing progress and updates relating to the Company's business operations, and financial and administrative management.

Article 27 Aside from one General manager, the Company shall install several Deputy General Managers, whose appointment, discharge and remuneration shall be conducted and decided upon in accordance with Article 29 of the Company Act.

Article 27-1 The Board of Directors is authorized to decide on the remuneration of the Chairman and Directors, which shall be commensurate with their level of involvement in the Company's operations as well as the value of their contribution. Industrial standards in Taiwan and abroad should also be taken into consideration.

Chapter 5 Accounting

Article 28 The Company's fiscal year starts from January 1 of each year, and ends on December

31. Final accounts should be conducted at the end of each fiscal year. After the annual final accounts, the Board of Directors shall produce the following lists and documents pursuant to the Company Act, and submit them to the Audit Committee for consent. Upon approval from the Board of Directors, they shall be submitted to the annual shareholders' meeting for recognition:

- I. Business report
- II. Financial statements
- III. Bills pertaining to surplus distribution or loss compensation

Article 29 In case of a profit at the end of a fiscal year, the Company shall appropriate no less than 2% of the profit as employee remuneration. In addition, no more than 2% of the profit shall be appropriated as remuneration for Directors. However, an amount shall be set aside in advance to compensate for cumulative losses, if any. The remaining amount shall be distributed in accordance with the aforementioned ratio. The distribution of employee remuneration in stocks or cash in the preceding paragraph shall include employees of affiliated companies that satisfy certain criteria. If the Company has earnings in the final accounts of the year, the earnings shall first be used to offset the deficits in previous years. 10% of the remaining balance shall be appropriated as legal reserve. However, this requirement does not apply if the legal reserve has reached the total capital amount. In addition, after the Company appropriated or reversed the special surplus reserve in accordance with its needs and regulatory requirements, the Board of Directors shall draft the proposal for dividend allocation for any remaining profit and submit it along with accumulated undistributed earnings to the shareholder's meeting for a resolution on the distribution of earnings.

Article 29-1 The Company's dividend policy includes distribution of stock dividends (including stock dividends from surplus and capital reserves) or cash dividends. The Board of Directors should reference and evaluate the Company's operational situation, capital needs and surplus at the end of a fiscal year (after deducting required deposits, distribution of Director and Supervisor compensation and employee bonuses), before drafting and submitting a surplus distribution bill to the shareholders' meeting for approval. The total amount of shareholder dividend distribution shall be no less than 50% of the Company's distributable surplus at the end of a fiscal year. In principle, cash dividend shall be no less than 10% of all dividends distributed. However, in case the Company has a major capital outlay plan or foreseeable needs for operational cash in the future, dividends may be distributed entirely as stock dividends with consent from the shareholders' meeting.

Article 30 In case the Company's shareholders or Directors double as its managers or employees, they shall all be deemed as normal employees on company payroll.

Chapter 6 Supplementary Provisions

- Article 31 The Company's organizational rules and bylaws shall be formulated separately.
- Article 32 In the event of inadequacies in these Articles of Incorporation, the Company shall abide by the Company Act entirely.
- Article 33 These Articles of Incorporation were formulated on December 29, 1999 with consent from all the founders.
- Amended for the first time on Jan. 11, 2000;
- Amended for the second time on Aug. 23, 2000;
- Amended for the third time on Nov. 28, 2000;
- Amended for the fourth time on Aug. 13, 2001;
- Amended for the fifth time on May 9, 2002;
- Amended for the sixth time on June 9, 2003;
- Amended for the seventh time on June 20, 2006;
- Amended for the eighth time on June 29, 2007;
- Amended for the ninth time on Oct. 12, 2007;
- Amended for the tenth time on June 24, 2010;
- Amended for the 11th time on May 18, 2011;
- Amended for the 12th time on June 14, 2013;
- Amended for the 13th time on June 28, 2016;
- Amended for the 14th time on June 6, 2018;
- Amended for the 15th time on June 4, 2019;
- Amended for the 16th time on June 22, 2020;
- Amended for the 17th time on Aug. 2, 2021;
- Amended for the 18th time on June 6, 2022;

Medigen Biotechnology Corp.

Procedures for Election of Directors

Formulated and approved by the annual shareholders' meeting on Aug. 13, 2001

Amendments approved by the annual shareholders' meeting on May 9, 2002

Amendments approved by the annual shareholders' meeting on June 29, 2007

Amendments approved by the annual shareholders' meeting on June 22, 2020

Amendments approved by the annual shareholders' meeting on August 2, 2021

Article 1

These Procedures have been formulated in accordance with Article 21 and Article 43 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", with the aim of electing the Company's Directors in a fair, just and open manner.

Article 2

Election of the Company's Directors shall follow these Procedures, unless otherwise stipulated in laws or the Articles of Incorporation.

Article 3

Election of the Company's Directors shall take into account the overall configuration of its Board of Directors. Diversity should be taken into consideration with respect to the composition of Board of Directors members. Appropriate diversity policies should be drafted in line with the Company's operation, operational patterns and development needs. Considerations may include--but not limited to--standards pertaining to the following two major aspects:

I. Basic criteria and values: Gender, age, nationality and culture, etc.

II. Professional knowledge and know-how: Professional background (such as law, accounting, industry, finance, marketing or technology), professional know-how and industrial experience, etc.

Members of the Board of Directors generally should be equipped with the knowledge, know-how and literacy necessary to perform their job duties. Overall, they should possess the following capabilities:

I. Capability of operational judgment

II. Accounting and financial analysis capabilities

III. Administrative management capability

IV. Crisis management capability

V. Industrial knowledge

VI. International market perspectives

VII. Leadership

VIII. Decision-making capability

No more than 50% of Directors shall be related in terms of kinship including spouses and second-degree relatives.

