

東生華製藥股份有限公司
tsh biopharm corporation ltd.

Annual Report 2020

Annual Report Website

Market Observation Post System: <http://mops.twse.com.tw>

Company Website: <http://www.tshbiopharm.com>

Printing Date: April 30, 2021

THIS IS A TRANSLATION OF THE 2020 ANNUAL REPORT (THE "ANNUAL REPORT") OF TSH BIOPHARM CORPORATION LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

1. Spokesperson:

Name: Xin-Yang Liu

Title: Vice General Manager of General Administration

Tel: (02)2655-8525 #5500

E-mail: Sean_liu@tshbiopharm.com

Deputy Spokesperson:

Name: Chao-Ren Liao

Title: Business Development Division Director

Tel: (02)2655-8525 #5511

E-mail: Leon_liao@tshbiopharm.com

2. Head Office

Add: 3F-1, No.3-1, Park Street, Nangang District, Taipei City, Taiwan (R.O.C)

Tel: (02)2655-8525

3. Branch Office and Factory : None.**4. Share Transfer Agency**

Company: Capital Securities Corporation

Add: B2, No.97, Section 2, Dunhua South Road, Da'an District, Taipei City, Taiwan
(R.O.C)

Tel: (02)2703-5000

Website: <http://agency.capital.com.tw>

5. Contact information of the Certified Public Accountants for the Latest Financial Report

Name: Shin-Chin Chih and Kuo-Yang Tseng

CPA Firm: KPMG Taiwan

Add: Taipei 101 Tower, 68F, No.7, Section 5, Xinyi Road, Taipei City, Taiwan
(R.O.C)

Tel: (02)8101-6666

Website: <http://www.kpmg.com.tw>

6. Overseas trade places and the inquiry methods for listed negotiable securities:

None.

7. Company Website: <http://www.tshbiopharm.com>

Table of Contents

I. Report to Shareholders.....	1
II. Company Profile.....	5
III. Corporate Governance Report.....	8
1. Organization.....	8
2. Information Of Director, General Manager, Vice General Manager, Assistant Vice General Manager, And Managers Of Various Departments And Branches.....	10
3. Renumeration Paid To Directors, General Managers, And Vice General Managers In The Most Recent Year	18
4. Corporate Governance Operation.....	27
5. Information On Accountants' Fees	90
6. Information On Change of Accountants	90
7. Corporation's Chairman, General Manager, Financial Manager or Accounting Manager Who Has Been Working in a Certified Accountant Firm or its Affiliated Enterprises In Last Year	90
8. In 2020 and as of the publication date of the annual report, the transfer of shares of directors, managers, and shareholders whose shareholding ratio exceeds 10% and changes in the number of shares pledged.....	91
9. Information of top ten shareholders whose relationship are related persons, spouses, and relatives within the second degree of kinship, etc.	92
10. The number of shares held by the company, its directors, managers, and businesses directly or indirectly controlled by the company in the same reinvested enterprise, and the consolidated shareholding ratio is calculated	92
IV. Fund Raising	93
1. Capital And Shares.....	93
2. The Handling Of Corporate Bonds, Special Shares, Overseas Depository Receipts, Employee Stock Warrants And New Shares For Employee Restrict Stocks.....	98
3. Issuance Of New Shares For Merging And Transferring The Stocks Of Other Companies.....	98
4. Implementation Of Fund Utilization Plan.....	99
V. Operatoin Overview	100
1. Business Contents	100
2. Overview On Market, Production, And Sales.....	110
3. Employees	116
4. Information On Environmental Protection Expenditure	116

5. Labor Relations	117
6. Important Contracts.....	122
VI. Financial Overview	123
1. Concise Balance Sheet And Statement Of Comprehensive Income For The Last Five Years	123
2. Financial Analysis For The Last 5 Years	127
3. Audit Committee Review Report Of The Most Recent Annual Financial Report.....	132
4. The Most Recent Annual Financial Report	133
5. Individual Financial Report Of The Company Which Has Been Verified And Certified By An Accountant In The Most Recent Year	133
6. If The Company And Its Affiliated Enterprises Have Financial Difficulties In The Most Recent Year And Up To The Publication Date Of The Annual Report, The Impact On The Financial Position Of The Company Shall Be Specified.....	133
VII. Review And Analysis Of Financial Status And Financial Performance And Risk Issues	192
1. Financial Status	192
2. Financial Performance	193
3. Cash Flow	193
4. Major Capital Expenditures In 2020 And Its Impact On Financial Business	195
5. 2020 Reinvestment Policy, The Main Reason For Its Profit Or Loss, Improvement Plan And Investment Plan For The Next Year.....	195
6. Risks That Should Be Analyzed And Evaluated.....	197
7. Other Important Matters.....	201
VIII. Special Notes.....	202
1. Relevant Information Of Affiliated Enterprises.....	202
2. Private Placements Of Securities	202
3. Subsidiary Holding Or Disposing Of The Company'S Stock.....	202
4. Other Necessary Supplementary Explanations	202
5. Matters That Have A Significant Impact On Shareholders' Equity Or Securities Prices	202

I. Report to Shareholders

Thank you for the support of all shareholders and the efforts of all employees. Thanks to the persistence and professional management efforts, TSH Biopharm is committed to business of treating chronic diseases. We hereby present the 2020 business results, 2021 business plan summary, future company development strategies and overall operating environment impact. The report of all shareholders is as follows:

The Company's Business Result for year 2020

(1) Business Plan Implementation Result

The Company's net operating revenue in 2020 is NT\$ 447,862,000 with a decrease of NT\$ 59,804,000 (11.78%) from NT\$ 507,666,000 of 2019. The net profit after tax in 2020 is NT\$ 61,570,000 with a decrease of NT\$ 23,757,000(27.84 %) from NT\$ 85,327,000 of 2019. The revenue mainly comes from cardiovascular diseases, gastrointestinal diseases and precision medical related testing products. The reduction is caused by the termination of the agency of some drugs and the delay of the R&D milestone due to the impact of the epidemic, so that the service revenue was not up to expectations.

(2) Budget Implementation

The Company's net operating revenue in 2020 is NT\$ 447,862,000, achieving 80% of the annual budget target.

(3) Financial Income & Expenditure and Profitability Analysis

Item	Year	2020
Financial Income & Expenditure	Interest Income (in thousand dollars)	2,238
	Interest Expense (in thousand dollars)	27
Profitability Analysis	Return on Asset (%)	4.94
	Return on Shareholder's Equity (%)	5.47
	Net Profit Margin (%)	13.75
	Diluted Earnings Per Share (in dollars)	1.60

(4) Research & Development

The achievements on the introduction and development of new products in 2020 are summarized below:

- March 2020:
Agreement was signed with international pharmaceutical manufacturer to apply for the New Drug Application (NDA) in Taiwan for the new compound drug R19.
- March 2020:
The new chemical entity (NCE), Rancad® Extended Release Tablet, was approved by the Ministry of Health and Welfare and granted with the marketing approval.
- April 2020:

MPap® Test was officially launched in Taiwan.

- August 2020:
Cooperation agreement was signed with Anxo Pharmaceutical for the joint development of the new high-tech compound drug for cardiovascular disorders (ABTA19).
- September 2020:
Supplement of the new compound drug R19 for the New Drug Application (NDA) in Taiwan was completed.
- October 2020:
The drug certificate transfer for the new high-tech compound drug for cardiovascular disorders (ABTA19) was completed.
- October 2020:
The new drug AC20 developing partnership agreement was signed.
- October 2020:
The Taiwan exclusive agency agreement was signed with Korean company for cancer genetic testing.

There are still a number of new products in the evaluation stage, which are expected to be introduced or solely developed. Our developing medicines are mainly based on Taiwanese new drugs, including new ingredients and new drugs and 505B2 (such as biosimilar drugs, new compounds, and new dosage forms) and completed by self or joint development, and it is estimated that at least 3 new drugs will be launched in Taiwan in the coming five years. Meanwhile, the products developed and sold in Southeast Asia are expected to be launched in 8 countries within five years and jointly sold with strategic partners in China, the United States, Japan, and Europe.

Summary of Business Plan 2021

(1) Business Operating Strategy

In 2019, a five-year “dual transformation period” was set in the operating strategy to “actively explore Asian markets and deeply plough in Taiwan market”. In the past year, we have launched the new drug Rancad®, and actively seek for the health insurance payment for Rancad® to benefit angina patients in Taiwan. In 2020, we have also invested in the evaluation and development of two new projects, and thus a total of seven drug development projects are currently in progress. Some of these new drugs have exclusive sales right in Taiwan and some have self-development right (which is the right to sell the drugs from Taiwan to countries all over the world such as China, the United States, Japan and Europe). In addition to the original existing products, the genetic testing team established in 2019 has also launched the MPap® Test in April 2020, and the pap method reduces the unnecessary invasive test by providing another alternative of cervical cancer screening to testees.

Continuing from 2020, it is also expected that new products will be launched in 2021 to provide more treatment options to patients in Taiwan, while providing a driving force to improve the entire operation and talent cultivation of TSH. TSH is moving towards the five-year goal, in hope of creating better welfare and environment of work for everyone.

(2) Expected Sales Volume and its Basis

The Company expects to sell 161,893,000 oral preparations and 60,000 injection preparations in 2021. The expected sales volume is based on the statistical report of IMS and set by taking the competition and the change of supply and demand of the future market.

(3) Important Production and Marketing Policies:

1. Business Planning

- The Company will accelerate the growth of performance in the export of self-made products and overseas licenses of early-stage developed products. In addition to maintaining the progress of the international certification of original existing developed products, the corporation will also introduce joint developments and add values to international early-stage new drugs and use the “Double Engine” strategy to devote on the international drug development and sales & marketing.
- New Business Model of Biotechnological Industry: The Corporation will introduce testing items accompanied with precision medicine. With the rise of precision medicine, testing has become a part of treatment or preventive medicine, and AI becomes more popular and easy-to-access, and TSH Biopharm will continue to launch related testing products to satisfy more clinical requirements.

2. Production Strategy

To continue the corporation's strategy in the past, the part of drug production is still mainly based on commissioned production. At present, all products are commissioned and produced by PIC/S GMP certified manufacturing factories, and the testing business also adopts the same strategy and international-level certified laboratories while paying close attention to the implementation priorities and impact of the “Amendment of the Implementation of Specific Medical Technology Inspection and Medical Instruments Inspection or the Amendment to the Management of Use” and its impact. In 2020, the Company will cooperate with Korean testing companies. It is also expected that 2021 will also add new major testing factories in Europe, America and Japan. International certification specifications are provided for testing products.

3. Marketing and R&D Strategy

Double Engines Moving forward in Three Rails to Provide Better Health Services

Under the influence of Covid-19 in 2020, many behavioral patterns undergo huge changes that have not been eased, and the ten-year old TSH Biopharm also starts to change with the environment. We continue to focus on “Patient-centered” as our starting point and move forward by “double engines moving forward in three rails” and use “traditional pharmaceuticals” and “innovative medical treatments” as the mainstreams to create a medical product portfolio to satisfy patients with unmet medical needs and develop new ingredients, special formulations, chronic disease treatments, genetic testing, cancer testing, and joint development of innovative therapy, and become an international innovative biotech manufacturer and the best new drug development and marketing partner in Asia, and the Company is committed to provide better health services to all people before, during and after medical treatment.

The Company’s Development Strategy

Corporate Vision: Committed to improve the quality of life of patients with unmet medical needs.

Corporate Missions:

1. “Becoming an international innovative biotech manufacturer and the best new drug development and marketing partner in Asia.”
2. “Creating a medical product portfolio for patients with unmet medical needs.”
3. “Developing new ingredients, special formulations, chronic disease treatments, genetic testing, cancer testing, and joint development of innovative therapy.”

Impacts from the External Competitive Environment, the Legal Environment and the Overall Economic Environment

Challenge 1: The impact of COVID-19 on the pharmaceutical industry.

- In 2020, COVID-19 has a huge impact on the whole world. There were problems of the supply chain (including active pharmaceutical ingredient (API) and manufacturing capacity) observed in the pharmaceutical industry in early 2020, and the R&D also had impacts. A large proportion of clinical trials currently in progress or going to be started have delayed the schedule of patient recruitment due to the COVID-19 epidemic, directly causing a delay of the product development schedule. Most of the TSH Biopharm's currently planned clinical trials are to be conducted in Taiwan, and thus having a relatively smaller impact. However, some of our partners expect that the progress of product delivery will be affected, and TSH Biopharm has started a supporting program, and these testing products are expected to be launched in Taiwan by the end of 2021 as scheduled.

Challenge 2: The global pharmaceutical industry is transforming rapidly.

- In the continuation of increases of global medical expenses, costs, political and economic changes and other factors in recent years, the rise of big data and precision medicine will lead to a rapid change of the business model of pharmaceutical companies. Therefore, TSH Biopharm conducts the double engines to move forward in dual rails in order to maintain the existing R&D power to launch a new drug on the market every year, and actively invest in innovation in line with the international trend.

Challenge 3: The trend of international investments and merges

- More and more startup companies are willing to invest in early-stage developments, and large pharmaceutical companies can participate in these startup companies through direct investments or licensing and allow the startup companies to develop new drugs in a more precise way, lowers risks, and improves the success rate. TSH Biopharm has also started diversified investments since 2019 or the goal of entering into the field of new products with the concept of strategic alliance. Several new evaluation cases have been added in 2020, and it is expected that progress can be made by 2021.

In the highly competitive environment, we will focus more on risk control, enhance specific regional channels, and cooperate with partners to expand our originally existing therapeutic areas.

Chairperson: Chuan Lin; General Manager: Sze-Yuan Yang; Chief Accountant: Chen-Ju Kan

II. Company Profile

1. Established on September 1, 2010.

2. Company History:

Sep 2003	Established TTY Therapeutics & Health (TTH) Division by parent company, and its product lines covered CV, GI, and CNS.
2004'2005	Committed to the fields of CV, GI, and CNS.
Apr 2006	Launched "Mopride" for treatment of functional dyspepsia.
Mar 2007	Launched compound blood pressure lowering drug "Amtrel".
Jan 2009	Launched "Cation" for treatment of irritable bowel syndrome.
Jan 2010	Obtained preparation patent of "Amtrel".
Sep 2010	Spinned off from parent company TTY and formally established TSH Biopharm with a paid-in capital of NTD150,000,000.
Nov 2010	Handled cash capital increase and issued NTD100,000,000 of new shares. The paid-in capital was increased to NTD250,000,000.
Mar 2011	Approved public offering of shares by Financial Supervisory Commission.
Jun 2011	Registered for emerging stock trading on June 16, 2011.
Sep 2011	Handled surplus capital increase and issued 30,000,000 new shares. The paid-in capital was increased to NTD280,000,000.
Dec 2011	Signed joint development agreement of ENIA11(TuNEX) with Mycenax Biotech Inc.
Apr 2012	Handled cash capital increase and issued new shares of NTD37,340,000. The paid-in capital was increased to NTD317,340,000. Registered for OTC trading on April 30, 2012.
Aug 2012	Obtained drug certificate of "Linicor" for the treatment of hyperlipidemia.

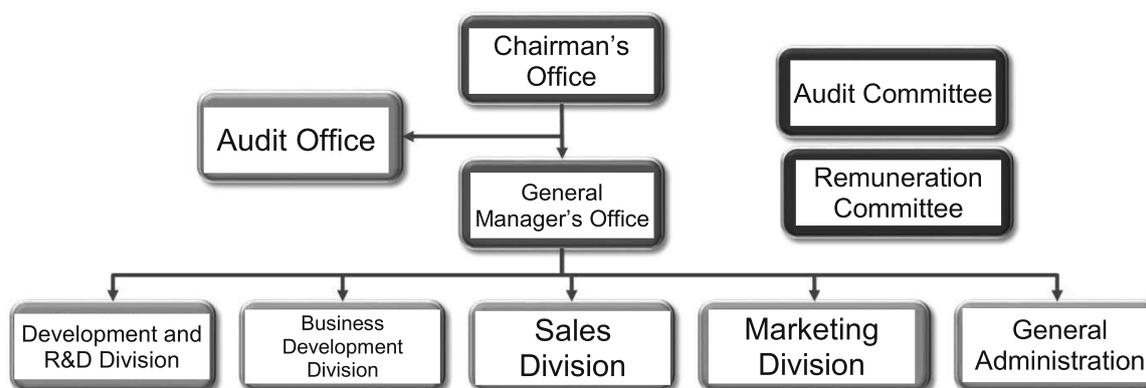
Sep 2012	“Amtrel” won 2012 Taipei Biotech Award for technology commercialization.
Sep 2012	Products under development DMTA07 and ENIA11 were selected as the Cross-strait Drugs R&D Cooperation Pilot Project by TFDA.
Dec 2012	Initiated third phase of human clinical trial of ENIA11(TuNEX).
Aug 2013	Applied for MOEA’s “Industrial Technology Development Program” for third phase clinical test project of ENIA11(TuNEX) bio-drug development, and approved by MOEA.
Sep 2013	Handled capital increase out of capital reserve and issued NTD34,900,000 of new shares. The paid-in capital was increased to NTD383,980,000.
Jun 2014	Participated in cash capital increase of Pharmira Laboratories Inc. with NTD70,000,000 and acquired 31.82% equity.
Aug 2014	Applied for MOEA’s A+Enterprise Innovation Plan for TRIA11 peptide biopharmaceutical development project for treatment of osteoporosis, and approved by MOEA.
Feb 2016	ENIA11(TuNEX) passed third phase human clinical trial review (IND) on ankylosing spondylitis by the Ministry of Health and Welfare of Taiwan.
Mar 2016	Unblinded one of the two third phase human clinical trials of ENIA11(TuNEX).
Apr 2016	Applied to the Ministry of Health and Welfare for inspection and registration of ENIA11(TuNEX).
Jun 2016	Unblinded the second third phase human clinical trials of ENIA (TuNEX).
Jul 2016	Applied to the Ministry of Health and Welfare for inspection and registration of RNTA06.
Dec 2016	Applied to the Ministry of Health and Welfare for inspection and registration of CRTA04.
Jul 2017	ENIA (TuNEX) passed the inspection, registration and approval by the Ministry of Health and Welfare.
Mar 2019	Obtained the agency of Taiwan, Southeast Asia and Korea and the right of priority purchase of all CellMax Life’s liquid biopsy products and subsequent new products.
Jun 2019	Completed the unblind of bridging study of RNTA06 for treatment of angina pectoris and achieved the desired goal setting.

Aug 2019	Applied to the Ministry of Health and Welfare for new drug inspection and registration of RNTA06.
Dec 2019	Won the 16 th National Innovation Award – Enterprise Innovation Group/Biotech pharmaceuticals and precision medicine category.
Mar 2020	This Company’s new drug RNTA06 received the NDA approval letter from the Ministry of Health and Welfare.
Apr 2020	Launched MPap [®] test in cooperation with Guzip Biomarkers Corporation and used for evaluating the endometrial risk.
Jan 2021	Exclusively obtained the rights of using the next generation sequencing (NGS) technology Alpha-liquid [®] from IMBDx in Taiwan for early cancer postoperative monitoring and recurrence
Feb 2021	TSH Biopharm exclusively obtained the markets in specific regions and joint development rights of osteoporosis biosimilar drugs (code name: TRIAS) for treatment of osteoporosis.

