

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 seven meetings (A) in 2020, and the attendance was as follows:

Position	Name	Actual attendance (B)	Delegate attendance	Actual attendance rate (%) (B/A)	Note
Independent board member	JinnDer Chang	11	-	100%	
Independent board member	Patrick Y. Yang	8	3	72.72%	
Independent board member	JienHeh Tien	11	-	100%	

Other items:			
1. If one of the following situations occurs in the operation of the audit committee, the board meeting date, meeting number, motion content, audit committee resolution results, and Handling of the opinions provided by the audit committee should be stated: (1) Listed items in Act 14-5 of the Securities and Exchange Act			
#	Contents and subsequent actions	Listed items in Act 14-5 of the Securities and Exchange Act	Resolution items not passed by the audit committee but approved by over two thirds of the entire board
First of 2021	1. Resolved to repurchase treasury shares	V	None
	Audit committee resolution results (January 6, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members.		
Second of 2021	1. Approved the Company's Development Support Service Agreement with its subsidiaries PharmaEssentia USA Corporation 2. Approved 2020 Business Report and Financial Statements 3. Resolved on 2020 Loss Make-up Proposal 4. Approved the appointment of Ernst & Young Global Limited for the preparation of financial and tax of 2021, and the annual evaluation of its independence 5. Approved 2021 audit fees 6. Approved to amend the Company's "Procedures for Acquisition or Disposal of Assets", "Rules Governing Financial and Business Matters Between with Related Parties", "Regulations Governing I Securities Investment" and	V	None

	<p>“Rules of Procedure for Shareholders Meetings”</p> <p>7. Approved the Company’s Statement of Internal Control of 2020</p> <p>8. Approved the change of all Board members</p> <p>9. Approved the election of all Board members</p> <p>10. Approved the relevant matters of 2021 Regular Shareholder’s Meeting</p>		
	Audit committee resolution results (February 26, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		
Third of 2021	<p>1. Nomination of director candidates</p> <p>2. Approved the proposal for releasing the prohibition on Directors from participation in competitive business</p> <p>3. 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 2020 annual stockholder’s meeting</p> <p>4. 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>5. Approved to amend agendas of regular shareholders’ meetings for the year 2021</p> <p>6. Approved to amend the Company’s “Accounting Principles”</p>	V	None

	Audit committee resolution results (March 26, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		
Fourth of 2021	1. Approved 2021 Q1 Consolidated Financial Statements	V	None
	2. Approved the Company's capital increase in the US subsidiary PharmaEssentia USA Corporation		
	3. Approved establishing a wholly owned subsidiary in Singapore		
4. Appointed the Company's Corporate Governance Officer			
	Audit committee resolution results (May 14, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		
Fifth of 2021	1. Approved changes of date and location for 2021 Annual Shareholders' Meeting	V	None
	2. Approved the Company's capital increase in the US subsidiary PharmaEssentia USA Corporation		
	3. Approved to amend the Company's 2021 Employee Stock Option Plan		
4. Approved the Company's first issuance of employee stock option based on the 2021 Employee Stock Option Plan			
	Audit committee resolution results (June 21, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		
Sixth of 2021	1. Elected the 2 nd chair of audit committee	V	None
	2. Approved the accounts receivable that were overdue for more than 3 months as the end of the second quarter are considerations of normal sales, not loaning funds to others		

	<p>3. Approved 2021 Q2 Consolidated Financial Statements</p> <p>4. Approved the Company's capital increase in the US subsidiary PharmaEssentia USA Corporation</p>		
	Audit committee resolution results (August 16, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		
Seventh of 2021	<p>1. Approved the Company's Internal Control Improvement Plan and to amend the "Rules Governing Lawsuits and Material Disputes" and "Rules Governing Material Information and Prevention of Insider Trading"</p>	V	None
	Audit committee resolution results (October 5, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		
Eighth of 2021	<p>1. Approved the accounts receivable that were overdue for more than 3 months as the end of the third quarter are considerations of normal sales, not loaning funds to others</p> <p>2. Approved 2021 Q3 Consolidated Financial Statements</p> <p>3. Approved change of Chief Internal Auditor</p> <p>4. Approved the Company's plan to make new loans to its subsidiaries</p>	V	None
	Audit committee resolution results (November 15, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		