The Company's Board of Directors should consider adjusting members or composition of the Board of Directors based on performance evaluation results.

Article 4

With respect to qualifications and election of the Company's independent directors, the Company shall abide by the "Regulations Governing Appointment of independent directors and Compliance Matters for Public Companies" as well as "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

Article 5

With respect to election of the Company's Directors, the Company shall abide by the candidate nomination system and procedures stipulated in Article 192-1 of the Company Act.

In case the total number of Directors has dropped to fewer than five people as a result of discharges, the Company shall hold a by-election in the very next shareholders' meeting. However, in case the Director shortfall has reached one third of the number of seats stipulated in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting for by-election within 60 days from the day of occurrence.

In case the number of independent directors has fallen short of regulatory requirements, the Company shall hold a by-election in the very next shareholders' meeting. In case all independent directors have been discharged, the Company shall convene an extraordinary shareholders' meeting for by-election within 60 days from the day of occurrence.

Article 6

Election of the Company's Directors shall adopt the cumulative voting system, where each share has the voting rights identical to the number of Directors that should be elected. Votes can concentrate on one candidate, or they can be distributed across several candidates.

Article 7

The Board of Directors shall produce and prepare several types of ballots identical to the number of Directors that should be elected. Additionally, each ballot should bear the corresponding number of voting rights, and they should be distributed to the

shareholders attending the shareholders' meeting. Voter registration may be replaced with the certificate of attendance number printed on the ballot.

Article 8

The Company's Directors shall separately calculate the voting rights of independent directors and non-independent directors based on the quota set in the Articles of Incorporation. Candidates receiving higher numbers of voting rights represented by each vote shall be elected. In case more than two candidates receive identical number of voting rights and the quota has been exceeded, the candidates receiving identical number of voting rights may enter a lucky draw to break the tie. In case such a candidate is absent, the chairperson may draw on his or her behalf.

Article 9

Before the election, the chairperson shall designate several shareholders to be responsible for executing related job duties such as scrutiny and vote counting. The Board of Directors shall produce and prepare ballot boxes, which shall be opened and examined by scrutiny personnel before voting.

Article 10

A voter shall fill in the name or account name of the candidate he or she wishes to vote for in the candidate column on the ballot. However, in case a government agency shareholder or a corporate shareholder is a candidate, the name of the agency or juristic person shall be filled in the candidate column on the ballot. Alternatively, a voter may also fill in the name of the agency or juristic person as well as the name of their representative. In case there are several representatives, each of their names should be filled in.

Article 11

In case a government agency or a juristic person is also a shareholder of another publicly listed company, their representatives shall not be elected or serve as the Company's Directors concurrently without regulatory approval. Article 27, Paragraph 2 of the Company Act does not apply.

Article 12

A ballot shall be deemed invalid in the event of any of the situations listed on the left:

- I. A ballot not produced and prepared by the person with the convening right is used.
- II. A blank ballot is cast into the ballot box.
- III. Handwriting is blurry, unintelligible, or has been altered.
- IV. After double-checking, the name of the candidate that has been filled in is inconsistent with the Director candidate list.
- V. Words other than candidate's name/account name and the number of allocated voting rights are filled in.

VI. The names of two or more candidates have been filled in on the same ballot.

Article 13

Ballots shall be accounted on site after voting is completed. The chairperson shall announce the voting results on site, including the list of elected Directors and the numbers of voting rights they have won.

Ballots of the aforementioned elections should be sealed and signed by the scrutiny personnel, before being placed in appropriate custody. They should be preserved for at least one year. However, in case a shareholder has filed a lawsuit pursuant to Article 189 of the Company Act, they should be preserved until the termination of the lawsuit.

Article 14

In case a candidate's qualifications are inconsistent with the requirements stipulated in Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act, his or her election shall be deemed null and void.

Article 15

The Company's Board of Directors shall send each elected Director a notice of appointment.

Article 16

These Procedures shall be enforced upon approval from the shareholders' meeting, and the same rule also applies to amendments.

[Appendix 4]

Medigen Biotechnology Corp.

Details of Number of Shares Held by Board Directors

Book Closure Date: April 28, 2023

| Title | Name | Date of Appointment | Term | Number of Shares Held at the Time of Appointment | Number of Shares Held on the Book Closure Day |
|---------------------------------------|---|---------------------|-------------|--|---|
| | | | | Number of Shares | Number of Shares |
| Chairman | Chang, Shi-Chung | 2021.08.02 | Three Years | 1,802,064 | 1,802,064 |
| Director | Everspring Industry Co., Ltd. Representative: Chang, Tse-Ling | 2021.08.02 | Three Years | 14,093,380 | 14,093,380 |
| Director | Taching Construction Co., Ltd. Representative: Chuang, Min-Lee | 2021.08.02 | Three Years | 4,371,763 | 4,371,763 |
| Director | WorldTrend Co., Ltd. Representative: Huang, Tzu-Liang | 2021.08.02 | Three Years | 2,427,760 | 2,427,760 |
| Independent director | Lai, Por-Hsiung | 2021.08.02 | Three Years | 0 | 0 |
| Independent director | Chuang, Shui-Ming | 2021.08.02 | Three Years | 0 | 0 |
| Independent director | Chen, Pei-Wei | 2021.08.02 | Three Years | 0 | 0 |
| Tally of Directors' Combined Holdings | | | | 22,694,967 | 22,694,967 |

Note I. The Company has issued a total of 139,446,255 shares as of April 28, 2023. (including 100,000 retrieved new shares in restricted stock awards that have not completed change of registration)

II. The minimum number of combined shares Directors are required to hold as required by law:
8,366,775 shares