III. Corporate Governance Report

1. Organization

(1) Organization structure of the company



(2) The business operations of the major departments

Major Department	Major Business
General Manager's Office	Confirm the company's short- and long-term goals, plan the development direction of the organization, find strategic partners, and ensure company performance.
Audit Office	Responsible and execute internal audit affairs of the company.
Corporate Development and R&D Division (Note 1)	Responsible for the introduction of new businesses or new products, and for project management and execution; synchronizing the drug development value chain based on drug safety mechanisms.
Business Development Division	Responsible for overseas business cooperation such as technology authorization, product export, and project management of overseas business cooperation projects.
Marketing Division	According to the company's development strategy, integrate marketing business resources to implement the marketing strategy before the launch of new products and the promotion of prescription drugs in order to enhance the company's professional image, brand effectiveness and organizational efficiency.
Sales Division	According to the company's disease category development and product development strategy in the field of precision medicine, it executes the sales promotion of prescription drugs and integrates marketing business resources to implement the marketing strategy before the launch of new products, so as to enhance the company's professional image, brand effectiveness and organizational operation efficiency.
General Administration	Integrate the resources of the logistics unit according to the company's short- and long-term goals to maintain and provide various logistics support functions. The Finance and Accounting Department under its jurisdiction is responsible for the company's accounting and capital management business; the administration department is responsible for the company's human resources management, stock affairs, information, procurement, general affairs, board of directors, audit committee and remuneration committee deliberative units, secretarial

Major Department	Major Business
	administration and other businesses.

Note 1: In response to the company's development strategy, the R&D center will be renamed the Corporate Development and R&D Division on January 1, 2021.

2. Information of Directors, Chairman, General Manager, Vice General Manager, Assistant Vice General Manager, and Managers of Various Departments And Branches

(1) Information of directors

April 30, 2021

Title (Note 1)	Nationality or Place of registration	Name	Gender	Election (tenure) Date	Term of office	Date of first appointment (Note 2)	Holding shares at the time of appointment		Number of shares currently held		Shares currently held by spouse, minor children		Shares held in the name of other persons		Main work experience (education) (Note 3)	Positions concurrently held in this company and other companies currently	Other managers, directors or supervisors who are spouse or relative of second degree of kinship			Remarks (Note 3)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	ROC	TTY Biopharm Representative ve : Chuan Lin	-	2020.5.29	3 years	2010.9.1	21,687,177	56.48	21,687,177	56.48	0	0	0	0	PhD in Economics University of Illinois, USA	TTY Biopharm Chairman TTY Biopharm Mexico Director S.A DE C.V.	Nil	Nil	Nil	Nil
			2020.5.29			0	0.00	0	0.00	0	0	0	0							
Director	ROC	TTY Biopharm Representative ve : Carl Hsiao	-	2020.5.29	3 years	2010.9.1	21,687,177	56.48	21,687,177	56.48	0	0	0	0	PharmD, School of Pharmacy and Health, University of the Pacific, USA MBA, School of Business, University of the Pacific, USA	TTY Biopharm Dawan Technology Co., Director Director American Taiwan Biopharm Co., Ltd. Director	Nil	Nil	Nil	Nil
	USA		2019.3.26			33,638	0.00	33,638	0.00	0	0	0	0	0	0	0				
Director	ROC	TTY Biopharm Representative ve : Kang-Chi Chou	-	2020.5.29	3 years	2010.9.1	21,687,177	56.48	21,687,177	56.48	0	0	0	0	Master of Business Administration, St. Thomas University, Minnesota USA, Deputy CEO of Taipei Exchanges, Chairman of Concord Securities Group, General Manager of Capital Securities Corporation, Assistant Manager of Listing & Traing Dep. of TWSE, Executive Director of Taiwan Securities Association.	iROC Co., Ltd. Chairman & concurrently President ChinaPCCP Independent director Radium Life Tech Co., Ltd. Independent director Chant Sincere Co., Ltd. Independent director Orient PHARMA Co., Ltd. Independent director Taichung Bank Securities Chang Wah Independent Director Electromaterials Inc. Director Chang Wah Technology Inc. Director Super Dragon Technology Co., Ltd. Director ATrack Technology Inc. Director	Nil	Nil	Nil	Nil
			2020.5.29			0	0.00	0	0.00	0	0	0	0	0	0.00					

Title (Note 1)	Nationality or registration	Name	Gender	Elected date (tenure)	Term of office	First elected date (Note 2)	Shares held at election		No. of shares held currently		Shares currently held by spouse, minor children		Shares held in the name of other persons		Major work experience (education) (Note 3)	Positions concurrently held in this company and other companies currently	Other managers, directors or supervisors who are spouse or relative of second degree of kinship			Remarks (Note 4)	
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship		
Director	ROC	TTY Biopharm Representative: Chao-Chiang	-	2020.5.29	3 years	2010.9.1	21,687,177	56.48	21,687,177	56.48	0	0	0	0	School of Economics, Memphis State University, USA, Legislator, member of National Assembly	PharmaEngine, Inc.	Remuneration Committee	Nil	Nil	Nil	Nil
Independent Director	ROC	Chih-Li Wang	M	2020.5.29	3 years	2017.6.15	30	0.00	30	0.00	0	0	0	Accounting Department, Soochow University	Moore's Rowland CPAs PharmaEngine	Partner Accountant Independent director	Nil	Nil	Nil	Nil	Nil
Independent Director	ROC	Rwei-Syun Chen	F	2020.5.29	3 years	2018.6.15	0	0	0	0	0	0	0	School of Business Administration, Columbia University, US, Department of Biology, National Taiwan Normal University, General Manager of TAHO Pharmaceuticals Ltd, VP of Business Development, NAL Pharmaceuticals Ltd.	Weijian Co., Ltd. Yingrui Co., Ltd.	Independent director Director	Nil	Nil	Nil	Nil	Nil
Independent Director	ROC	Yi-min Wang	M	2020.5.29	3 years	2017.6.15	0	0	0	0	0	0	0	Institute of Accounting, Changhua Normal University	Yuanta Securities (Hong Kong) Co., Ltd. Yuanta Hong Kong Holdings (Cayman) Co., Ltd. Yuanta Investment Management (Cayman) Co., Ltd. Yuanta Asia Investment (Hong Kong) Co., Ltd. Yuanta Securities Vietnam Co., Ltd.	Chairman Director Director Director Authorized Representative	Nil	Nil	Nil	Nil	Nil

Note 1: Legal person shareholders should list the names of legal person shareholders and their representatives separately (if they are representatives of legal person shareholders, the names of legal person shareholders should be indicated), and the following table 1 should be filled in.

Note 2: Fill in the time when you first served as a director or supervisor of the company. If there is any interruption, you should note it.

Note 3: The experience related to the current position, if you have worked in a certified public accountant or an affiliated company during the previous disclosure period, you should state the title and the responsible position.

Note 4: If the chairman of the company and the general manager or the person with equivalent positions (the top manager) are the same person, each other's spouse or relatives of the first degree of kinship, it is necessary to provide

relevant information on the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors), and there should be more than half of the directors not serving as employees or managers, etc.)

Note 5: The term of the fourth term of the company's directors expires on June 14, 2020, and a full re-election will take place on May 29, 2020 in the general meeting of shareholders.

(2) Major shareholders of directors who are legal person shareholder

Table 1: Major shareholders of legal person shareholder

April 11, 2021

Name of legal person shareholder (Note 1)	Major shareholders of legal person shareholder (Note 2)
TTY Biopharm	Dawan Technology Co., Ltd.(9.09%), Fubon Life Insurance Co., Ltd. (3.64%), Nanshan Life Insurance Co., Ltd. (2.75%), Wen-Yi Chang (2.47%), Ying-Jun Hsiao (2.01%), Jun-Ren Chang (1.82%), Fubon Insurance Co., Ltd. (1.81%), Wen-Ling Chang (1.79%), Wen-Hua Chang (1.77%), JPMorgan hosting Sanskrit Vanguard Emerging Markets Equity Index Fund account (1.23%)

Note 1: If the director or supervisor is a representative of a legal person shareholder, the name of the legal person shareholder should be filled in.

Note 2: Fill in the name of the main shareholder of the legal person shareholder (its shareholding ratio accounts for the top ten) and its shareholding ratio. If the main shareholder is a legal person, the following table 2 should also be filled in.

Note 3: If a legal person shareholder is not a company organizer, the name of the shareholder and shareholding ratio should be disclosed, that is the name of the investor or donor and the ratio of capital contribution or donation.

Table 2: Major shareholders who are mostly legal person shareholders

April 11, 2021

Name of legal person (Note 1)	Major shareholders of a legal person (Note 2)
Dawan Technology Co., Ltd.	Yu-Bin Hsiao (36.98%), Ying-Jun Hsiao (28.69%), CharityTrust Liyuan Welfare Fund special account (11.02%), Yong-Liang Wu (8.50%), Mei-Qin Hsu (9.14%), Jia-Yu Hsiao (3.11%), Carl Hsiao(2.56%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holdings Co., Ltd. (100%)
Nanshan Life Insurance Co., Ltd.	First Commercial Bank Trustee Account For Representative of Ruen Chen Investment Holding Co., Ltd. (55.5563%), Ruen Chen Investment Holding Co., Ltd.(33.9936%), Ruen Hua Dyeing and Weaving Co., Ltd. (1.3441%), Ying-Zhong Du (1.1576%), Ruen Tai Shing Co., Ltd. (0.9653%), Ruentex Development Co., Ltd. (0.2319%), Ruentex Industries Ltd. (0.2133%), Yen Sin Corporation (0.1563%), Ruentex Leasing Co., Ltd.(0.1321%), Chi-Pin Investment Company (0.1069%)
Fubon Insurance Co., Ltd.	Fubon Financial Holdings Co., Ltd. (100%)

Note 1: If the main shareholder of the above table 1 is a legal person, the name of the legal person should be filled in.

Note 2: Fill in the name of the main shareholder of the legal person (its shareholding ratio accounts for the top ten) and its shareholding ratio.

Note 3: If a legal person shareholder is not a company organizer, the name of the shareholder and shareholding ratio should be disclosed, that is the name of the investor or donor and the ratio of capital contribution or donation.

(3) The professional knowledge and independence of directors

Qualification	Have more than five years of work experience and the following professional qualifications			In conformance with independence (Note 2)												Independent directors concurrently serving as other public offerings and its no.
	Lecturers or above in public and private colleges and universities in relevant disciplines required for business, legal affairs, finance, accounting or corporate business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examination required for business with the company and have certificates	Work experience required for business, legal affairs, finance, accounting or corporate business	1	2	3	4	5	6	7	8	9	10	11	12	
TTY Biopharm Representative : Lin Chuan	✓	-	✓	✓	-	✓	✓	-	✓	✓	-	✓	✓	✓	-	Nil
TTY Biopharm Representative : Carl Hsiao	-	-	✓	-	-	✓	✓	-	✓	✓	-	✓	✓	✓	-	Nil
TTY Biopharm Representative : Kang-Chi Chou	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	4
TTY Biopharm Representative : Chao-I Chiang	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	Nil
Chih-Li Wang	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Rwei-Syun Chen	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Yi-Min Wang	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Nil

Note 1: The number of fields is adjusted according to the actual number.

Note 2: For directors and supervisors who meet the following conditions two years before the election and during their tenure, please type "✓" in the space below each condition code.

- (1) Not an employee of the company or its affiliates.
- (2) Directors and supervisors of non-affiliated enterprises (except for those independent directors set up by the company or its parent company or subsidiary in accordance with this law or local laws and regulations).
- (3) Non-self, their spouse, minor children or other natural person shareholders who hold more than 1% of the total issued shares of the company or hold the top ten shares in the name of others.
- (4) The spouses, relatives within the second or third degree of kinship of the managers not listed in (1) or the managers listed, or in (2) and (3) personnel.
- (5) Directors and supervisors of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, the top five shareholders, or designate representatives to act as the company's directors or supervisors in accordance with Item 1 or 2 of Article 27 of the Company Law who are legal person directors or supervisors or employees (except if the company and its parent company, subsidiary, or subsidiary of the same parent company are concurrently acting as Independent Directors set up in accordance with this law or local laws and regulations).
- (6) More than half of the non-company directors or directors, supervisors or employees with voting shares of other companies controlled by the same person (except for independent directors of the company or its parent company, subsidiary or subsidiary of the same parent company who are set up in accordance with this law or local laws and regulations who act concurrently with each other).

- (7) Directors , supervisors or employees of other companies or institutions who are not the same person or spouse as the chairman, general manager or equivalent positions of the company (except for independent directors of the company, its parent company, subsidiary or subsidiary of the same parent company who are set up in accordance with this law or local laws and regulations who act concurrently with each other).
- (8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that are not in financial or business dealings with the company (except for a specific company or organization that holds more than 20% of the company's issued shares, but below 50%, and the independent directors set up by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations who concurrently serves each other).
- (9)Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who do not provide audit services for the company or affiliated enterprises or obtain business, legal, financial, accounting and other related services with an accumulated amount of less than NT\$500,000 in the past two years. However, this restriction shall not apply to members of the Remuneration Committee, the Public Offering Review Committee or the Special Committee on mergers and acquisitions who perform their functions and powers in accordance with the relevant laws and regulations of the securities exchange act or the enterprise merger and acquisition act.
- (10) No relative relationship within the spouse or relative of second degree of kinship with other directors.
- (11) No one of the items in Article 30 of the Company Law.
- (12) No government, legal person or representative was elected as required by Article 27 of the Company Law.

(4) Information on the General Manager, Vice General Manager, Assistant Vice General Manager, managers of various departments and branches

April 30, 2021

Title (Note 1)	Nationality	Name	Gender	Elected (tenure) date	Shares held		Shares held by spouse, minor children		Shares held in the name of others		Major work experience (education) (Note 2)	Positions concurrently held in other companies currently	Manager with relationship of spouse or relative degree of kinship			Remarks (Note 3)
					No. of shares	Shareh olding ratio	No. of shares	Shareh olding ratio	No. of shares	Shareh olding ratio			Tit le	Re lati on shi p		
General Manager (Note 4)	ROC	Size-Yuan Yang	F	2019.1.17	4000	0	0	0	0	0	Institute of Pharmacology, National Yangming University TTY Pharmaceuticals Cancer Science Development Business Group Director of International Marketing Division	Nil	Nil	Nil	Nil	Nil
Business Development Division Director	ROC	Chao-Ren Liao	M	2019.4.1	0	0	0	0	0	0	MBA, Cleveland State University, USA Department of Pharmacy, Taipei Medical University Manager of China Chemical International Business Development Department Manager of International Business Development Department of TTY Biopharm	Nil	Nil	Nil	Nil	Nil
Sales Division Director (Note 4)	ROC	Jian-Rong Huang	M	2020.4.1	0	0	0	0	0	0	Chengong University EMBA in-service special class of National Cheng Kung University Department of Pharmacy, China Medical College Director of Marketing Management Department of Zhongtian Biotechnology Co., Ltd. Director of Sales Department of DKSH Taiwan	Nil	Nil	Nil	Nil	Nil
Vice General Manager of General Administration (Note 5)	ROC	Xin-Yang Liu	M	2020.4.1	0	0	0	0	0	0	Department of Accounting, National Taiwan University Institute of Journalism, National Taiwan University PhD in Economics, Nankai University, China Director of TSH Biopharm	Everay Biomed Supervisor	Nil	Nil	Nil	Nil
AVP of General Administration (Note 5)	ROC	De-Zhu Sun	F	2012.2.1	0	0	0	0	0	0	Department of Psychology, National Chengchi University Deputy Manager of Organizational Development and Human Resources Department of TTY Biopharm Senior Specialist of FarEast Telecom Staff of Aurora Group Board of Directors Assistant Manager of HiLife International Co., Ltd.	Nil	Nil	Nil	Nil	Nil
Manager of Finance & Accounting Department of General	ROC	Chen-Ju Kan	F	2010.9.1	0	0	0	0	0	0	Department of Accounting, National Kaohsiung Institute of Technology Senior Specialist of Accounting Department of TTY Biopharm	Nil	Nil	Nil	Nil	Nil

Title (Note 1)	Nationality	Name	Gender	Elected (tenure) date	Shares held		Shares held by spouse, minor children		Shares held in the name of others		Major work experience (education) (Note 2)	Positions concurrently held in other companies currently	Manager with relationship of spouse or relative of second degree of kinship		Remarks (Note 3)	
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Tit le	Re lati on shi p		
Administration																
Senior audit specialist of Audit Office (Note 6)	ROC	Ya-Chi Wu	F	2020.7.31	0	0	0	0	0	0	Department of Accounting, Soochow University Deputy Manager of the KPMG Audit Department	Nil	Nil	Nil	Nil	Nil

Note 1: It should include the general manager, vice general manager, assistant vice general manager, and managers of various departments and branches, as well as all positions equivalent to the general manager, vice general manager, or assistant vice general manager, regardless of job title, should also be disclosed.

Note 2: The experience related to the current position, if you have worked in the auditing certified public accountant firm or affiliated company during the previous disclosure period, the title and the responsible position should be stated.

Note 3: When the general manager or the person with equivalent position (the top manager) and the chairman of the board are the same person, each other's spouse or relatives, related information on the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and there should be more than half of the directors not concurrently serving as employees or managers, etc.) should be disclosed.

Note 4: Jian-Rong Huang, who was formerly under the General Manager's Office as the Deputy Chief of Operation Performance, was promoted to Director and transferred to the Sales Division on April 1, 2020.

Note 5: Xin-Yang Liu, the vice general manager of the General Administration, took office on April 1, 2020; De-Zhu Sun, the former Director of the General Administration, was transferred to be AVP of the Administration Department on April 1, 2020 and resigned on June 30, 2020.

Note 6: Auditing Supervisor Ya-Chi Wu was approved by the Audit Committee and the Board of Directors to take office on July 31, 2020; the original Audit Supervisor Huang Shuping was transferred to become manager of the General Administration on July 31, 2020.