Ninth of 2021	<ol style="list-style-type: none"> 1. Approved the price, the number of shares, the subscribers, the period of payment and the capital increase record date of the first private placement of ordinary shares in 2021 2. Approved the record date, the number of shares and the period of payment of the sale of treasury stock to employees 3. Approved to amend the Company's Internal Controls governing the sale of treasury stock to employees in the Finance Cycle 4. Approved the change of Corporate Governance Officer changed 5. Approved the transfer of Mr. Luan Yen Tung from Chief Operation Officer to Senior Scientific Fellow. The Representative of PharmaEssentia Corporation Taichung Office to be assumed by the General Manager of PharmaEssentia Corp. Mr. Hwang Chan Kou. 6. Approved the Statement of Internal Control System 	V	None
	Audit committee resolution results (December 3, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		
Tenth of 2021	<ol style="list-style-type: none"> 1. Recognized the Company's Internal Control Special Audit Report by CPA 2. Approved the Company's Purchase Agreement with its subsidiaries PharmaEssentia USA Corporation 	V	None
	Audit committee resolution results (December 7, 2021): Approved by all members of the audit committee.		
	Handling of the opinions provided by the audit committee: Approved by all attending board members		

Eleven of 2021	<ol style="list-style-type: none"> 1. Approved the Company’s 2022 business plan and budget 2. Approved the Company’s Development Support Service Agreement with its subsidiaries PharmaEssentia USA Corporation 3. Approved the Company’s modifications to the Purchase Agreement with its subsidiaries PharmaEssentia USA Corporation 4. Approved the amend the Company’s “Corporate Social Responsibility Best Practice Principles” and “Chart of Authorization” 5. Approved the Company’s annual audit plan for 2022 6. Approved the change of director in the Company’s subsidiaries in Hong Kong 7. Approved the price, the number of shares, the subscribers, the period of payment and the capital increase record date of the second private placement of ordinary shares in 2021 	V	None				
	Audit committee resolution results (December 23, 2021): Approved by all members of the audit committee.						
	Handling of the opinions provided by the audit committee: Approved by all attending board members						
<p>(2) Aside from the items above, resolution items not passed by the audit committee but approved by over two-thirds of the entire board: None.</p> <p>2. For the avoidance of conflicts of interest, the names of the independent board members, motion content, reasons of avoidance, and voting participation should be stated: None</p> <p>3. Communication between independent board members, internal audit manager, and accountants:</p> <p>(1) Communication between independent board members and accountants</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">Date</td> <td>Key points of communication</td> </tr> <tr> <td>February 26, 2021</td> <td>Communication items of Ernst & Young accountants and</td> </tr> </table>				Date	Key points of communication	February 26, 2021	Communication items of Ernst & Young accountants and
Date	Key points of communication						
February 26, 2021	Communication items of Ernst & Young accountants and						

	the audit committee with independent board members and the management. (The financial statements of year 2020)
May 14, 2021	Communication items of Ernst & Young accountants and the audit committee with independent board members and the management echelon. (The financial statement of the first quarter of 2021)
August 16, 2021	Communication items of Ernst & Young accountants and the audit committee with independent board members and the management echelon. (The financial statement of the second quarter of 2021)
November 15, 2021	Communication items of Ernst & Young accountants and the audit committee with independent board members and the management echelon. (The financial statement of the third quarter of 2021)

(2) Communication between independent board members and internal audit manager
The internal audit report for the company is submitted to the independent board members every month. The internal audit manager reports significant audit findings to the board members in the meetings of audit committee and the board of directors.

Date	Meeting	Communication target	Communication item	Communication results
February 26, 2021	Audit Committee	Audit Manager	The audit report of the fourth quarter of 2020	No other suggestions
May 14, 2021	Audit Committee	Audit Manager	The audit report of the first quarter of 2021	No other suggestions
August 16, 2021	Audit Committee	Audit Manager	The audit report of the second quarter of 2021	No other suggestions
November 15, 2021	Audit Committee	Audit Manager	The audit report of the third quarter of 2021	No other suggestions