

Audit Committee

1. Key points of the annual work of the audit committee

The goal of the audit committee is assisting the board in supervising the quality and integrity of the processes of accounting, auditing, and financial reporting as well as in financial control. The items that the audit committee reviews include financial reports, audit and accounting policies and processes, internal control system, transactions involving major assets or derivatives, major fund loans and endorsements or guarantees, placement or issue of securities, regulation compliance, and accountant appointment, dismissal, and payment.

2. Audit committee composition

The second “Audit Committee” of the company has three members: independent board members JinnDer Chang, Patrick Y. Yang, and JienHeh Tien.

3. Audit committee operation

The audit committee had 12 meetings (A) in 2022, and the attendance was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate % (B/A)	Notes
Independent director	JinnDer Chang	12	-	100%	-
Independent director	Patrick Y. Yang	9	3	75%	
Independent director	JienHeh Tien	12	-	100%	
Other matters of note:					
1. In the event of any of the following in the operations of the Audit Committee, the date and term of the Board of Directors meeting, motion content, resolutions of the Audit Committee, and the Company’s response to the opinions of the Audit Committee shall be recorded and expounded:					
(1) Items listed in Article 14-5 of the Securities and Exchange Act:					
Board Meeting	Proposal content and follow up		Items listed in Article 14-5 of the Securities and Exchange Act	Resolutions passed by two-thirds majority of the board of directors but not approved by the audit committee	
2022 1st Meeting	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the first quarter are considerations of normal sales, not loaning funds to others. 2. Approved the Company's financial statements and business reports for the fiscal year 2021. 3. Appropriation of loss for the fiscal year 2021 4. Approved the appointment of Ernst & Young for the preparation of financial and tax return of 2022, and the		V	None	

	<p>annual evaluation of its independence.</p> <p>5. Approved 2022 audit fees</p> <p>6. Approved the Company's plan to make new loans to its subsidiary PharmaEssentia USA Corp.</p> <p>7. Amendment to the Company's "Internal Control System Improvement Plan</p> <p>8. Approved the Company's Statement of Internal Control of 2021</p> <p>9. Amendments to the Company's Articles of Incorporation, Rules of Procedure for Shareholders' Meetings, Procedures for the Acquisition or Disposal of Assets and Code of Corporate Governance Practices</p> <p>10. Establishment of the Company's representative office in Vietnam</p> <p>11. Approved the relevant matters of 2022 Regular Shareholder's Meeting.</p>		
	Resolution of the Audit Committee (March 1, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 2nd Meeting	Approved the Company's (Revised) Statement of Internal Control of 2021	V	None
	Resolution of the Audit Committee (April 6, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 3rd Meeting	<p>1. To authorize the Company's Korean subsidiary, PharmaEssentia Korea Corporation, to carry out marketing, service, use, research and other rights related to P1101 drugs in South Korea, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company</p> <p>2. To authorize the Company's subsidiary, PharmaEssentia Singapore Pte. Ltd., to carry out marketing, service, use, research and other rights related to P1101 drugs in Singapore, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company</p> <p>3. Amendment to the Purchase Agreement between the Company and its US subsidiary PharmaEssentia USA Corporation</p> <p>4. Report on the status of new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/ issue overseas or domestic convertible bonds in private placement following resolution of 2021 annual stockholder's meeting.</p> <p>5. Resolved to issue new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/issue overseas or domestic convertible bonds in private placement.</p> <p>6. Appointment of an additional Board of Director of the Company's subsidiary PharmaEssentia Japan KK</p> <p>7. Approved the Company's capital increase in the subsidiary PharmEssentia Asia (Hong Kong) Co., Ltd.</p> <p>8. Approved the Company's capital increase in the subsidiary PharmaEssentia Biotechnology (Beijing) Co., Ltd.</p> <p>9. Issuance of new Employee Restricted Stock Awards</p> <p>10. Amendment to the agenda of the Company's 2022 Regular Shareholder's Meeting.</p>	V	None