3. Remuneration Paid To Directors, General Manager And Vice General Manager In The Most Recent Year

(1) Remuneration for general directors and independent directors in 2020 (ask Administration to provide updated remuneration information)

Unit: Thousand NT\$

Title	Name	Directors' remuneration				The proportion of the four items A, B, C and D in the net profit after tax (Note 10)		Remuneration for part time employees				The proportion of the seven items A, B, C, D, E, F & G in the net profit after tax (Note 10)		Remuneration from reinvested businesses other than subsidiary or parent company (Note 11)			
		Remuneration (A) (Note 2)	Retirement pension (B)	Directors' remuneration (C) (Note 3)	Business execution costs (D) (Note 4)	This company	All companies in the financial report (Note 7)	Wages, bonuses and special expenses, etc. (E) (Note 5)	Retirement pension (F)	This company	All companies in the financial report (Note 7)	Cash amount	Stock amount		This company	All companies in the financial report	
Chairman	TTY Biopharm Representative : Chi-Meng Chang	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	Cash amount	Stock amount	This company	All companies in the financial report	6.69	6.69	16,683
Chairman	TTY Biopharm Representative : Chuan Lin	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	This company	All companies in the financial report (Note 7)	Cash amount	Stock amount	This company	All companies in the financial report	6.69	6.69	16,683
Director	TTY Biopharm Representative : Carl Hsiao	2,373	0	1,609	128	128	128	128	0	0	0	0	0	0	6.69	6.69	16,683
Director	TTY Representative : Chao-I Chiang	2,373	0	1,609	128	128	128	128	0	0	0	0	0	0	6.69	6.69	16,683
Director	TTY Representative : Kang-Chi Chou	2,373	0	1,609	128	128	128	128	0	0	0	0	0	0	6.69	6.69	16,683
Director (Note)	TTY Representative : Xin-Yang Liu	2,373	0	1,609	128	128	128	128	0	0	0	0	0	0	6.69	6.69	16,683
Independent director	Chih-Li Wang	1,500	0	0	192	192	192	192	0	0	0	0	0	0	2.76	2.76	0
Independent director	Yi-Min Wang	1,500	0	0	192	192	192	192	0	0	0	0	0	0	2.76	2.76	0
Independent director	Rwei-Syun Chen	1,500	0	0	192	192	192	192	0	0	0	0	0	0	2.76	2.76	0

1. Please state the remuneration policy, system, standard and structure of independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, investment time and other factors: due to independent directors and general directors' responsibilities, risks, the time invested is different, so a fixed remuneration based on the annual salary system (apportioned monthly payment) is given according to their responsibilities, and it does not participate in the distribution of the company's directors' remuneration.
2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services (such as serving as non-employee consultants, etc.) for all companies in the financial report in the most recent year: Nil

Note: The tenure of the fourth term of the company's directors expires on June 14, 2020, and a full re-election will take place on May 29, 2020 in general meeting of shareholders. TTY Biopharm Representative Liu Xinyang resigned on April 1, 2020.

(2) Remuneration scale of general directors and independent directors in 2020

Payment of remuneration to directors of the company	Name of directors			Total amount of remuneration for the first seven items (A+B+C+D+E+F+G)
	Total amount of remuneration for the first four items (A+B+C+D)		This company (Note 8)	
	All companies in the financial report (Note 9) H	All companies in the financial report (Note 9) I		
Below 1,000,000 dollars	TTY representative: Chairman Chuan Lin, director Carl Hsiao, director Chao-I Chiang, director Xin-Yang Liu (Resigned), director Kang-Chi Chou; independent directors Chih-Li Wang, Yi-Min Wang, Rwei-Syun Chen	TTY representative: Chairman Chuan Lin, director Carl Hsiao, director Chao-I Chiang, director Xin-Yang Liu (Resigned), director Kang-Chi Chou; independent directors Chih-Li Wang, Yi-Min Wang, Rwei-Syun Chen	TTY representative: Chairman Chuan Lin, director Carl Hsiao, director Chao-I Chiang, director Xin-Yang Liu (Resigned), director Kang-Chi Chou; independent directors Chih-Li Wang, Yi-Min Wang, Rwei-Syun Chen	TTY representative: Chairman Chuan Lin, director Carl Hsiao, director Chao-I Chiang, director Xin-Yang Liu (Resigned), director Kang-Chi Chou; independent directors Chih-Li Wang, Yi-Min Wang, Rwei-Syun Chen
1,000,000 dollars (inclusive) ~ 2,000,000 dollars (exclusive)	TTY representative: Director Chi-Meng Chang (Resigned)			
2,000,000 dollars (inclusive) ~ 3,500,000 dollars (exclusive)	Nil	Nil	Nil	Nil
3,500,000 dollars (inclusive) ~ 5,000,000 dollars (exclusive)	Nil	Nil	Nil	Nil
5,000,000 dollars (inclusive) ~ 10,000,000 dollars (exclusive)	Nil	Nil	Nil	Nil
10,000,000 dollars (inclusive) ~ 15,000,000 dollars (exclusive)	Nil	Nil	Nil	Nil
15,000,000 dollars (inclusive) ~ 30,000,000 dollars (exclusive)	Nil	Nil	Nil	Nil
30,000,000 dollars (inclusive) ~ 50,000,000 dollars (exclusive)	Nil	Nil	Nil	Nil
50,000,000 dollars (inclusive) ~ 100,000,000 dollars (exclusive)	Nil	Nil	Nil	Nil
Above 100,000,000 dollars	Nil	Nil	Nil	Nil
Total	Total 9 people	Total 9 people	Total 9 people	Total 9 people

Note 1: The names of directors should be listed separately (corporate shareholders should list the names and representatives of legal person shareholders separately), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in a summary manner. If the director is also concurrently the general manager or vice general manager, please fill in this form and the following tables (3-2-1) and (3-2-2).

Note 2: Refers to the remuneration of directors in the most recent year (including director's salary, position bonus, severance payment, various bonuses, incentives, etc.).

Note 3: The amount of directors' remuneration approved and distributed by the board of directors in the most recent year is listed.

Note 4: Refers to the director's relevant business execution expenses in the most recent year (including transportation fees, special expenses, various allowances, dormitories, car allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration.

Note 5: Refers to the recent years that the directors and concurrent employees (including the concurrent general manager, vice general manager, other managers and employees) received including salary, position bonus, severance payment, various bonuses, incentives, transportation fees, special expenses, various allowances, dormitories, car distribution and other in-kind provision, etc. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share based payment", including obtaining employee stock warrants, restricting employee rights for new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration.

Note 6: Refers to those who have received employee remuneration (including stocks and cash) for concurrent directors (including concurrently serving as general manager, vice general manager, other managers and employees) in the most recent year. The amount of employee remuneration approved by the board of directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled in.

Note 7: The total amount of remuneration paid to the directors of the company by all companies (including this company) in the consolidated report should be disclosed.

Note 8: The company pays the total amount of remuneration to each director, and reveals the name of the director in the respective scale.

Note 9: The total amount of remuneration paid to each director of the company by all companies (including this company) in the consolidated report should be disclosed, and the names of the directors should be disclosed in the respective scale.

Note 10: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 11: a. This column should clearly indicate the amount of relevant remuneration received by the directors of the company from reinvested businesses other than the subsidiary company or the parent company (if none, please fill in "none").

b. If the directors of the company receive relevant remuneration from the reinvested businesses other than the subsidiary or the parent company, the remuneration received by the company directors from the reinvested businesses other than the subsidiary or the parent company shall be incorporated into column I of the remuneration scale table. And change the field name to "parent company and all reinvested businesses".

c. Remuneration refers to the remuneration, compensation (including remuneration of employees, directors and supervisors) and business execution expenses received by the directors of the company as directors, supervisors or managers of reinvested businesses other than the subsidiary or parent company.

Note 12: The Company held an election at the shareholders' meeting on May 29, 2020, and the fourth term of office of directors expired on June 14, 2020.

Note 13: Xin-Yang Liu of TTY representative resigned on April 1, 2020.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(3) Remuneration of the general manager and vice general manager in 2020

Unit: Thousand NT\$

Title	Name	Salary (A)		Retirement pension (B)		Bonus & special expenses, etc. (C)		Employee remuneration amount (D)				The proportion of the four items A, B, C and D in the net profit after tax (%)		Remuneration from reinvested businesses other than subsidiary or parent company
		This company	All companies in the financial report	This company	All companies in the financial report	This company	All companies in the financial report	This company		All companies in the financial report		This company	All companies in the financial report	
General Manager (Note)	Sze-Yuan Yang	3,068	3,068	108	108	1,090	1,090	1,775	0	1,775	0	9.81	9.81	Nil
Vice General Manager (Note)	Xin-Yang Liu	1,600	1,600	108	108	4	4	0	0	0	0	2.78	2.78	Nil

* Regardless of job title, anyone whose position is equivalent to general manager or vice general manager (for example: general manager, chief executive officer, director... etc.) should be disclosed.

Note: Xin-Yang Liu, the new vice general manager, took office on April 1, 2020.

Note: Only two, the general manager and vice general manager or equivalent positions of the company, so the individual salary of all of them has been disclosed.

(4) General manager and vice general manager remuneration scale table in 2020

Remuneration scale table of the general manager and vice general manager of the company	Names of the general manager and vice general manager	
	The company (Note 6)	All companies in the financial report (Note 7) E
Below 1,000,000 dollars	Nil	Nil
1,000,000 dollars (inclusive)~2,000,000 dollars (exclusive)	Xin-Yang Liu	Xin-Yang Liu
2,000,000 dollars (inclusive)~3,500,000 dollars (exclusive)	Nil	Nil
3,500,000 dollars (inclusive)~5,000,000 dollars (exclusive)	Nil	Nil
5,000,000 dollars (inclusive)~10,000,000 dollars (exclusive)	Sze-Yuan Yang	Sze-Yuan Yang
10,000,000 dollars (inclusive)~15,000,000 dollars (exclusive)	Nil	Nil
15,000,000 dollars (inclusive)~30,000,000 dollars (exclusive)	Nil	Nil
30,000,000 dollars (inclusive)~50,000,000 dollars (exclusive)	Nil	Nil
50,000,000 dollars (inclusive)~100,000,000 dollars (exclusive)	Nil	Nil
Above 100,000,000 dollars	Nil	Nil
Total	Total 2 people	Total 2 people

Note 1: The names of the general manager and vice general managers should be listed separately, and the payment amounts should be disclosed in a summary. If the director is also the general manager or vice general manager, please fill in this table and the above tables (1-1), or (1-2-1) and (1-2-2).

Note 2: For filling in the salaries, position bonuses and severance pay of the general manager and vice general manager of the most recent year.

Note 3: For filling in the amount of various bonuses, incentives, transportation fees, special expenses, various allowances, dormitories, car allocation and other remunerations provided by the general manager and vice general manager in the most recent year. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver provided, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share based payment", including obtaining employee stock warrants, restricting employee rights for new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration.

Note 4: For filling in the amount of employee compensation (including stocks and cash) approved by the board of directors for the distribution of the general manager and vice general managers in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year. Also, it is necessary to fill out the attached table (1-3).

Note 5: The total amount of remuneration paid to the general manager and vice general managers of all companies (including the company) in the consolidated report should be disclosed.

Note 6: Disclose the names of the general manager and vice general managers in the remuneration scale on the total amount of remuneration paid by the company to the general manager and each vice general manager of all companies in the consolidated report.

Note 7: It is necessary to disclose the total amount of remuneration to the general manager and each vice general manager of the company in all companies (including the company) in the consolidated report and disclose the names

of the general manager and vice general manager in the remuneration scale.

Note 8: Net profit after tax refers to the net profit after tax of individual or individual financial statements in the most recent year.

Note 9: a. Fill in this column clearly the amount of remuneration received by the general manager and vice general managers of the company from the reinvested businesses other than the subsidiary or parent company (if not, please fill in "Nil").

b. If the general manager and vice general managers of the company receive relevant remuneration from the reinvested businesses other than the subsidiary or parent company, the remuneration received by the general manager and vice general managers of the company from the reinvested businesses other than the subsidiary or parent company shall be incorporated into column E of the remuneration scale table, and the column title shall be changed to "parent company and all reinvested businesses".

c. Remuneration refers to the remuneration, compensation (including the remuneration of employees, directors and supervisors) and business execution fees received by the general manager and vice general managers of the company working as the director, supervisor or manager of the reinvested businesses or parent company.

* The content of remuneration disclosed in this table is different from the income concept in the income tax law, so the purpose of this form is for information disclosure, not for taxation.

(5) The remuneration of the top five executives with the highest remuneration of the listed and OTC company: N/A

(6) The name of the manager who distributes employee compensation and the distribution situation

March 30, 2021

	Title	Name	Stock amount	Cash amount	Total	Percentage of total amount to net profit after tax (%)
Managers	General Manager	Sze-Yuan Yang	0	1,151	1,151	1.43
	Business Development Division Director	Chao-Ren Liao				
	Sales Division Director	Jian-Rong Huang				
	AVP of General Administration	De-Zhu Sun				
	Finance & Accounting Department manager of General Administration	Chen-Ju Kan				

Note 1: The employee cash dividend is a provisional estimate, and the operation will be carried out after the report of the general meeting of shareholders on May 29, 2020.

Note 2: For filling in the amount of employee bonuses (including stock dividends and cash dividends) proposed to be allotted to the manager previously approved by the board of directors on earnings distribution for the most recent year. If it is not possible to estimate, the proposed amount for this year will be calculated based on the actual distribution amount last year. Net profit after tax refers to the net profit after tax in the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 3: In accordance with letter TCZSZ No. 0920001301 issued by this meeting on March 27, 2003, the cope of application of managers is as follows:

- (1) General manager and equivalent
- (2) Vice general manager and equivalent
- (3) Assistant vice general manager and equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other persons who have the right to manage affairs and sign for the company

Note 4: If the director, general manager and vice general manager receive employee remuneration (including stocks and cash), in addition to filling in the attached table (1-2), it is necessary to fill in this table also.

(7) A comparative analysis of the total remuneration paid to the directors, general manager and vice general managers of the company in the most recent two years by the company and all companies in the consolidated financial statements as a percentage of the net profit after tax of individual or individual financial reports, and explain the remuneration policy, standards and combinations, procedures for setting remuneration, and their correlation with operating performance and future risks.

1. The total remuneration paid to the directors, general manager and vice general managers of the company in the last two years accounts for the proportion of the net profit after tax of the individual or individual financial report: (Information provided by Zhenru Association)

A. 2019: The total remuneration paid to directors, general manager and vice general managers of the company in 2019 accounts for 12.57% of the net profit after tax of individual or individual financial reports.

B. 2020: The total remuneration paid by the company in 2020 to directors, general manager and vice general managers accounts for 22.02% of the net profit after tax of individual or individual financial reports.

2. Remuneration policies, standards and combinations, procedures for determining remuneration, and their correlation with operating performance and future risks:

A. Director:

The company's policy for remuneration to directors is in accordance with Article 26 of the company's articles of association. When directors perform their business, regardless of the company's operating profit or loss, the company should pay remuneration. The board of directors is authorized to allocate remuneration in accordance with their degree of participation in the company's operations and the value of their contribution to the company's operations, and should set the usual standards by referencing the industry standard. If the company is profitable, in accordance with Article 29 of the Articles of Association, considering the company's operating results and its contribution to the company's performance, no more than 2% of the current year's profit shall be allocated as the director's remuneration.

The company sets the procedures for directors' remuneration. According to the company's "Board Performance Evaluation Method" and "Functional Committee Performance Evaluation Method", the individual and the overall performance of the board of directors are evaluated, and the value of their participation in and contribution to the company's operations is evaluated, and taken into consideration. A general standard should be set by referencing the industry standard, and it is proposed by the remuneration committee and reviewed by the board of directors. Therefore, the reasonable remuneration of independent directors of the company may be determined at a reasonable remuneration that is different from that of ordinary directors.

B. General manager and vice general manager:

The company's policy for remuneration to the general manager and vice general manager is based on the company's "Manager Salary Statement" and "Performance Management Measures and Performance Bonus Issuance Guidelines". The remuneration of the general manager and vice general managers includes the basic salary, allowances and bonuses, which are achieved in accordance with the company's overall operating objectives (KPI, company key performance indicators) and individual performance indicators (PDP, personal performance management system) approved by the board of directors for the year, and taking into account the performance of personal functions as the basis for evaluation, and the amount of payment is calculated, and approved by the chairman, submitted to the remuneration committee for individual review of operating performance, future risks and industry standards, and then sent to the board of directors for a resolution to adjust the payment.

- C. The company's salary policy is based on the company's overall salary market positioning, industry salary survey results, the company's position in the growth cycle of the industry, and the salary level of internal fairness, consistency and external competitiveness, as well as the organizational structure salary level of reward system.

4. Corporate Governance Operation:

(1) Information of board of directors

1. The board of directors held 7 meetings in 2020 (A). The attendance of directors is as follows:

Title	Name (Note 1)	Actual no. of attendance (Attend as a nonvoting member) (B)	Times of entrusted attendance	Actual attendance (Attend as a nonvoting member) (%) 【B/A】 (Note 2)	Remarks
Chairman (Old)	TTY representative: Chi-Meng Chang	3	0	100	Left office after reelection on May 29, 2020
Chairman (New)	TTY representative: Chuan Lin	4	0	100	Re-elected on May 29, 2020.
Director (Re-elected)	TTY representative: Chao-I Chiang	7	0	100	Re-elected on May 29, 2020
Director (Old)	TTY representative: Xin-Yang Liu	1	0	100	Resigned on April 1, 2020, and the legal person did not send another representative.
Director (Re-elected)	TTY representative: Carl Hsiao	7	0	100	Continued office after reelection on May 29, 2020
Director (New)	TTY representative: Kang-Chi Chou	3	1	75	Re-elected on May 29, 2020.
Independent director	Chih-Li Wang	7	0	100	Re-elected on May 29, 2020.
Independent director	Yi-Min Wang	7	0	100	Re-elected on May 29, 2020.
Independent director	Rwei-Syun Chen	7	0	100	Re-elected on May 29, 2020.

Other matters to be recorded:

1. If the operation of the board of directors is under any of the following circumstances, the date, session, proposal content, all independent directors' opinions and the company's handling of independent directors' opinions shall be stated:

(1) Matters listed in Article 14-3 of the Securities Exchange Act.

(2) In addition to the previous matters, other board meeting decisions that have been opposed or reserved by independent directors and have records or written statements.

Board of directors	Proposal content and follow up	Matters listed in Article 14-3 of the Securities and Exchange Act	The independent director has objection or reservation
4th Term 24 th session 2020.03.11	1. Distribution for employee compensation and directors' remuneration for 2019 2. Formulation of internal control statement for 2019 3. The company intends to sign a "distribution authorization agreement" with Chuang Yi Biotech Co., Ltd. 4. Removal of the prohibition on competition for directors and their representatives.	V	-
	Independent Director's Opinion: Nil The company's handling of the opinions of independent directors: Nil Resolution result: All the present directors agreed to pass.		
4th Term 25 th session 2020.04.16	1. Removal of the prohibition on competition for directors and their representatives. 2. The company's "fund loan to others operating procedures" case. 3. Set the company's "procedures for acquiring or disposing of	V	-

	assets". 4. The company intends to sign the fifth supplementary contract for the entrusted manufacturing contract with TTY Biopharm (hereinafter referred to as TTY) Liudu Plant.			
	Independent director's opinion: Nil The company's handling of the opinions of independent directors: Nil Resolution result: All the present directors agreed to pass.			
5 th Term 2 nd session 2020.07.31	1.The validity period of the drug license of the company's products will expire, and the company intends not to extend it, and intends to sign a termination agreement with TTY Biopharm. 2.The transfer of the company's internal audit supervisor and the appointment of a new internal audit supervisor.	V	-	
	Independent director's opinion: Nil The company's handling of the opinions of independent directors: Nil Resolution result: All the present directors agreed to pass.			
5th Term 3rd session 2020.10.30	1.The Company intends to evaluate whether there are more than NTS 5,000,000 of overdue receivables regarded as lending or not. 2.The Company intends to sign an OEM contract with TTY Biopharm (hereinafter referred to as TTY) Liudu Plant. 3.The Company intends to sign an information service contract from 2021 to 2022 with TTY Biopharm (hereinafter referred to as TTY).	V	-	
	Independent director's opinion: In terms of scale and cost considerations, part of the company's IT are provided by TTY, but because of the related parties, it is recommended that the management department provide a comparison of the costs of services in the same industry as a reasonable appendix in terms of the reasonableness of expenses. The company's handling of the opinions of independent directors: The management department compares the cost of information services with those of the same industry for reasonableness. Resolution result: All the present directors agreed to pass.			
5th Term 4th session 2020.12.17	1.In 2021, it is proposed to appoint "KPMG" as the company's certified accounting firm and various certification services. 2. Formulation of the 2021 audit plan. 3.The Company intends to sign the "Entrusted Service Contract" from from 2021 to 2022 with TTY Biopharm (hereinafter referred to as TTY). 4. The Company intends to sign a housing "rental contract" from 2021 to 2022 with TTY Biopharm (hereinafter referred to as TTY).	V	-	
	Independent director's opinion: Nil The company's handling of the opinions of independent directors: Nil Resolution result: All the present directors agreed to pass.			
2. The implementation of the director's avoidance of interest proposal shall state the name of the director, the content of the proposal, the reason for the avoidance of interest, and the voting status:				
Date	Name	Proposal content	Reason for avoidance of interest	Participation in voting status
2020.03.11	Chi-Meng Chang	Remuneration Committee Proposal	The directors of the company are the parties.	Because it involves the interests of the directors themselves, they refrain from voting for avoidance of interest
2020.03.11	Xin-Yang Liu	Remuneration Committee Proposal	The directors of the company are the parties.	Because it involves the interests of the directors themselves, they refrain from voting for avoidance of interest
2020.04.16	Chi-Meng Chang, Carl Hsiao, Chao-I Chaing	The company intends to sign a supplementary contract for the OEM manufacturing with the related party.	The director of the company is the legal representative of the affiliated enterprise.	Company directors refrain from voting for avoidance of interests
2020.05.04	Chi-Meng Chang, Carl Hsiao, Chao-I Chaing	Remuneration Committee Proposal	The directors of the company are the parties.	Because it involves the interests of the directors themselves, they refrain from voting for avoidance of interest
2020.07.31	Chuan Lin, Carl Hsiao,	The company signed a product termination agreement with	The director of the company is the legal	Company directors refrain from voting for avoidance of interests

	Chao-I Chaing, Kang-Chi Chou	the related party because the validity period of the drug license will expire.	representative of the affiliated enterprise.	
2020.07.31	Chuan Lin	Remuneration Committee Proposal	The directors of the company are the parties.	Because it involves the interests of the directors themselves, they refrain from voting for avoidance of interest
2020.10.30	Chuan Lin, Carl Hsiao, Chao-I Chaing, Kang-Chi Chou	1. The company intends to sign an OEM contract with related parties. 2. The company intends to sign an information service contract for the period from 2021 to 2022 with its related party.	The director of the company is the legal representative of the affiliated enterprise.	Company directors refrain from voting for avoidance of interests
2020.12.20	Chuan Lin, Carl Hsiao, Chao-I Chaing, Kang-Chi Chou	1. The company intends to sign the "Entrusted Service Contract" between 2021 and 2022 with its related parties. 2. The company intends to sign a housing "lease contract" between 2021 and 2022 with related parties.	The director of the company is the legal representative of the affiliated enterprise.	Company directors refrain from voting for avoidance of interests

3. Listed and OTC companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self (or peer) evaluation. For details, please refer to the implementation of the board of directors evaluation:

The Board of Directors Appraisal and Implementation

Appraisal period (Note 1)	Appraisal period (Note 2)	Appraisal scope (Note 3)	Appraisal method (Note 4)	Appraisal content (Note 5)
1. Perform internal self-assessment once a year.	1. Self-assessment period: 2020/1/1~2020/12/31	1. The scope of self-assessment of the board of directors, individual directors, and functional committees.	1-1. Internal self-assessment by the board of directors. 1-2. Self-assessment by directors.	1. Board performance evaluation: including the degree of participation in the company's operations, the quality of board decisions, the composition and structure of the board, the selection and continuous education of directors, internal control, etc. The evaluation results are detailed on page 41.
2. Perform an external self-assessment every three years.	2. Entrusted with an external professional organization (Chunghwa Corporate Governance Association) during the evaluation period: 2018/9/1~2019/8/31	2. Entrust the Chunghwa Corporate Governance Association to evaluate the scope: board effectiveness.	2. Appoint an external professional organization.	2. Performance evaluation of individual directors: including mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, internal control, etc. The evaluation results are detailed on page 42. 3. Functional committee performance evaluation: including the degree of participation in the company's operations, the recognition of the responsibilities of the functional committee, the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, internal control, etc. 4. The content and results of the effectiveness evaluation of the board of directors are detailed on page 42.

Note 1: For filling in the execution cycle of the board of directors appraisal, for example: once a year.

Note 2: For filling in the period covered by the board of directors appraisal, for example: to evaluate the performance of the board of directors from January 1, 2020 to December 31, 2020.

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

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

Note 5: The assessment content shall include at least the following items according to the assessment scope:

- (1) Board performance evaluation: including at least the degree of participation in the company's operations, the quality of board decisions, the composition and structure of the board, the selection and continuous education of directors, and internal control.
- (2) Performance evaluation of individual director members: at least including the mastery of the company's goals and tasks, the awareness of directors' responsibilities, the degree of participation in company operations, internal relationship management and communication, directors' professional and continuous education, internal control, etc.
- (3) Performance evaluation of functional committees: the degree of participation in the company's operations, awareness of the responsibilities of the functional committees, the decision-making quality of the functional committees, the composition of the functional committees and the selection of members, internal control, etc.

4. The objective of strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, enhancing information transparency, etc.) and evaluation of the implementation:

1. Formulate risk management policies and procedures (including risk management scope, organizational structure and operation conditions) and pass by the board of directors.
2. Establish an integrity management team, formulate a plan and policy for preventing dishonest behaviors, and pass by the board of directors. The internal audit will conduct an inspection in December 2020 and report the inspection results to the board of directors on March 10, 2021.

3. Semi-annual (2020/5/4 and 2020/10/30) to report the situation of communication with stakeholders to the board of directors.
4. In 2020, we will continue to review and revise the "Rules of Procedure of the Board of Directors", "Organization Rules of the Audit Committee" and "Organization Rules of the Remuneration Committee" of the company.
5. Beginning in 2020, continue to synchronize the release of major news in both Chinese and English.
6. Three independent directors of the company's board of directors in 2020 will attend in person. The attendance status of independent directors of the board of directors in 2020 is as follows:

◎Attend in person: ☆ : Delegate Attend * : Not Attend :

Independent director	2020.03.11	2020.04.16	2020.05.04	2020.05.29	2020.07.31	2020.10.30	2020.12.17
Chih-Li Wang	◎	◎	◎	◎	◎	◎	◎
Yi-Min Wang	◎	◎	◎	◎	◎	◎	◎
Rwei-Syun Chen	◎	◎	◎	◎	◎	◎	◎

7. Continue to implement the regular assessment of the independence of accountants. On December 17, 2020, the audit committee and the board of directors issued the declaration of independence issued by the company's "Certification Accountant Selection and Review Measures" and KPMG's statement on independence. Upon review, they are found to conform with independence and competence, the review results are detailed in "4. Corporate Governance Operation", "(4) Corporate Governance Operation and its Differences and Reasons from the Code of Practice for Corporate Governance of Listed and OTC Companies" and 3. The fourth item of the Composition and Responsibilities of the Board of Directors is detailed on page 45.
8. Since participating in the first corporate governance evaluation, the company has set short-, medium- and long-term improvement goals based on the evaluation results every year for projects that do not meet the corporate governance standards, and will report on the improvement results year by year. Priority enhancements and measures will be proposed for improvement, for details on the 9th item of "(4) Corporate Governance Operation Situation and Its Differences from and Reasons for the Governance Code of Practice for Listed and OTC Companies" of 4. "Corporate Governance Operation Situation", refer to page 56 .

Note 1: If the directors and supervisors are legal persons, the names of the legal person shareholders and their representatives shall be disclosed.

Note 2: (1) If a director or supervisor has resigned before the end of the year, the date of resignation should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors during the term of office and their actual attendance.

(2) Before the end of the year, if any director or supervisor is re-elected, both the new and old directors and supervisors shall be listed, and the remarks column shall indicate whether the director or supervisor is the old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors and the actual number of attendances during the term of office.

(2) Information on the operation of the audit committee:

1. The composition and responsibilities of the audit committee:

- (1).The term of office of the current (second) audit committee of the company is from May 29, 2020 to May 28, 2023.
- (2).The audit committee of the company consists of 3 independent directors.
- (3).The responsibility of the audit committee is to supervise the appropriate expression of the company's financial reports, the selection (dismissal) of the certified accountant and the assessment of independence, the company's internal compliance with laws and regulations and the suitability of audit plans, transactions with related parties, and possible conflicts of interest, etc.

2. Annual work focus of the audit committee:

The matters considered mainly include:

- (1) Financial statement audit and accounting policies and procedures.
- (2) The formulation and implementation of internal control systems and related policies and procedures.
- (3) Investment situation.
- (4) Compliance with laws and regulations.
- (5) Related party transactions and possible conflicts of interest.
- (6) Review the independence, professionalism, appointment, dismissal or remuneration of certified public accountants.
- (7) Appointment and dismissal of internal audit officers.

【Reviewed financial report】

The board of directors prepared the company's 2020 business report, financial statements, and earnings distribution proposals, among which the financial statements have been checked by KPMG and an audit report has been issued. The above-mentioned business report, financial statement and surplus distribution proposal have been checked by the Audit Committee and found that there is no discrepancy.

【Appointed Certified Accountant】

The audit committee is given the responsibility of supervising the independence of the certified public accountant firm to ensure the fairness of the financial statements. All services provided by a certified accounting firm must be approved by the audit committee. In order to ensure the independence of the certified public accountant firm, the Audit Committee has formulated an independent evaluation form with reference to Article 47 of the Accountants Act and the "Integrity, Fairness, Objectivity, and Independence" of the Accountants' Professional Ethics Bulletin No. 10, to assess the independence of accountants, and professional and competence assessment. After review and approval by the Audit Committee and the Board of Directors, KPMG's Certified Public Accountants Chi Shiqin and Zeng Guoyang deemed both meet the independence assessment standards and are sufficient to serve as the company's financial and tax accountants.

【Assessed the effectiveness of the internal control system】

The audit committee evaluated the effectiveness of the company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, legal compliance and other control measures), and reviewed the company's audit unit, certified accountants, and management's regular reports , including risk management and compliance with laws and regulations. The audit committee believes that the company's risk management and internal control systems are effective, and the company has adopted necessary control mechanisms to monitor and correct violations.

3. Annual work focus and operation status of the audit committee:

The 2020 Audit Committee of the Company met 6 times (A). The attendance of independent directors is as follows:

Title	Name	Actual attendance (B)	Entrusted attendance	Actual attendance rate (%) (B/A)(Note)	Remarks
Independent director	Chih-Li Wang	6	0	100	2020/5/29 Re-elected
Independent director	Yi-Min Wang	6	0	100	2020/5/29 Re-elected
Independent director	Rwei-Syun Chen	6	0	100	2020/5/29 Re-elected
Other matters to be recorded:					
1. If the operation of the audit committee is under any of the following circumstances, the date and period of the board of directors, the content of the proposals, the results of the audit committee's resolutions, and the company's handling of the audit committee's opinions should be stated.					
(1) Matters listed in Article 14-5 of the Securities Exchange Act.					
Audit Committee	Proposal content and follow-up processing		Items listed in Article 14-5 of the Securities Exchange Act	Resolutions that have not been approved by the Audit Committee but approved by more than 2/3 of all directors	
1st 15 th session 2020.3.11	1. THE COMPANY'S 2019 FINANCIAL STATEMENTS AND BUSINESS REPORTS. 2. FORMULATION OF THE 2019 INTERNAL CONTORL STATEMENT 3. THE COMPANY INTENDS TO SIGN A "DISTRIBUTION AUTHORIZATION AGREEMENT" WITH CHUANG YI BIOTECH CO., LTD.		V	-	
Audit committee opinion: Nil. The company's handling of the audit committee's opinions: Nil. Resolution result: All the present audit committee members agreed to pass.					
1 st Term 16 th session 2020.4.16	1. REVISE THE COMPANY'S "OPERATING PROCEDURES FOR LOANING FUNDS TO OTHERS". 2. REVISE THE COMPANY'S "PROCEDURES FOR ACQUIRING OR DISPOSING OF ASSETS". 3. THE COMPANY INTENDS TO SIGN THE FIFTH SUPPLEMENTARY CONTRACT FOR THE ENTRUSTED MANUFACTURING CONTRACT WITH TTY BIOPHARM LIUDU FACTORY.		V	-	
Audit committee opinion: Nil. The company's handling of the audit committee's opinions: Nil. Resolution result: All the present audit committee members agreed to pass.					
1 st Term 11 th session 2020.5.4	THE company's FIRST QUARTER 2020 FINANCIAL STATEMENTS.		V	-	
Audit committee opinion: Nil. The company's handling of the audit committee's opinions: Nil. Resolution result: All the present audit committee members agreed to pass.					

<p>2nd Term 1st session 2020.7.31</p>	<p>1. The Company's financial statements for the second quarter of 2020. 2. The validity period of the drug license of the company's products will expire, and the company intends not to extend it, and intends to sign a termination agreement with TTY. 3. Transfer of the company's head of internal audit and the appointment of A New Head of Internal Audit.</p>	<p>V</p>	<p>-</p>
<p>Audit committee opinion: Nil The company's handling of the audit committee's opinions: Nil Resolution result: All the present audit committee members agreed to pass.</p>			
<p>2nd Term 2nd session 2020.10.30</p>	<p>1. The company's financial statements for the third quarter of 2020. 2. The Company intends to evaluate whether there are more than NT\$ 5,000,000 of overdue receivables regarded as lending or not. 3. The company intends to sign an entrusted manufacturing contract with TTY Biopharm (hereinafter referred to as TTY) Liudu Plant. 4. The company intends to sign a 2021-2022 information service contract with TTY Biopharm (hereinafter referred to as TTY).</p>	<p>V</p>	<p>-</p>
<p>Audit Committee Opinion: In terms of scale and cost considerations, part of the company's IT are provided by TTY, but because of the related parties, it is recommended that the management department provide a comparison of the costs of services in the same industry as a reasonable appendix in terms of the reasonableness of expenses. The company's handling of the audit committee's opinions: the management department compares the cost of information services with those of the same industry for reasonableness. Resolution result: All the present audit committee members agreed to pass.</p>			
<p>2nd Term 3rd session 2020.12.17</p>	<p>1. In 2021, it is proposed to appoint "KPMG" as the company's certified accounting firm and various certification services. 2. Formulation of the 2021 audit plan. 3. The company intends to sign a "contract for entrusted services" with TTY biopharm (hereinafter referred to as TTY) from 2021 to 2022. 4. The company plans to sign a house "lease contract" with TTY biopharm (hereinafter referred to as TTY) from 2021 to 2022.</p>	<p>V</p>	<p>-</p>
<p>Audit committee opinion: Nil The company's handling of the audit committee's opinions: Nil Resolution result: All the present audit committee members agreed to pass. Nil</p>			

(2) Except for the previous matters, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: Nil

2. The implementation situation of independent directors' proposal for avoidance of interest should state the name of the independent director, the content of the proposal, the reason for the avoidance of interests, and the voting situation: Nil
3. The communication status between independent directors and internal audit supervisors and accountants (should include major matters, methods and results of communication on the company's financial and business conditions, etc.):

(1) Communication between independent directors and internal audit supervisor:

In addition to regularly sending various internal audit reports to independent directors, the company's auditing unit has irregular discussions with independent directors; since the establishment of the audit committee of the company at least once a quarterly regular meeting on the audit business execution and internal control operation status and audit committee members for discussion. For detailed communication, please refer to the company's website.

Usually the audit supervisor and independent directors communicate directly by email, phone or meeting as needed

(2) Communication between independent directors and accountants:

The certified public accountant attends the audit committee every quarter and reports the results of the quarterly financial report review (check). At the same time, the accountant will also explain to the audit committee the impact of important accounting standards or interpretation letters, securities control laws, and the newly applicable IFRS bulletin on the company and key audit matters. For detailed communication, please refer to the company's website.

Note:

* If an independent director resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of audit committee meetings and actual attendance during the term of office.

* Before the end of the year, if an independent director is re-elected, both the new and old independent directors should be listed, and the remarks column should indicate whether the independent director is the old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated on the basis of the number of meetings of the audit committee during his tenure and the actual number of attendance.

(3) Reasons for differences between the codes of practice for corporate governance of listed and OTC companies

Assessment items	Operation status (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
1. Does the company formulate and disclose the code of practice of corporate governance in accordance with the code of practice of corporate governance of listed companies?	V		No difference
2. The company's shareholding structure and shareholders' equity (1) Does the company establish internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation matters, and implement them in accordance with the procedures?	V		(1) No difference

Assessment items	Operation status (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(2) Does the company have a list of major shareholders who actually control the company and the final controllers of major shareholders? (3) Does the company establish and implement a risk control mechanism and firewall mechanism between its affiliated companies? (4) Has the company established internal regulations to prohibit the company's insiders from using undisclosed information on the market to buy and sell securities?	V		(2) No difference (3) No difference
	V		(4) No difference
	V		(2) The company has investor relations and stock affairs units, and professional stock affairs agencies handle stock affairs on their behalf, and keep abreast of the list of major shareholders who actually control the company and their ultimate controllers at any time. (3) Transactions between the company and the parent company are handled in accordance with the "Group Companies, Specific Companies, and Related Party Transaction Procedures" and "Internal Control System", "Internal Audit System" and related laws and regulations of affiliated companies formulated by the company . Significant related party transactions are submitted to the Audit Committee for deliberation.
	V		(4) On April 16, 2020, the board of directors of the company approved the amendment to the "Management Procedures for the Processing of Internal Major Information and Prevention of Insider Transactions", which explicitly prohibits insiders from using undisclosed information that has a significant impact on the company's stock price or the ability to pay principal and interest for trading. The securities measures regularly publicize the precautions to prevent insider trading to the company's colleagues every year, and publicize new directors and managers after taking office.
3. The composition and responsibilities of the board of directors (1) Does the board of directors formulate and implement a diversified policy on the composition of members?	V		(1) No difference

Assessment items	Operation status (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
	Summary		
			<p>According to Article 20 of the Company's "Code of Practice on Corporate Governance", the specific policies for diversification are as follows:</p> <ul style="list-style-type: none"> ● The structure of the board of directors: The appropriate number of directors from 5 to 7 should be determined in light of the company's business development scale and the shareholding situation of its major shareholders, considering the actual operation needs. ● The director who is also the manager of the company should not exceed one third of the number of directors. ● Basic conditions and values: Gender (at least one), age, nationality and culture. ● Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. ● Ability to possess: including operational judgment ability, accounting and financial analysis ability, operation management ability, crisis management ability, industry knowledge, international market outlook, leadership ability, decision-making ability. ● The diversification policy has been disclosed in detail on the company website and public information observatory.