	Resolution of the Audit Committee (April 12, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 4th Meeting	Approved the Company's (Revised) Statement of Internal Control of 2021	V	None
	Resolution of the Audit Committee (April 15, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 5th Meeting	1. Recognized the Company's Internal Control Special Audit Report by CPA 2. Approved the price, the number of shares, the subscribers, the period of payment and the capital increase record date of the third private placement of ordinary shares in 2021	V	None
	Resolution of the Audit Committee (April 19, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 6th Meeting	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the first quarter are considerations of normal sales, not loaning funds to others. 2. Approved 2022 Q1 Consolidated Financial Statements 3. Approved the Company's capital increase in the subsidiary PharmEssentia USA Corporation 4. Approved the Company's capital increase in the subsidiary PharmEssentia Japan KK 5. Approved the Company's extension of bank financing credit and to make guarantees for its subsidiary PharmaEssentia USA Corporation 6. Approved the Company's new "Policy on Cybersecurity Control"	V	None
	Resolution of the Audit Committee (May 13, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 7th Meeting	1. The Company entered into a license agreement for South America area with PINT PHARMA GMBH 2. Approved the budget amount of the Company's first stage construction of its Zhubei plant	V	None
	Resolution of the Audit Committee (May 27, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 8th Meeting	The Company intends to participate in the tender and sale of land in the priority industrial zone of the Taoyuan Aviation City Project	V	None
	Resolution of the Audit Committee (June 17, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 9th Meeting	1. Approved the Company's budget for the construction of its Zhubei Plant 2. Approved the Company's budget for the construction of its Houli Plant 3. Approved the Company's plan of fund raising through Issuance of New Shares in the fiscal year 2022 4. Approved the Company's sound operating plan 5. Approved the changes in the Company's capital utilization plan for the 2019 cash capital increase of private placement of common stock 6. Approved the changes in the Company's capital utilization plan for the 2020 cash capital increase of private placement of common stock 7. Approved the Company's capital increase in the subsidiary PharmEssentia Korea Corporation	V	None

	Resolution of the Audit Committee (July 14, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 10th Meeting	<ol style="list-style-type: none"> 1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the second quarter are considerations of normal sales, not loaning funds to others. 2. Approved 2022 Q2 Consolidated Financial Statements 3. Approved the clinical trial budget of the Company's US subsidiary, PharmaEssentia USA Corporation 	V	None
	Resolution of the Audit Committee (August 11, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 11th Meeting	<ol style="list-style-type: none"> 1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the third quarter are considerations of normal sales, not loaning funds to others. 2. Approved 2022 Q3 Consolidated Financial Statements 3. Approved the establishment of an Innovation Research Center in Boston, the business plan of the Center, and approved the Company's capital increase to the Center 4. Amendments to the Company's "Regulations Governing Endorsements and Guarantees" 5. Approved the Company's plan to make endorsement and guarantee to its US subsidiary PharmaEssentia USA Corporation 6. The Company to apply for a comprehensive credit limit from Citi Bank (Taiwan) 	V	None
	Resolution of the Audit Committee (December 23, 2021): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 12th Meeting	<ol style="list-style-type: none"> 1. The list of non-assurance services expected to be provided by Ernst & Young and its affiliated companies in 2023 2. Approved the Company's 2023 business plan and budget 3. Approved the Company's annual audit plan for 2023 4. Amendments to the Company's "Level of Authorization" 5. Amendments to the Company's internal control systems and managerial regulations 6. Approved the Company's capital increase by 2,400 million US dollars to the subsidiary PharmEssentia Japan KK 7. Appointment of directors and managers in PharmaEssentia Innovation Research Center, Inc. 8. The Company's plan of additional loaning of funds by NT\$541,000 thousand to its US subsidiary, PharmaEssentia USA Corporation 9. Approved the Company's sound operating plan 	V	None
	Resolution of the Audit Committee (December 5, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		

- (2) Resolutions passed by two-thirds or more of the board of directors but not approved by the audit committee, apart from the above matters: none
2. In the event of a conflict of interests with any independent director when reviewing a motion, the independent director's name, motion content, reason behind conflicts of interest, and participation status in passing resolution shall be recorded: none
3. Communication between independent directors with internal control managerial personnel and the CPA:
- (1) Communication between independent directors and the CPA

Date	Focal points of communication
2022.3.1	Communication matters between EY with the Audit Committee, independent directors, and Company management (2021 consolidated and parent company only financial statements.)
2022.5.13	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 Q1 consolidated financial statements.)
2022.8.11	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 Q2 consolidated financial statements.)
2022.11.14	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 Q3 consolidated financial statements.)

- (2) Communication between independent directors and internal control managerial personnel

Date	Meeting	Focal points of communication	Results
2022.3.1	Audit Committee meeting	The internal audit report of 4 th quarter of 2021	No additional recommendations
2022.5.13		The internal audit report of 1 st quarter of 2022	No additional recommendations
2022.8.11		The internal audit report of 2 nd quarter of 2022	No additional recommendations
2022.11.14		The internal audit report of 3 rd quarter of 2022	No additional recommendations