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(2) In addition to the remuneration committee and the audit committee established in accordance with the law, does the company voluntarily set up other various functional committees?	V		(2) The current scale of the company has established an audit committee and a remuneration committee. In the future, it will be discussed whether to add other functional committees depending on the needs of the operating conditions.
(3) Does the company formulate board performance evaluation methods and evaluation methods, conduct annual and regular performance evaluations, and report the results of performance evaluations to the board of directors, and use them as a reference for the remuneration of individual directors and the nomination for renewal?	V		(3) No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies																								
	Yes	No																									
			<p>● Evaluation results: According to the aforementioned method, the evaluation result of the panel in 2020 was scored 94 points (out of 100 points), and the evaluation result will be reported to the board of directors on March 10, 2021. In 2020, based on the evaluation results, the improvement plan is as follows: (1) Continue to pay attention to the schedule to increase the attendance of directors to the board of directors. (2) Invite at least 4 directors (more than half) to attend the shareholders meeting in person. (3) Arrange for a certified accountant to participate in the board of directors at least twice.</p> <p>● Director evaluation:</p> <table border="1"> <thead> <tr> <th>Self-evaluation aspects of board members</th> <th>Item</th> <th>Percent age</th> </tr> </thead> <tbody> <tr> <td>A. Mastery of company goals and tasks</td> <td>3</td> <td>20%</td> </tr> <tr> <td>B. Awareness of Directors' Duties</td> <td>3</td> <td>15%</td> </tr> <tr> <td>C. Participation in the company's operations</td> <td>8</td> <td>20%</td> </tr> <tr> <td>D. Internal relationship management and communication</td> <td>3</td> <td>20%</td> </tr> <tr> <td>E. Professional and continuing education of directors</td> <td>3</td> <td>15%</td> </tr> <tr> <td>F. Internal control</td> <td>3</td> <td>15%</td> </tr> <tr> <td>Total</td> <td>23</td> <td>105%</td> </tr> </tbody> </table>	Self-evaluation aspects of board members	Item	Percent age	A. Mastery of company goals and tasks	3	20%	B. Awareness of Directors' Duties	3	15%	C. Participation in the company's operations	8	20%	D. Internal relationship management and communication	3	20%	E. Professional and continuing education of directors	3	15%	F. Internal control	3	15%	Total	23	105%
Self-evaluation aspects of board members	Item	Percent age																									
A. Mastery of company goals and tasks	3	20%																									
B. Awareness of Directors' Duties	3	15%																									
C. Participation in the company's operations	8	20%																									
D. Internal relationship management and communication	3	20%																									
E. Professional and continuing education of directors	3	15%																									
F. Internal control	3	15%																									
Total	23	105%																									

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
		<p>General evaluation of corporate governance association:</p> <ol style="list-style-type: none"> 1. Your company's board of directors is composed of diverse professional talents and surpasses compliance with laws and regulations. In 2017, the establishment of an audit committee was completed. In 2019, a corporate governance team including the financial and accounting supervisor, internal audit supervisor and the deliberative unit of the general administration was established, and corporate governance was set up for implementation of corporate governance in advance, and strive to pursue excellent corporate governance. 2. Members of your company's board of directors are invited to participate in the annual strategy and budget meeting to discuss the five-year plan and the next year's strategic objectives, budget and key performance indicators with the management team; when the board of directors conducts various reports and discusses proposals, the directors have the courage to ask questions and answers and suggestions are set out in the minutes of the proceedings. The active performance of your company's board of directors is conducive to improving the efficiency of decision-making. 3. Outside of the board and committee meetings, your company's audit committee holds quarterly seminars with the corporate governance team, and also invites audit accountants to participate; the chairman authorizes the manager to communicate directly with the board members through email or telephone. In addition to participating in formal meetings, directors actively invest time in supervision, so that the director's professionalism can be fully utilized. 	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies						
	Yes	No							
		<p>4. Your company is committed to improving the quality of life of patients with chronic diseases, focusing on interaction with stakeholders, and providing external channels for stakeholders to directly report to independent directors. If there are special or important matters in the communication between your company and stakeholders, the director of corporate governance will immediately report back to the members of the board of directors, so that they can obtain timely and sufficient information to protect the rights and interests of the stakeholders.</p> <p>Evaluation recommendations of the Association for Corporate Governance and the company's improvement plan:</p> <table border="1"> <tr> <td>Recommendations of the Association for Corporate Governance</td> <td>The company's improvement plan</td> </tr> <tr> <td>It is recommended that your company re-examines the requirements for setting up functional committees and the powers and responsibilities granted to each functional committee by the board of directors at least every session.</td> <td>According to actual operating needs, the corporate governance team will report to the board of directors to set up other functional committees and formulate the organizational rules of the committee in accordance with relevant laws and regulations.</td> </tr> <tr> <td>It is recommended that your company's remuneration committee review the director's remuneration policy, system, standard and structure regularly or every term.</td> <td>The organization rules of the Remuneration Committee have been revised to consider the reasonableness of remuneration and will continue to review the director's remuneration policy and structure regularly.</td> </tr> </table>	Recommendations of the Association for Corporate Governance	The company's improvement plan	It is recommended that your company re-examines the requirements for setting up functional committees and the powers and responsibilities granted to each functional committee by the board of directors at least every session.	According to actual operating needs, the corporate governance team will report to the board of directors to set up other functional committees and formulate the organizational rules of the committee in accordance with relevant laws and regulations.	It is recommended that your company's remuneration committee review the director's remuneration policy, system, standard and structure regularly or every term.	The organization rules of the Remuneration Committee have been revised to consider the reasonableness of remuneration and will continue to review the director's remuneration policy and structure regularly.	
Recommendations of the Association for Corporate Governance	The company's improvement plan								
It is recommended that your company re-examines the requirements for setting up functional committees and the powers and responsibilities granted to each functional committee by the board of directors at least every session.	According to actual operating needs, the corporate governance team will report to the board of directors to set up other functional committees and formulate the organizational rules of the committee in accordance with relevant laws and regulations.								
It is recommended that your company's remuneration committee review the director's remuneration policy, system, standard and structure regularly or every term.	The organization rules of the Remuneration Committee have been revised to consider the reasonableness of remuneration and will continue to review the director's remuneration policy and structure regularly.								

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies				
	Yes	No					
(4) Does the company regularly assess the independence of certified accountants?	V	<p>(4) The board of directors regularly evaluates the independence of accountants every year.</p> <p>The Company regularly evaluates incumbent accountants annually in accordance with the "independence" and "competence" of this Company's "certified public accountant selection review method", and requires the accountant to issue a "declaration of independence" to evaluate whether to continue the appointment. 2021 accountant evaluation process and results have been submitted to the Audit Committee and Board of Directors on March 10, 2021 for review and approval, and it is decided to continue the appointment in 2021.</p> <p>The main review and evaluation key points of the accountant selection review form include the following:</p> <table border="1"> <tr> <td>Independence</td> <td> <ol style="list-style-type: none"> Whether it complies with the provisions of Article 8 of No. 10 "Integrity, impartiality, objectivity and independence" of the Professional Ethics Bulletin issued by the Institute of Certified Public Accountants. Not employees, directors, or supervisors of the company or its affiliates. Non-self and their spouse, minor children or other natural person shareholders who hold more than one percent of the total issued shares of the company or hold the top ten shares in the name of others. Not spouses, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship listed in the preceding paragraph 2.3. Directors, supervisors or employees of legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, or directors, supervisors or employees of the top five legal person shareholders holding shares. Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that are not in financial or business dealings with the company, who have served as independent directors and have been dismissed shall not apply. </td> </tr> <tr> <td>Competence</td> <td> <ol style="list-style-type: none"> Possess knowledge of the industry or field related to the company's business, and understand relevant laws and regulations. Have enough professionals to check the company and complete the case within the agreed time limit. Assess whether the company's upcoming major events in the next year will affect its competence. No potential conflict of interest. </td> </tr> </table>	Independence	<ol style="list-style-type: none"> Whether it complies with the provisions of Article 8 of No. 10 "Integrity, impartiality, objectivity and independence" of the Professional Ethics Bulletin issued by the Institute of Certified Public Accountants. Not employees, directors, or supervisors of the company or its affiliates. Non-self and their spouse, minor children or other natural person shareholders who hold more than one percent of the total issued shares of the company or hold the top ten shares in the name of others. Not spouses, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship listed in the preceding paragraph 2.3. Directors, supervisors or employees of legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, or directors, supervisors or employees of the top five legal person shareholders holding shares. Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that are not in financial or business dealings with the company, who have served as independent directors and have been dismissed shall not apply. 	Competence	<ol style="list-style-type: none"> Possess knowledge of the industry or field related to the company's business, and understand relevant laws and regulations. Have enough professionals to check the company and complete the case within the agreed time limit. Assess whether the company's upcoming major events in the next year will affect its competence. No potential conflict of interest. 	(4) No difference
Independence	<ol style="list-style-type: none"> Whether it complies with the provisions of Article 8 of No. 10 "Integrity, impartiality, objectivity and independence" of the Professional Ethics Bulletin issued by the Institute of Certified Public Accountants. Not employees, directors, or supervisors of the company or its affiliates. Non-self and their spouse, minor children or other natural person shareholders who hold more than one percent of the total issued shares of the company or hold the top ten shares in the name of others. Not spouses, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship listed in the preceding paragraph 2.3. Directors, supervisors or employees of legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, or directors, supervisors or employees of the top five legal person shareholders holding shares. Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that are not in financial or business dealings with the company, who have served as independent directors and have been dismissed shall not apply. 						
Competence	<ol style="list-style-type: none"> Possess knowledge of the industry or field related to the company's business, and understand relevant laws and regulations. Have enough professionals to check the company and complete the case within the agreed time limit. Assess whether the company's upcoming major events in the next year will affect its competence. No potential conflict of interest. 						

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
4. Whether the listed or OTC company has a suitable and appropriate number of corporate governance personnel, and designates a corporate governance leader to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to perform business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the board of directors and shareholders meeting in accordance with the law, making minutes of the board of directors and shareholders meeting, etc.)?	V	<p>The company's board of directors passed the change of corporate governance supervisor on May 4, 2020. Liu Xinyang, VP of the company's general administration, will concurrently serve as the corporate governance supervisor. Liu has complete qualifications as financial supervisors of securities institutions and public offering companies for more than 3 years, and a corporate governance promotion team composed of three heads of the Finance and Accounting Department, the Administration Department and the Audit Office. Its responsibilities are to coordinate relevant departments to provide directors with information needed to perform their business, to assist directors in complying with laws and regulations, and to handle related matters such as the board of directors, shareholders' meeting and investor relations in accordance with the law, to continuously supervise the operation of corporate governance and to report the implementation results to the board of directors annually.</p> <p>The director of corporate governance handles the promotion of corporate governance-related affairs. The main responsibilities are summarized in the following directions, and the implementation results are reported to the board of directors every year.</p> <p>1. ASSIST INDEPENDENT DIRECTORS AND GENERAL DIRECTORS TO PERFORM THEIR DUTIES, PROVIDE REQUIRED INFORMATION AND ARRANGE FOR DIRECTORS TO FURTHER THEIR STUDIES:</p> <p>(1) Assist the remuneration committee and the board of directors in the effectiveness evaluation. The results of the 2020 performance evaluation will be reported to the board of directors in March 2021.</p> <p>(2) Arrange for the audit committee and accountants to communicate quarterly on the company's financial status, major transaction cases and whether amendments to laws and regulations affect the company's accounting method, and report to the board of directors. The communication records for 2020 will be disclosed on the company's website.</p>	No difference

Assessment items	Operation (Note 1)			Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	Summary	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
	Summary		
		<p>(2) ASSIST ALL UNITS TO MAKE PROPOSALS FOR THE BOARD OF DIRECTORS, DRAFT THE AGENDA OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE AND REMUNERATION COMMITTEE, AND NOTIFY THE CONVENING OF THE MEETING WITHIN THE STATUTORY DEADLINE, PROVIDE MEETING MATERIALS AND SEND THE MINUTES OF THE PROCEEDINGS.</p> <p>(3) ASSIST THE CHAIRMAN TO PRESIDE OVER THE MEETINGS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE AND REMUNERATION COMMITTEE SMOOTHLY, AND ASSIST IN REMINDING DIRECTORS OF THE LAWS AND REGULATIONS TO BE FOLLOWED WHEN PERFORMING DUTIES OR MAKING RESOLUTIONS.</p> <p>(4) HANDLE THE PRE-REGISTRATION OF THE DATE OF THE SHAREHOLDERS MEETING AND VARIOUS ANNOUNCEMENT DECLARATIONS IN ACCORDANCE WITH THE LAW, AND SEND THE NOTICE OF THE SHAREHOLDERS MEETING WITHIN THE STATUTORY PERIOD.</p> <p>3. MAINTAIN INVESTOR RELATIONS: ATTEND CORPORATE BRIEFINGS AND REPORT TO INVESTORS ON THE COMPANY'S FINANCIAL STATUS AND OPERATING PERFORMANCE TO BETTER UNDERSTAND THE COMPANY'S OPERATIONS.</p> <p>4. REGISTRATION OF CHANGE OF COMPANY.</p>	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
5. Whether the company has established channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and has set up a special area for stakeholders on the company's website, and respond appropriately to key corporate social responsibility issues of concern to stakeholders?	V	Depending on the nature of the business, the company has established communication channels for relevant stakeholders, and has set up a special section for stakeholders on the company's website to disclose their important issues of concern and the contact windows and contact methods of relevant counterparts, to respond to and address relevant issues, please refer to our website and report to the board of directors on 16 April 2020 and 30 October 2020 on important issues and responses to stakeholder concerns. In addition to publishing the company's Business Status Report and news on the public information website as required, the company also discloses relevant information on the company's website to help stakeholders understand the company.	No difference
6. Has the company appointed a professional stock agent to handle the affairs of the shareholders meeting?	V	The company's stock operations (including shareholder affairs) appointed a professional stock agency-Capital Securities Corporation for execution.	No difference
7. Information disclosure (1) Does the company set up a website to disclose financial business and corporate governance information?	V	(1) The company has set up a special area on its website to disclose information related to the company's financial business and corporate governance (including board resolutions, etc.) . (please refer to the company's website for details http://www.tshbiopharm.com) .	(1)No difference
(2) Whether the company has adopted other means of information disclosure (such as setting up an English website, designating a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, and putting up the company's website during the corporate presentation session, etc.) ?	V	(2) The company has set up an English website and designated a dedicated unit for the collection and disclosure of company information. In addition, the company has established a spokesperson system with spokesperson and acting spokesperson to handle relevant matters, information on the company's corporate briefings and press conferences is also available on the company's website (shareholder services/latest news) for the investing public to read.	(2)No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
<p>(3) Does the company announce and report annual financial reports within two months after the end of the fiscal year, and announce and report the financial reports for the first, second and third quarters and the operating conditions of each month before the prescribed deadline?</p> <p>8. Does the company have other important information that is helpful to understand the corporate governance operation (including but not limited to employee rights, employee care, investor relations, supplier relations, the rights of stakeholders, the situation of directors and supervisors for further training, implementation status of risk management policies and risk measurement standards, implementation status of customer policies, status of companies purchasing liability insurance for directors and supervisors, etc.)?</p>	V	V	<p>(3) Presently, the company has not announced and filed its annual financial report within 2 months after the end of the fiscal year.</p> <p>(1) No difference</p>
			<p>(3) The company announces and declares the annual financial report and the first, second, and third quarter financial reports within 3 months after the end of the fiscal year. The announcement is made on the day after the approval of the board of directors of the company. The Operation Declaration in each month shall be announced 3-4 days in advance of the prescribed time limit.</p> <p>8.</p> <p>(1) Employee rights and employee care</p> <p>1. The company has established a remuneration committee, an audit committee, an employee welfare committee, employer-employee meetings, implementation of a pension system, providing equal employment opportunities, handling various employee training courses and employee group insurance, and arranging regular health checks, etc., and attaches importance to harmonious labor relations. For operating conditions, please refer to "5. employer-employee relations" in "v. operation overview" on page 118 of this annual report.</p> <p>2. In order to enhance the professional skills of employees, the company arranges diversified education and training courses for employees, including new personnel training, management function training courses, on-the-job training courses, and job-related professional function training courses to cultivate professional skills of outstanding talents. For operating conditions, please refer to "5. employer-employee relations" in "v. operation overview" on page 119 of this annual report.</p> <p>3. The company attaches great importance to the health and safety of the working environment of its employees. It has implemented a number of environmental protection measures and formulated the "office safety and maintenance measures" and the "safety and hygiene work code" to continuously strengthen the work environment and personal safety. For operating conditions, please refer to "5. employer-employee relations" in "v. operation overview" on page 121 of this annual report.</p>

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
	Summary		
			(2) No difference
		<p>(2) Investor relations</p> <p>1. The company is required by law to disclose its information in good faith to protect the rights and interests of investors and stakeholders, and to fulfill its obligations to shareholders.</p> <p>2. In order to protect the rights and interests of investors and stakeholders, in addition to the public information observatory, the company continues to maintain the financial and non-financial business information disclosed on the company's website to continuously strengthen the integrity, timeliness and accuracy of the company's information disclosure. For details, refer to the company website.</p> <p>3. The company has established a spokesperson system and established a stakeholder section on the company's website to provide information and contact channels for spokespersons and proxy spokespersons, in order to actively respond to suggestions or doubts raised by shareholders and maintain good interaction with shareholders.</p> <p>4. Our company was invited to participate in 2 legal person briefings in 2020. Through the law, it will explain the company's operating performance and views on the future industry prospects, convey the business philosophy and corporate value to the investing public, so that shareholders or potential investors can further understand the opportunities and challenges of corporate operations and development, and also provide investors to express their opinions or the opportunity for two-way exchange with the company to enhance the quality of corporate governance and protect the rights and interests of shareholders.</p>	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
	Summary		
			(3) No difference
			(4) No difference

(3) Customer relationship and supplier relationship: the company uses regular and irregular meetings, events, and problem discussion and resolution mechanisms to maintain a smooth communication channel between customers and suppliers and the company to maintain a good relationship.

(4) Rights of stakeholders: the company focuses on the development of business strategies and stable financial operations in the industry, and actively promotes corporate governance and the construction of an information transparency system, and is committed to the enhancement of corporate value and sustainable operations to protect the interested parties including the rights or interests of employees, customers, shareholders, investors, suppliers, etc.

Assessment items		Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
		Yes	No	
(5) Director training: the directors of the company participate in relevant training courses according to their professional and corporate governance needs:				
Title	Name	Sponsor	Course	No. of hours
Chairman (TTY representative)	Chuan Lin	Taiwan Corporate Governance Association	Discussion on the dispute of operation right from shareholder activism	3
Director (TTY representative)	Carl Hsiao	Taiwan Corporate Governance Association	Integrity management and ISO37001	3
Director (TTY representative)	Chao-I Chiang	Taiwan Corporate Governance Association	Discussion on the dispute of operation right from shareholder activism	3
Director (TTY representative)	Kang-Chi Chou	Taiwan Investor Relations Association	Integrity management and ISO37001	3
Independent director	Chih-Li Wang	Taiwan Corporate Governance Association	The key to corporate sustainability: corporate specialization and family specialization	3
Independent director	Yi-Min Wang	Taiwan Corporate Governance Association	Integrity management and ISO37001	3
Independent director	Rwei-Syun Chen	Taiwan Corporate Governance Association	Integrity management and ISO37001	3
Independent director		Taiwan Corporate Governance Association	Investigation of "Fund Flow" in Financial Report Fraud Cases and Discussion of Related Legal Liability Cases	3
Independent director		Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Independent director		Taiwan Corporate Governance Association	The Criminal Law Risks of the Directors and Supervisors of Enterprises and the Corresponding Responses: From the Perspective of Enterprise Fraud and Money Laundering Prevention	3
Independent director		Taiwan Corporate Governance Association	Integrity management and ISO37001	3
Independent director		Consortium ROC Securities Counter Trading Center	OTC "Corporate Governance 3.0-Blueprint for Sustainable Development" Summit Forum Agenda	3
Independent director		Taiwan Corporate Governance Association	Discussion on the dispute of operation right from shareholder activism	3
Independent director		Taiwan Corporate Governance Association	Integrity management and ISO37001	3
Independent director		ROC Accounting Research and Development Foundation (online)	Directors and supervisors review the basic skills of self-editing financial reports and analysis of the latest financial report compilation laws	3
Independent director		ROC Accounting Research and Development Foundation (online)	Legal compliance audit practices of the company's "shareholders' meeting"	3
Independent director		Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Independent director		Taiwan Corporate Governance Association	Integrity management and ISO37001	3

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(6) Implementation of risk management policies and risk measurement standards: in order to ensure the integrity of the risk management system, the board of directors approved on October 30, 2020 to formulate "risk management policies and procedures" and set up a risk management organization as the highest guiding principle of the company's risk management; the company regularly assesses risks at least once a year, and formulates and implements risk management policies and procedures for each risk, so as to effectively identify, measure and control the company's various risks, and keep it within an acceptable range. the organization structure and responsibilities of the company's risk management are as follows:			
RISK MANAGEMENT UNIT			RISK MANAGEMENT RESPONSIBILITIES
BOARD OF DIRECTORS			THE HIGHEST UNIT OF RISK MANAGEMENT IS RESPONSIBLE FOR APPROVING, REVIEWING, AND SUPERVISING THE COMPANY'S RISK MANAGEMENT POLICIES, WITH THE GOAL OF COMPLYING WITH LAWS AND REGULATIONS, PROMOTING AND IMPLEMENTING THE COMPANY'S OVERALL RISK MANAGEMENT, CLEARLY UNDERSTANDING THE RISKS FACED BY OPERATIONS, AND ENSURING THE OPERATION OF THE MANAGEMENT STRUCTURE AND RISK CONTROL FUNCTIONS.
RISK MANAGEMENT ORGANIZATION			THE AUTHORITY RESPONSIBLE FOR RISK MANAGEMENT IS THE CONVENER OF THE CORPORATE GOVERNANCE DIRECTOR, WHO IS MAINLY RESPONSIBLE FOR THE MONITORING, MEASUREMENT AND EVALUATION OF CORPORATE RISKS AND OTHER EXECUTIVE-LEVEL AFFAIRS. ASSISTING IN THE FORMULATION OF THE COMPANY'S RISK MANAGEMENT POLICY, ENSURING THE IMPLEMENTATION OF RISK MANAGEMENT DECISIONS APPROVED BY THE BOARD OF DIRECTORS, AND COORDINATING THE OVERALL OPERATION OF RISK MANAGEMENT. THE ORGANIZATIONAL STRUCTURE IS DIRECTLY UNDER THE GENERAL MANAGER AND REPORTS TO THE BOARD OF DIRECTORS.
INTERNAL AUDIT			SUBORDINATE TO THE BOARD OF DIRECTORS, IT IS RESPONSIBLE FOR INTERNAL CONTROL AND INTERNAL AUDIT. IT SHOULD SUBMIT AN ANNUAL AUDIT PLAN BASED ON THE RISK ASSESSMENT AND SUBMIT A REPORT TO THE AUDIT COMMITTEE ON THE IMPLEMENTATION OF THE COMPANY'S RISK MANAGEMENT.
VARIOUS DEPARTMENTS			EACH DEPARTMENT/DIVISION SUPERVISOR IS RESPONSIBLE FOR RISK MANAGEMENT, AND IS RESPONSIBLE FOR ANALYZING AND MONITORING THE RELEVANT RISKS WITHIN THE UNIT TO ENSURE THAT THE RISK CONTROL MECHANISM AND PROCEDURES CAN BE EFFECTIVELY IMPLEMENTED.
INFORMATION SECURITY RISK MANAGEMENT TEAM			(1) THE COMPANY'S INFORMATION SECURITY RISK MANAGEMENT TEAM IS COMPOSED OF THE HEAD OF THE MANAGEMENT SECURITY DEPARTMENT, INFORMATION PERSONNEL AND INTERNAL AUDITORS, AND REGULARLY REPORTS ON THE INFORMATION SECURITY POLICY AND SPECIFIC MANAGEMENT PLANS TO THE BOARD OF DIRECTORS. (2) INFORMATION SECURITY POLICY AND SPECIFIC MANAGEMENT PLAN <ul style="list-style-type: none"> ● Formulate management policies (including compliance with standards, management, and execution) based on the identified information security risks, and develop specific management operations based on the development of the above policies to implement them (including security management operations, firewall management, user system authority management, and data modification applications management, information system emergency response, information system file backup management, information equipment scrap and handover management, and electronic file management... etc.) are included in internal control operations. In addition to quarterly information security inspections, the audit office will list the information security inspection in the audit items of the annual audit plan, and the implementation of information security risk management is reported to the audit committee and the board of directors. ● Companies that do not require the company to obtain international certification requirements for information security policies and specific management plans in accordance with regulations. Currently, based on the information security risk tolerance identified by the company's risk management team, there is no need to insure against information security risks. However, upholding information security management, the company continues to strengthen information security protection and establish joint defense plans. In addition, team members continue to participate in information security management-related refresher courses every year to enhance professional functions and grasp issues of concern.

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
<p>9. PLEASE EXPLAIN THE IMPROVEMENT SITUATION REGARDING THE CORPORATE GOVERNANCE EVALUATION RESULTS RELEASED BY THE CORPORATE GOVERNANCE CENTER OF TAIWAN STOCK EXCHANGE CORPORATION LIMITED IN THE MOST RECENT YEAR, AND PROPOSE PRIORITY STRENGTHENING MATTERS AND MEASURES FOR THOSE WHO HAVE NOT YET IMPROVED.</p> <p>IN 2020, BASED ON THE CORPORATE GOVERNANCE BLUEPRINT FROM 2019 TO 2020 AND THE ISSUES THAT HAVE NOT BEEN IMPROVED IN CORPORATE GOVERNANCE IN 2019, THE IMPROVEMENT PROMOTION GOALS AND IMPLEMENTATION RESULTS SET ARE AS FOLLOWS:</p> <ul style="list-style-type: none"> ● FORMULATE RISK MANAGEMENT POLICIES AND PROCEDURES (INCLUDING RISK MANAGEMENT SCOPE, ORGANIZATIONAL STRUCTURE AND OPERATING CONDITIONS) AND PASS BY THE BOARD OF DIRECTORS. ● SIMULTANEOUS CHINESE AND ENGLISH RE-NEWS. ● PROPAGANDA OF THE PLAN TO PREVENT DISHONEST BEHAVIOR. ● PROPAGANDA OF PREVENTIVE MEASURES FOR INSIDER TRADING. ● 2020 Q1~Q3 FINANCIAL REPORTS WERE APPROVED BY THE BOARD OF DIRECTORS 7 DAYS BEFORE THE ANNOUNCEMENT DEADLINE, AND ANNOUNCED ON THE NEXT DAY AT THE LATEST AFTER THE REPORT. <p>IN 2021, BASED ON THE CORPORATE GOVERNANCE BLUEPRINT 3.0 AND THE ISSUES THAT HAVE NOT BEEN IMPROVED IN CORPORATE GOVERNANCE IN 2020, THE IMPROVEMENT PROMOTION GOALS AND IMPLEMENTATION RESULTS SET ARE AS FOLLOWS:</p> <ul style="list-style-type: none"> ● ISSUE THE ANNUAL FINANCIAL REPORT IN ENGLISH AND UPLOAD IT 7 DAYS BEFORE THE GENERAL MEETING OF SHAREHOLDERS. ● ISSUE AN ENGLISH INTERIM FINANCIAL REPORT AND UPLOAD IT WITHIN TWO MONTHS AFTER THE CHINESE INTERIM FINANCIAL REPORT REPORTING DEADLINE. ● ISSUE THE ENGLISH VERSION OF THE SHAREHOLDERS MEETING HANDBOOK AND MEETING SUPPLEMENTARY MATERIALS AND UPLOAD THEM 30 DAYS BEFORE THE SHAREHOLDERS' GENERAL MEETING. ● ISSUE THE ANNUAL REPORT OF THE SHAREHOLDERS MEETING IN ENGLISH AND UPLOAD IT 7 DAYS BEFORE THE GENERAL MEETING OF SHAREHOLDERS. ● INCREASE THE ATTENDANCE RATE OF DIRECTORS ATTENDING SHAREHOLDERS' MEETINGS IN PERSON. 			

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the Summary column.

(4) Composition, responsibilities and operation of the remuneration committee

1. Composition:

(1) The 4th Term (current) Remuneration Committee appoints independent directors Yi-Min Wang, Chih-Li Wang and Rwei-Syun Chen as independent directors; the term of office is from May 29, 2020 to May 28, 2023 (the same term as the board of directors expires).

(2) The basic information of the members of the 4th Term Remuneration Committee is as follows:

Name	Resume
Yi-Min Wang	1. Chairman of Yuanta Securities (Hong Kong) Co., Ltd., and director of Yuanta Hong Kong Holdings (Cayman) Co., Ltd., Yuanta Investment Management (Cayman) Co., Ltd., and Yuanta Asia Investment (Hong Kong) Co., Ltd., and Authorized Representative of Yuanta Securities Vietnam Co., Ltd. 2. Education: Accounting Institute of Changhua Normal University
Chih-Li Wang	1. Moores Rowland CPAs partner accountant, independent director of PharmaEngine, Inc. 2. Education: Accounting Department of Soochow University
Rwei-Syun Chen	1. Independent director of Welgene Biotech Co., Ltd. and chairman of Yingrui Co., Ltd. 2. Education: MBA, Columbia University, USA, Department of Biology, National Taiwan Normal University 1. Independent Director of Weikeng Co., Ltd., Chairman of Yingrui Co., Ltd. 2. Education: MBA, Columbia University, USA, Department of Biology, National Taiwan Normal University

2. Information about the members of the Remuneration Committee:

Identity (Note 1)	Name	Qualification	Have more than five years of work experience and the following professional qualifications			Comply with independence (Note 2)										Number of concurrently serving as members of the remuneration committee of other publicly issued companies	Remarks		
			Lecturers or above in public and private colleges and universities of business, legal affairs, finance, accounting or relevant departments required by company business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examination required for business with the company	Have work experience required for business, legal affairs, finance, accounting or corporate business	1	2	3	4	5	6	7	8	9	10				
Independent director	Yi-Min Wang	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent director	Chih-Li Wang	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent director	Rwei-Syun Chen	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1 : Please fill in as director, independent director or others.

Note 2 : If each member meets the following conditions two years before the election and during the tenure, please tick "✓" in the box below each condition code.

(1) Those who are not employees of the company or its affiliates.

(2) Not directors and supervisors of the company or its affiliates (but if the company and its parent company, subsidiary, or subsidiary of the

- same parent company are independent directors set up in accordance with this law or local laws and regulations and concurrently serve each other, this shall not apply.).
- (3) Non-self, their spouse, minor children or other natural person shareholders who hold more than 1% of the total issued shares of the company or hold the top ten shares in the name of others.
 - (4) Not managers listed in (1) or the spouse and relatives of the second degree of kinship listed in (2) and (3), or the direct blood relatives of the third degree of kinship.
 - (5) Directors, supervisors or employees who are legal shareholders and are appointed as company directors or supervisors not directly holding more than 5% of the total issued shares of the company, the top five shareholders or who appoint their representatives as directors or supervisors of the company in accordance with Article 27(1) or (2) of the company law.
 - (6) Directors, supervisors or employees of other companies who are not company directors or holding more than half of the voting shares are controlled by the same person (but if the company or its parent company, subsidiary or child of the same parent company Independent directors established by the company in accordance with this law or local laws and regulations concurrently serve each other shall not apply).
 - (7) Directors, supervisors or employees of other companies or institutions that are not the same person or spouse who are not the chairman, general manager or equivalent positions of the company (but if the company and its parent company, independent directors established by a subsidiary or a subsidiary of the same parent company in accordance with this law or local laws and regulations concurrently serving as independent directors shall not apply).
 - (8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that are not in financial or business dealings with the company (but if the specific company or organization holds the company's issued shares up to 20% or more but less than 50%, and the independent directors established by the company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this law or local laws concurrently serve each other shall not apply).
 - (9) Professionals, sole proprietorships, partnerships, companies or institutions, business owners, partners, directors, supervisors, managers and their spouses of business, legal, finance and accounting services who provide audits for companies or affiliated companies or who have received a cumulative amount of remuneration not exceeding NT\$500,000 in the past two years. However, this does not apply to members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee that perform their duties in accordance with the Securities Exchange Act or the relevant laws and regulations of the Corporate Mergers and Acquisitions Act.
 - (10) There is no one of the items in Article 30 of the Company Law.

3. Remuneration Committee's powers:
- (1) Regularly review the company's remuneration policy and propose amendments.
 - (2) Establish and regularly review the policies, systems, standards and structures of directors and managers' performance evaluation and remuneration.
 - (3) Regularly evaluate and determine the remuneration of directors and managers.
4. When the remuneration committee performs its functions and powers, it shall be based on the following principles:
- (1) Ensure that the company's remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
 - (2) The performance evaluation and remuneration of directors and managers should refer to the usual level of payment in the industry, and consider the reasonableness of the connection with individual performance, company operating performance and future risks.
 - (3) Directors and managers should not be guided to engage in behaviors that exceed the company's risk tolerance in pursuit of remuneration.
 - (4) The ratio of dividends to directors and managers' short-term performance and the payment time of part of the variable salary shall be determined in consideration of the characteristics of the industry and the nature of the company's business.
 - (5) When determining the content and amount of directors and managers' remuneration, the reasonableness should be considered. The decision of directors and managers' remuneration should not be materially deviated from financial performance. If there is a major decline in profits or long-term losses, the remuneration to be paid shall not be higher than the previous year. If it is still higher than the previous year, the rationality statement should be disclosed in the annual report and reported to the shareholders meeting.
 - (6) The members of this committee shall not participate in discussion and voting on their personal remuneration decisions.
5. The review and evaluation of the company's salary and remuneration information in 2020 is as follows:

Date	Term/session	Content of discussions
2020/03/11	3 rd Term, 9 th session	<ol style="list-style-type: none"> 1. Evaluate the 2019 performance report of the board of directors and the remuneration committee in accordance with the performance evaluation method of the company's board of directors and the performance evaluation method of the remuneration committee. 2. The performance report of the company's managers in 2019. 3. Remuneration distribution plan for employees and directors. 4. Manager performance bonus and annual salary adjustment proposal. 5. The 2020 bonus plan for the head of the company's sales division. 6. The company's business development division in charge of the 2020 bonus plan. 7. The proposal of amending the company's managerial salary statement.
2020/05/04	3 rd Term, 10 th session	The company's 2019 directors' remuneration distribution list case.
2020/07/31	4 th Term, 1 st session	The salary adjustment proposal of the chairman of the company.

6. Information on the operation of the Remuneration Committee:

- (1) There are 3 members of the Remuneration Committee of the company.
 (2) The term of the current (fourth term) members: From May 29, 2020 to May 28, 2023, the 2020 Remuneration Committee will meet 3 times (A). The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Entrusted attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Chih-Li Wang	3	0	100	2020/5/29 re-elected
Member	Yi-Min Wang	3	0	100	2020/5/29 re-elected
Member	Rwei-Syun Chen	3	0	100	2020/5/29 re-elected

Other matters to be recorded:

1. If the board of directors does not adopt or revise the recommendations of the Remuneration Committee, it shall state the date of the board of directors, the date, the content of the proposal, the results of the resolutions of the board of directors, and the company's handling of the opinions of the Remuneration Committee (if the compensation approved by the board of directors is better than the proposal should state the difference and the reason): no difference.

2. The resolutions of the Remuneration Committee. If members have objections or reservations and have records or written declarations, the Remuneration Committee should state the date, period, proposal content, all members' opinions and the handling of members' opinions:

Remuneration	Proposal content and follow-up processing	Resolution result	The company's handling of the opinions of the Remuneration Committee
3 rd Term 9 th session 2020.03.11	1. The company's remuneration distribution plan for employees and directors in 2019. 2. The company's 2019 special bonus distribution proposal. 3. The company intends to hire Mr. Xin-Yang Liu as the VP of the general administration. 4. In accordance with the company's performance management measures, performance bonus issue criteria and internal approval authority form, submit the case to the division-level supervisor of the business department. 5. The 2020 bonus plan for the head of the company's sales division. 6. The 2020 bonus plan for the director of the company's business development division. 7. The company's manager's annual salary adjustment proposal. 8. The proposal of amending the company's managerial salary measures.	All the members present agreed to pass.	The proposal to the board of directors is approved by all the directors present.
3 rd Term 10 th session 2020.05.04	The company's 2019 directors' remuneration distribution list case.	All the members present agreed to pass.	The proposal to the board of directors is approved by all the directors present.
4 th Term 1 st session 2020.07.31	The salary adjustment proposal of the chairman of the company.	All the members present agreed to pass.	The proposal to the board of directors is approved by all the directors present.

Notes:

- (1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during their employment and the actual number of attendance.
 (2) Before the end of the year, if the remuneration committee is re-elected, the new and old remuneration committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during their employment and their actual attendance.

(5) The performance of social responsibility and the differences and reasons from the code of practice of corporate social responsibility of listed and OTC companies

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
Summary(Note 2)			
1. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 3)	V		The company has formulated "Risk Management Policies and Procedures" and passed the resolution of the board of directors on October 30, 2020, and set up a risk management organization as the competent unit responsible for risk management, and conducts environmental, social and economic (including corporate governance) and other issues of risk assessment.
2. Does the company set up a full-time (part-time) unit to promote corporate social responsibility, and the board of directors authorizes the senior management to handle it and report the situation to the board of directors?	V		The company promotes the full-time (part-time) corporate social responsibility unit as the general administration, which will lead to formulate and revise corporate social responsibility policies, discuss issues and responses of stakeholders' concerns with relevant departments every year, and set goals and implement plans. After the end of the year, the implementation situation will be promoted to compile a corporate social responsibility report, and the implementation and improvement will be reported to the board of directors regularly in the following year. The 2019 corporate social responsibility promotion situation will be reported to the board of directors on October 30, 2020.
3. Environmental issues (1) Does the company establish an appropriate environmental management system based on its industrial characteristics?	V		The company's positioning in the industrial value chain is drug development (new product evaluation and clinical trial design planning) and marketing. The company's drug production is produced by a domestic PIC/S GMP factory, so the company does not have a factory and R&D laboratory. The company's main business activities are in the office in Taipei's Nangang Software Park (the office area includes approximately 222 pings of public space). The ISO-related environmental management system verification is not applicable. Based on the operating characteristics, it does not need to consume too much electricity and water, but it also continues to promote colleagues save water and electricity.

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
		<p>Summary (Note 2)</p> <ul style="list-style-type: none"> • General household waste: General domestic waste has been strictly implemented in resource and garbage classification to facilitate recycling and reuse and reduce the amount of garbage. • Management of discarded drugs: The company's disposal of waste products stored in outsourced warehouses is done by professional environmental protection engineering firms with waste removal permits and in compliance with the regulations of the local health bureau to ensure that the impact on the ecological environment is minimized. Since the establishment of the company on September 1, 2010, the company has not been involved in environmental pollution, and will continue to uphold its consistent philosophy in the future to continue to maintain the best environmental protection results. 	
(2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment?	V	<p>Although the company does not have a factory, it is still committed to promoting energy conservation and environmental protection measures. It promotes and implements the company's colleagues to turn off the lights during lunch breaks, set up a special area for recycling paper on photocopiers, sort garbage, reuse internal envelopes, and introduce electronic forms approval system in conjunction with the Ministry of Finance's electronic invoice policy to reduce environmental pollution.</p>	(2) No difference
(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to respond to climate-related issues?	V	<p>All of the company's products are contracted out. The current operating site is in the office, but the company still responds to the government's energy saving and carbon reduction policies and implements measures to reduce the impact on the environment in its operating sites. It will also establish an assessment of climate change. The potential risks and opportunities of the company now and in the future will be discussed for sustainable development and cooperation with cooperating suppliers.</p>	(3) The company has not yet taken measures to respond to climate-related issues regarding the potential risks and opportunities that climate change poses to the company now and in the future.

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment?	V	Although the company does not have a factory, it is still committed to promoting energy conservation and environmental protection measures. It promotes and implements the company's colleagues to turn off the lights during lunch breaks, set up a special area for recycling paper on photocopiers, sort garbage, reuse internal envelopes, and introduce electronic forms approval system in conjunction with the Ministry of Finance's electronic invoice policy to reduce environmental pollution.	(2)No difference
(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to respond to climate-related issues?		V All of the company's products are contracted out. The current operating site is in the office, but the company still responds to the government's energy saving and carbon reduction policies and implements measures to reduce the impact on the environment in its operating sites. It will also establish an assessment of climate change. The potential risks and opportunities of the company now and in the future will be discussed for sustainable development and cooperation with cooperating suppliers.	(3)The company has not yet taken measures to respond to climate-related issues regarding the potential risks and opportunities that climate change poses to the company now and in the future.

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(4) Does the company make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?	V	<p>The company does not have factories and laboratories. Currently, the specific measures for energy conservation and carbon reduction in the office are formulated as follows, and continue to promote them.</p> <ul style="list-style-type: none"> ● Adjust the temperature of the workplace in response to weather factors. ● Turn off the lighting in some areas during breaks. ● Turn off the lighting and air-conditioning in the meeting room or when it is not necessary for reading. ● Set up food waste bins and garbage sorting and recycling bins. ● Recycle waste paper for reuse. ● The process of importing electronic forms. ● Colleagues bring their own tableware. ● The company has tea sets and cups and trays to replace paper cups, reducing disposable tableware. ● Put up energy-saving and carbon-reduction slogans in common spaces such as meeting rooms and tea room. <p>The company's total carbon dioxide emissions were 19,515 kg and 19,904 kg respectively based on the data of Taipower and Water Supply Company in 2019 and in 2020. No special external agency verification.</p>	(4)No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
<p>4. Social issues</p> <p>(1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?</p>	V	<p>(1) The company abides by labor laws and international human rights conventions, and formulates its human rights policy with reference to the "Universal Declaration of Human Rights", "Ten Principles of the United Nations Global Covenant" and "United Nations Guiding Principles for Business and Human Rights" to treat all employees fairly. Relevant management policies and management systems are in place to protect the basic rights of employees. The company's personnel appointment and removal, remuneration and welfare systems are handled in accordance with the company's "Personnel Regulations" system.</p> <p>The company's implementation policy:</p> <ul style="list-style-type: none"> ● Provide a safe and healthy working environment to ensure the safety of employees and effectively reduce the risk of occupational disasters. ● Encourage employees to maintain physical and mental health and work-life balance. ● Discrimination in any form is forbidden, and it is not based on gender, sexual orientation, race, class, age, marriage, language, ideology, religion, party, place of origin, birthplace, appearance, facial features, physical and mental disabilities, and not for discrimination or any form of discrimination and ensure equal job opportunities. ● The employment of child labor and illegal foreign labor is prohibited. ● Encourage employees to maintain physical and mental health and work-life balance. 	(1) No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
		<p>Summary(Note 2)</p> <ul style="list-style-type: none"> ● Forced labor is prohibited, employees are not restricted to take vacations, and they are not forced to work overtime. ● Create an environment that is willing to communicate and encourage colleagues to communicate with the company through employer-employee meetings. ● Provide diversified open dialogue channels, so that stakeholders such as suppliers and business partners can provide feedback to the company or report suspected violations. ● Guarantee the labor rights of disadvantaged or marginalized groups, hire the physically and mentally handicapped and arrange for them to perform competent jobs, and assist in entering the workplace. In 2020, the number of persons with disabilities employed by the company is 1 person, accounting for 1.28% of all employees, which is in line with the provisions of the "Law on the Protection of Rights and Interests of the Disabled". ● Regularly review and evaluate related risks and review related systems and behaviors. 	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(2) Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	V	(2) The company has a competitive and fair salary and remuneration policy, including basic salary (non-sales colleagues guarantee 15 months of annual salary), three festival bonuses, departmental performance bonuses, and introduction in accordance with the "Performance Management Measures and Performance Bonus Issuance Guidelines" incorporating into the performance appraisal system. The calculation and distribution of annual performance bonuses for employees shall be based on the company's annual KPI (key performance indicators) and the PI (departmental performance indicators) set by the company's KPI and the PDP (personal performance management system) for individuals to undertake departmental indicators for the calculation of the results of the achievement of performance. The system clearly combines the annual operating performance results of individuals, departments and companies with social ethics and responsibilities, and is used as a basis for clear rewards and punishments. <ul style="list-style-type: none"> ● Annual salary adjustment: Annual salary adjustment is based on the market salary level and the company's annual operating performance. In 2020, the salary adjustment for managers and non-managers is 1.5%. ● Promotion and salary adjustment: In April and October each year, employees who pass the review in accordance with the promotion method in the "Performance Management Measures and Performance Bonus Issue Guidelines" will be adjusted according to their promoted level in accordance with the salary management method. 	(2)No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
		<ul style="list-style-type: none"> • Better than the labor law leave system: Those who are in service for more than three months and less than one year are entitled to 7 days special leave. (Better than the Labor Law) Those who are in service for more than one year but less than three years are entitled to 10 days special leave. (Better than the Labor Law) Those who are in service for more than three years and less than five years are entitled to 14 days of special leave. Those who are in service for more than five years and less than ten years are entitled to 15 days of special leave. For those who are in service for over ten years, one day will be added to the end of each year until a total of 30 days of special leave. <p>Other employee welfare measures are detailed in the Annual Report on page 118 "V. Operation Overview, 5. Employer-Employee Relations" and the company website.</p>	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(3) Does the company provide employees with a safe and healthy working environment, and provide employees with regular safety and health education?	V	(3)	(3)No difference
		<p>● Safe and healthy working environment: The company is committed to providing a safe and hygienic working environment for colleagues. It has established "Office Safety and Maintenance Measures", "Safety and Hygiene Work Rules" (implemented after approval by the competent authority), and set up one sanitary staff for occupational safety and appointed a professional cleaning company to maintain the safety and tidiness of the office; in addition, the company located the company in the Nangang Software Park, which has a complete fire protection, security and sanitation system. The company participates in the fire drills and earthquake disaster prevention drills, etc. held by the park management committee every year. In addition to sufficient security personnel to station and patrol the park, entrance and exit control, and elevator floor control, the company's access control to ensure the safety of colleagues.</p> <p>● Personal insurance: In addition to insuring labor insurance and national health insurance for all employees in accordance with the law, in order to obtain more complete protection, all employees are also insured by group insurance. The content of physical insurance covers accidental injury insurance from 1 million dollars to 5 million dollars, 20,000 dollars per person injury medical insurance and hospitalization medical insurance; the company assigns employees who travel abroad, the general affairs unit will insure travel safety insurance, and the additional insurance limit will be adjusted according to the situation to ensure the safety of the employees on travel.</p>	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
		<p>Summary (Note 2)</p> <ul style="list-style-type: none"> Health check and education: The company attaches great importance to the health of colleagues. The Welfare Committee arranges health checkups for all colleagues every year. The 2020 Welfare Committee signs a contract for employee health checkups with health check centers in North, Central and South. Employees can arrange their own from August to September, the contracted health check center will conduct annual health check. The fee for the health check of the colleagues is paid by the company to ensure that the colleagues are healthy. In addition, the family members of the colleagues are also allowed to enjoy discount health checkup signed between the Welfare Committee and health check center. Every year, the company and the group will hold many disease training courses, and employees are free to participate. 	
(4) Does the company establish effective career development training programs for employees?	V	<p>The company has established a learning organization, continued to promote the TDP (Talent Development Program) key talent development system, and included the company's KPI (key performance indicators) to respond to organizational needs and cultivate future leaders; promote LEAP (Leadership Enhancement Action) Plan) to strengthen the leadership and professional capabilities of business marketing executives; implement the PDP (Performance Development Program) performance management system and IDP (Individual Development Plan) personal development plan to enable employees to carry out effective personal learning and career development. The plan shall set the current year's development direction and methods and the required resources before March 31 each year, and review the results at the end of the year, and set and adjust the new year's goals accordingly.</p>	(4)No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(5) With regard to customer health and safety, customer privacy, marketing and labeling of products and services, does the company follow relevant laws and regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	V	<p>The company has established a GDP (Good Distribution Practice) system and passed the review. GDP continues the rigorous quality management spirit of drug GMP, and covers the entire product life cycle of drug quality management to ensure the quality of the drug after it leaves the factory, during storage and transportation. And the integrity of the packaging is maintained to ensure the quality and safety of the medicine used by the public.</p> <p>The drugs sold by the company are prescription drugs and are not directly sold to consumers. The product names, outer boxes, prescription instructions, and labels of the drugs are in accordance with the "Drug Inspection and Registration Guidelines". The advertisements for drug marketing are to be submitted to the competent health authority for approval according to the provisions of the "Drug Practice Law".</p> <p>The company has established a customer service hotline and contact mailbox on the company's website to provide consumers with channels for inquiries or complaints. It has also established "Customer Complaints Handling Measures" and "Product Recycling Management Measures", and the product responsible personnel provide services and speedy response: There is also an "adverse drug reaction notification" operation method, and the drug safety team is responsible for handling the notification of adverse drug reactions.</p>	(5)No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(6) Does the company formulate supplier management policies that require suppliers to comply with relevant regulations on topics such as environmental protection, occupational safety and health, or labor human rights, and their implementation?	V	<p>The company regards suppliers as partners, guides suppliers to cooperate in a long-term, towards a sustainable supply chain that develops steadily, and has established supplier management policies to ensure the stability of products and supply chains. Supplier management policies include:</p> <p>(1) New supplier evaluation</p> <ul style="list-style-type: none"> • With PIC/S GMP certification. • Perform on-site and written reviews to evaluate manufacturing systems, quality assurance systems, quality control systems, warehousing systems, support systems, and validation systems. <p>Those who have an evaluation score of 60 points or more are eligible to be listed as qualified suppliers.</p> <p>(2) Comprehensive evaluation is carried out regularly every year:</p> <ul style="list-style-type: none"> • Conduct evaluation once a year. • Evaluation items include quality, delivery date and service, etc. • Temporarily stop procurement when scoring is below 60 points. <p>(3) Regular and irregular meetings with suppliers.</p>	Currently, suppliers are not required to comply with relevant regulations on labor human rights issues.
5. Does the company refer to the internationally accepted standards or guidelines for preparing corporate social responsibility reports and other reports that disclose the company's non-financial information? Has the preceding report obtained the assurance opinion of the third-party verification unit?	V	<p>The 2019 Corporate Social Responsibility Report was compiled in accordance with the fourth edition of the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI), and reported to the board of directors on October 30, 2020. The previous report did not obtain the assurance or guarantee opinions of the three-party verification unit.</p>	The corporate social responsibility report has not obtained the assurance or guarantee opinion of the third-party verification sheet.
6. If the company has its own corporate social responsibility code in accordance with the "Code of Practice for Corporate Social Responsibility of Listed and OTC Companies", please state the difference between its operation and the established code: Nil			

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
<p>7. Other important information that helps to understand the operation of corporate social responsibility:</p> <p>Since its establishment in 2010, the company has been adhering to the spirit of "take it from the society and use it for the society" and has continuously invested in public charity activities that give back to the public. From caring for the earth, responding to environmental protection, caring for disadvantaged groups, donations and other activities, sending warmth to every place that needs care. In 2020, the company launched the We 2.0 project with responsibility, professionalism, and innovation as the core. All employees are divided into groups to carry out public charity donations, environmental sustainability and other activities, concretely practice corporate social responsibility, and show the company's care for society, humanities, and the environment through actions. The list of activities is as follows:</p>			
Group topics	Activity benefit		
Toy donation/blood donation/mountain cleaning	Through the donation of 10-20 kinds of toys, the love is reborn, and the members participate in blood donation and clean mountain activities to give back to the society and love nature.		
Beach cleaning/Used shoes to save lives/ Charity car beauty/ Charity road jogging	<ol style="list-style-type: none"> 1. Participate in beach cleaning activities on the north coast, clear out more than 30KG of garbage, take part in environmental protection and save beach ecology. 2. Responding to the used shoes donation and donation activities of the [Old Shoes Save Life International Christian Care Association], to do our part for the people in East Africa who are threatened by the "sand fleas", provide shoes that can wrap their feet, and help locals stay away from the sand fleas harm, return to normal life, including more than 60 pairs of shoes and two thousand dollars donation. 3. Go to the [Sunshine Foundation] cooperation car washing ground to wash cars and create more job opportunities for the Sunshine Foundation. 4. Respond to public charity activities with jogging, and strengthen the physical and mental health of employees. 		
Accompanying Early Childhood Treatment / Public Charity Group Purchase	Go to [Taoyuan City Private Baby Potential Development Center] with early-care children to purchase and assisting early-care children to eat meals, with the help of teachers, teach children to understand society and learn basic abilities.		
Preparation of handmade biscuit/care for the demented elderly	Participate in the production of hand-baked moon cakes by Retarded Children's Love Hand-baked [Recultivation Workshop] and purchase a love gift box, and then go to [Shizhiyuan Dementia Day Care Center] to accompany the elderly to welcome the Mid-Autumn Festival, and give back to the society through warm-hearted care.		
Andrew Food Bank	Serve as volunteer to [Chunghwa Andrew Charity Association] Food Bank, participated in the "New Year Food Box" activity, delivered happiness with both hands, through food packaging and distribution arrangements, let disadvantaged families feel warm and love, and play "helping children and respond to the disadvantaged" spirit.		
Deploy my health ahead of time	The company is also a part of the "health business". In the COVID-19 epidemic, it should actively promote the self-consciousness of self-health and accountability of employees, and cultivate members' exercise habits and establish good living habits through this activity.		
Team Hunger 30/Beach cleaning	Responding to the [Hunger 30] team hunger DIY activity, in the experience of hunger, learn to empathize with the plight of the most vulnerable children, and echo the carbon reduction and new life movement through the Waiao beach cleaning activity.		
CPR first aid training	Complete [ROC Red Cross] 8 hours of basic life-saving training and obtain a certificate, realize the important concept of helping people and save lives in priority, so that members have basic CPR first aid knowledge, and give emergency treatment and first aid to save lives when they have not been sent to the doctor or medical rescuers have not arrived. First aid, save lives and safety.		
Beach Cleaning / Charity Cafe	<ol style="list-style-type: none"> 1. Participate in the Shimen beach cleaning activity in New Taipei City and practice the spirit of being responsible for the ecology. 2. Go to [Yucheng Sweet Potato Vine Shelter Workshop] to dine, support the charity restaurant with practical actions, and use five senses: sight, hearing, smell, taste, touch to taste life and feel the meaning of living in the moment. 		

Note 1: If you check "Yes" in the operation situation, please explain the important policies, strategies, measures and implementation conditions adopted; if you check the "No" in the operation situation, please explain the reasons and explain the plan for the relevant policies, strategies and measures in the future.

Note 2: If the company has prepared a corporate social responsibility report, the operation situation may indicate the method of consulting the corporate social responsibility report and the index page to replace it.

Note 3: The principle of materiality refers to those who have a significant impact on the company's investors and other interested parties related to environmental, social and corporate governance issues.

(6) The performance of the integrity management situation and the differences and reasons for the integrity management code of the listed and OTC companies

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
<p>1. Formulate integrity management policies and plans</p> <p>(1) Does the company formulate an integrity operation policy approved by the board of directors, and clearly indicate the integrity operation policy and practice in regulations and external documents, as well as the board of directors and senior management's commitment to actively implement the operation policy?</p>	V		(1) No difference
<p>(2) Whether the company has established a risk assessment mechanism for dishonest conduct, regularly analyzes and evaluates business activities with a higher risk of dishonest conduct in the business scope, and formulates a plan to prevent dishonest conduct, and at least covers the precautionary measures for each section of Article 7 Paragraph 2 of the "Integrity Guidelines for listed and OTC companies".</p>	V		(2) No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(3) Does the company clearly define operating procedures, behavior guidelines, punishment and appeal systems for violations in the plan for preventing dishonest behavior, implement them, and regularly review and make corrections?	V	(3) In order to prevent dishonest behaviors, the company has formulated the "Integrity Management Procedures and Behavior Guidelines" and the punishment and appeal system for violations. The company's personnel are strictly prohibited from providing or accepting any improper benefits and illegal behaviors. The "Integrity Promotion Team" implements the relevant policies and reviews and revises them every year. The grievance system and regulations are detailed on the company website, and there has been no dishonest incident in 2020.	(3)No difference
2. Implementing integrity management (1) Does the company evaluate the integrity records of its counterparties and specify the integrity behavior clauses in the contracts it signs with its counterparties?	V	(1) The company evaluates and continues to pay attention to the integrity records of the transaction objects, and has appointed the legal affairs unit to incorporate the integrity behavior clause into the contract signed with the company's important transaction objects. If there is a case of dishonest behavior, unconditionally terminate the contract at any time.	(1)No difference
(2) Does the company set up a dedicated unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board of directors of its integrity management policies, plans for preventing dishonest behavior, and supervision and implementation?	V	(2) On October 30, 2020, the company formulated the "Integrity Management Operating Procedures and Behavior Guidelines" and set up the "Integrity Management Promotion Team", which is subordinate to the board of directors, and the VP of the general administration serves as the convener. The members include the head of the business development department, the head of the management department, the legal unit, and the head of the finance and accounting department are responsible for promoting the formulation, revision and promotion of the company's integrity policy. It reports to the board of directors regularly every year and discloses it on the company website. 2020 Operation Report of the Board of Directors on March 10, 2021:	(2)No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
		<p>Summary(Note 2)</p> <p>1. Publicity training On October 6, 2020, a one-hour "Corporate Governance and Integrity Management Case" publicity was conducted at the conference room B1 of the NTU Brainstorming Conference Center on Roosevelt Road to all employees, with 77 participants.</p> <p>2. Summary of the reporting situation The mailboxes of internal and external reporting channels and the independent mailboxes of the integrity management promotion team have not received any reporting letters.</p> <p>3. The board of directors and senior management personnel sign a statement of compliance with the integrity management policy.</p> <p>4. In order to prevent conflicts of interest, it requires directors, managers and their stakeholders to uphold a high degree of self-discipline, and provide that it can proactively explain whether it has a potential conflict of interest with the company through meetings, written documents, email or telephone. For the proposals discussed and resolved by the board of directors in 2020, the directors will also automatically express their interests in the board of directors for the proposals that have their own interests, and they will all recuse from voting, and the deliberating unit will record this process in the minutes of the board of directors.</p>	

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	V	(3) The company has established policies and statement channels to prevent conflicts of interest in the "Guidelines for Integrity Operation Procedures and Behaviors" and "Reporting System", and in order to prevent conflicts of interest, it requires directors, managers and their stakeholders to uphold high degree of self-discipline, and provide that it can proactively explain whether it has a potential conflict of interest with the company through meetings, written documents, email or telephone. For the proposals discussed and resolved by the board of directors in 2020, the directors will also automatically express their interests in the board of directors for the proposals that have their own interests, and they will all recuse from voting, and the deliberating unit will record this process in the minutes of the board of directors.	(3)No difference
(4) Whether the company has established an effective accounting system and internal control system for the implementation of honest operation, and the internal audit unit draws up relevant audit plans based on the results of the assessment of the risk of dishonest behaviors, and checks the plan for preventing dishonest behaviors accordingly and check compliance, or entrust an accountant to perform the check?	V	(4) The company has established an effective accounting system and internal control system to ensure the implementation of integrity management, and the audit office draws up relevant audit procedures based on the results of the assessment of the risk of dishonesty in accordance with the arrangements of the annual audit plan, and checks compliance for the preceding system and report the investigation result to the board of directors. In addition, the Finance and Accounting Department and the Audit Office communicate with accountants on the accounting system, internal control system and implementation status every year.	(4)No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(5) Does the company regularly organize internal and external education and training on integrity management?	V	(5) The company will publish the "Integrity Management Code" and "Integrity Management Operation Procedures and Behavior Guidelines" on the internal staff website. The "Integrity Management Promotion Team" arranges internal integrity management education and promotion every year. On October 6, 2020, a one-hour meeting was held at room B1 of the National Taiwan University Brainstorming Conference Center on Roosevelt Road for promotion of integrity management and prevention of insider trading to all employees. The number of participants was 77; the directors were also arranged to participate in external related courses, and the directors' training status was detailed on page 53.	(5) No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
<p>3. The operation of the company's whistleblowing system</p> <p>(1) Does the company formulate a specific reporting and reward system, and establish a convenient reporting channel, and assign appropriate acceptance personnel to the reported object?</p>	V	<p>(1) The company has established a "reporting system" (detailed on the company website). Depending on the target of the report, independent directors, the general administration/audit office, and the integrity management promotion team are the special units responsible for handling the report, and the reporting channel and contact method it is provided on the company website. The identity of the whistleblower and the report content should be kept confidential. Regarding personnel violations of integrity, depending on the seriousness of the circumstances, punishment, dismissal or judicial actions shall be taken in accordance with relevant laws and regulations or relevant regulations of the company.</p> <ul style="list-style-type: none"> ● Reporting channel: Integrity management promotion team Mailbox: ethical@tshbiopharm.com <u>Internal reporting channel:</u> Reporting hotline: VP of General Administration Xin-Yang Liu (Ext 5500) Audit supervisor Ya-Chi Wu (Ext 5523) Tel: 02-2655-8525 Mailbox: VP of General Administration Sean_Liu@tshbiopharm.com Audit supervisor Jessica_Wu@tshbiopharm.com <u>External reporting channel:</u> Name : Chih-Li Wang Independent director (Moore's Rowland CPA) Mailbox: lmui@ms59.hinet.net ● Acceptance unit: The unit responsible for the acceptance includes the integrity management promotion team, the VP of the general administration and the audit supervisor. ● Award method: The reported items are verified to be true, and rewards will be given in accordance with the provisions of Chapter 8 of the "Work Rules" set by the company. 	(1) No difference

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(2) Has the company established standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	V		(2) No difference
			<p>(2) The standard operating procedures and confidentiality mechanism for the investigation of the accepted and reported matters shall be handled in accordance with the company's "Reporting System". Include the following (brief description):</p> <ul style="list-style-type: none"> ● Necessary for whistleblowing: the real name should be used to report and the facts should be stated and confirmed by the whistleblower. ● Accepted. ● Investigation: Once the case is accepted, the relevant facts will be ascertained. If necessary, the informant's personal data can be concealed and contact relevant units, external lawyers or experts for assistance, verify the truth, and immediately request the informant to stop the relevant behavior, and in order to properly dispose of it, if necessary, seek compensation for damages through legal procedures. ● Reporting and punishment rulings: After the reporting acceptance unit completes the necessary investigation procedures, it will issue an investigation report based on the facts verified by the investigation, and report the whistleblower protection policy to the relevant level. Report files shall be properly kept.

Assessment items	Operation (Note 1)		Reasons for differences between the codes of practice for corporate governance of listed and OTC companies
	Yes	No	
(3) Does the company take measures to protect the informant from being improperly handled as a result of the report?	V	(3) The company strictly keeps the whistleblower's identity confidential, and uses the code name instead of the actual name. For the original documents that need to record the whistleblower's identity, we will separately prepare envelope and seal them to avoid improper disposition. The protection policy is briefly described as follows: <ul style="list-style-type: none"> ● The company promises to keep the identity information of the informant completely confidential, and shall not deal with the informant improperly or unfavorably due to the report. ● When the identity of the informant is exposed, the reporting accepting unit shall investigate the process of identity exposure, and strictly deal with it in accordance with the company's working rules after identifying the exposed person. ● Report letters, transcripts or other related materials should be sealed and stored in the exclusive confidential files of the accepting unit. Any leaks shall be punished in accordance with the company's working rules. 	(3) No difference
4. Strengthen information disclosure Does the company disclose on its website and public information observatory the content and promotion effect of its code of integrity management?	V	The company has disclosed the company's integrity management code and promoted its effectiveness on the company's website and public information observatory.	No difference
5. If the company has its own code of integrity management in accordance with the "Code of Integrity Management of Listed and OTC Companies", please state the difference between its operation and the established code: Nil			
6. Other important information that helps to understand the company's integrity management operations (such as the company's review and revision of the company's integrity management code, etc.): The company upholds a corporate culture of honesty and integrity, and abides by the standards of the "Integrity Management Code", and actively prevent dishonest behavior in order to achieve the goal of sustainable operation.			

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

(7) If the company has formulated corporate governance codes and related regulations, it shall disclose its inquiry methods.

1. The company has established the following related regulations and methods in accordance with the spirit of corporate governance and the implementation of corporate governance-related regulations. In the future, it will follow relevant laws and regulations to strengthen the operation of corporate governance by revising management methods according to requirements.

(1) "Rules of Procedure for Shareholders' Meetings"	(2) "Rules of Procedures for Board Meetings"	(3) "Rules Governing the Scope of Powers of Independent Directors"
(4) "Transaction Procedures for Group Companies, Specific Companies, and Related Parties"	(5) "Procedures for Acquisition or Disposal of Assets"	(6) "Procedures for Lending Funds to Other Parties"
(7) "Procedures for Endorsement and Guarantee"	(8) "Procedures for Election of Directors"	(9) "Code of Ethical Conduct"
(10) "Ethical Corporate Management Best Practice Principles"	(11) "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading"	(12) "Code of Practice for Corporate Social Responsibility"
(13) "Corporate Governance Code of Practice"	(14) "Occasional Major Information Processing Procedure"	(15) "Whistleblowing System"
(16) "Self-Evaluation of the Board of Directors"	(17) "Audit Committee Charter"	(18) "Remuneration Committee Charter"
(19) "Self-Evaluation of the Functional Committee"	(20) "Standard Operating Procedures for Handling Directors' Requests"	(21) "Procedures for Ethical Management and Guidelines for Conduct"
(22) "Risk Management Policy and Procedure"		
2. Inquiry method: The company's website/investor area/corporate governance/company rules and regulations <http://www.tshbiopharm.com>.
- (8) Other important information that is sufficient to enhance the understanding of corporate governance and operation: None.

(9) Implementation of internal control system

1. Statement of internal control

TSH Biopharm Corporation Ltd. Statement of Internal Control System

March 10, 2021

Based on the results of its own assessment, for the internal control system in 2021, the Company hereby declares the following:

1. We acknowledge that it is the responsibility of our board of directors and managers to establish, implement and maintain an internal control system, which we have established. Its purpose is to provide reasonable assurance of operational effectiveness and efficiency (including profitability, performance and asset safety) , reporting reliability, timeliness, transparency, and compliance with relevant codes and regulations.
2. The internal control system has its inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives, the effectiveness of the internal control system may then change along with changes in the environment and the situation. However, the internal control system of the Company has a self-monitoring mechanism. Once a shortcoming is identified, the Company will take corrective action.
3. Based on the Internal Control System Processing Guideline established by a publicly-listed company (hereinafter referred to as the Processing Guideline), the company judged the effectiveness of its internal control system in accordance with the design and implementation of the internal control system. The internal control system judgment items adopted in the Processing Guideline is based on the process of Management Control, which divides the internal control system into five components: (1) Control the environment; (2) Risk Assessment; (3) Control Operations; (4) Information and communication, and (5) Supervisory operation. Each component also includes a number of items. Please refer to the Processing Guideline for the above items.
4. The company has adopted the above internal control system judgment project to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the foregoing assessment, we consider that our internal control system of December 31,2020 contains the supervision and management of our subsidiaries, including understanding the effectiveness of operations and the extent to which efficiency objectives are achieved, reporting is reliable, timely, transparent and in compliance with the relevant norms and regulations, and compliance with the relevant internal control system is effective, it can reasonably ensure the achievement of the above-mentioned goals.
6. This statement shall be the main content of the company's annual report and Prospectus and shall be made public. If the above-mentioned contents are false or concealed, they will involve the legal liability of Articles 20, 32, and 171 and 174 of the Securities Exchange Act.
7. This declaration was approved by the Board of Directors of the company on March 10, 2021. No one among the seven directors present raised objections and they agreed with the contents of this declaration.

TSH Biopharm Corporation Ltd.

Chairman: Chuan Lin

General Manager: Sze-Yuan Yang

2. If an accountant is appointed to review the internal control system through a special project, the auditor's review report shall be disclosed: Nil

(10) IN 2020 AND UP TO THE PUBLICATION DATE OF THE ANNUAL REPORT, IF THE COMPANY AND ITS INTERNAL PERSONNEL ARE PUNISHED ACCORDING TO LAW, OR IF THE COMPANY HAS PUNISHED ITS INTERNAL PERSONNEL FOR VIOLATING THE PROVISIONS OF THE INTERNAL CONTROL SYSTEM, AND THE RESULT OF THE PUNISHMENT MAY HAVE A SIGNIFICANT IMPACT ON SHAREHOLDERS EQUITIES OR SECURITIES PRICES, SHOULD LIST ITS PUNISHMENT CONTENT, THE MAIN FLAW AND THE IMPROVEMENT SITUATION: NIL

(11) IN 2020 AND AS OF THE PUBLICATION DATE OF THE ANNUAL REPORT, IMPORTANT RESOLUTIONS OF THE SHAREHOLDERS MEETING AND THE BOARD OF DIRECTORS AND THEIR IMPLEMENTATION:

1. IMPORTANT RESOLUTIONS OF THE SHAREHOLDERS MEETING AND THEIR IMPLEMENTATION:

NAME OF MEETING/DATE	IMPORTANT RESOLUTIONS AND IMPLEMENTATION
<p>GENERAL MEETING OF SHAREHOLDERS MAY 29, 2020</p>	<p>1. PASSED RECOGNITION OF THE COMPANY'S 2019 FINANCIAL STATEMENTS AND BUSINESS REPORT. IMPLEMENTATION STATUS: RESOLUTION ADOPTED.</p> <p>2. PASSED RECOGNITION OF THE COMPANY'S 2019 EARNINGS DISTRIBUTION. IMPLEMENTATION STATUS: THE RESOLUTION HAS BEEN PASSED AND IMPLEMENTED ACCORDING TO THE RESOLUTION OF THE SHAREHOLDERS MEETING. SET JUNE 23, 2020 AS THE EX-DIVIDEND BENCHMARK DATE AND JULY 22, 2020 AS THE PAYOUT DATE (DIVIDEND OF \$1.80 PER SHARE) .</p> <p>3. PASSED THE AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY. IMPLEMENTATION: THE RESOLUTION WAS PASSED AND APPROVED BY LETTER NO. 10950337800 ISSUED BY THE TAIPEI MUNICIPAL GOVERNMENT ON JUNE 9, 2020.</p> <p>4. PASSED THE AMENDMENT OF THE COMPANY'S "RULES OF PROCEDURE FOR SHAREHOLDERS MEETINGS." IMPLEMENTATION: RESOLUTION PASSED.</p> <p>5. PASSED THE AMENDMENT OF THE COMPANY'S "OPERATING PROCEDURES FOR LOAN OF FUNDS TO OTHERS". IMPLEMENTATION: RESOLUTION PASSED.</p> <p>6.PASSED AMENDMENT OF THE COMPANY'S "ENDORSEMENT AND GUARANTEE OPERATION". IMPLEMENTATION: RESOLUTION PASSED.</p> <p>7. PASSED THE AMENDMENT OF THE COMPANY'S "PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSETS". IMPLEMENTATION: RESOLUTION PASSED.</p> <p>8. GENERAL RE-ELECTION OF DIRECTORS. IMPLEMENTATION: THE ELECTION RESULTS ARE DETAILED IN THE MINUTES OF THE GENERAL MEETING OF SHAREHOLDERS ON MAY 29, 2020. THE CHANGE OF DIRECTORS WAS REGISTERED ON JUNE 9, 2020 AND APPROVED BY LETTER NO. 10950337800 ISSUED BY THE TAIPEI MUNICIPAL GOVERNMENT.</p> <p>9. TO LIFT THE RESTRICTIONS ON THE NON COMPETITION OF NEW DIRECTORS AND THEIR REPRESENTATIVES. IMPLEMENTATION STATUS: THE RESOLUTION IS PASSED TO REMOVE THE DIRECTOR AND HIS REPRESENTATIVE FROM THE POST OF ANOTHER COMPANY.</p>

2.IMPORTANT RESOLUTIONS OF THE BOARD OF DIRECTORS:

NAME OF MEETING/DATE	SUMMARY OF IMPORTANT RESOLUTIONS
BOARD OF DIRECTORS 2020.03.11	<ol style="list-style-type: none"> 1. THE COMPANY'S COMPENSATION DISTRIBUTION PLAN FOR EMPLOYEES AND DIRECTORS IN 2019. 2. THE COMPANY'S FINANCIAL STATEMENTS AND BUSINESS REPORT IN 2019. 3. THE COMPANY'S PROFIT DISTRIBUTION PLAN IN 2019. 4. THE COMPANY'S INTERNAL CONTROL SYSTEM STATEMENT IN 2019. 5. THE COMPANY'S DECLARATION OF INDEPENDENCE OF ACCOUNTANTS IN 2020. 6. AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY. 7. AMENDMENT OF THE COMPANY'S RULES OF PROCEDURE FOR SHAREHOLDERS MEETINGS. 8. AMENDMENT OF THE COMPANY'S "RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS". 9. GENERAL RE-ELECTION OF DIRECTORS. 10. AGENDA, DATE, TIME AND PLACE OF THE COMPANY'S 2020 GENERAL MEETING OF SHAREHOLDERS. 11. THE COMPANY INTENDS TO SIGN A "DISTRIBUTION AUTHORIZATION AGREEMENT" WITH CHUANG YI BIOTECH. 12. THE COMPANY INTENDS TO RENEW THE POSITION OF CONSULTANT OF THE COMPANY. 13. REMUNERATION COMMITTEE PROPOSAL. <ol style="list-style-type: none"> (1) THE COMPANY'S SPECIAL BONUS DISTRIBUTION IN 2019. (2) THE COMPANY INTENDS TO EMPLOY MR. XIN-YANG LIU AS THE VICE GENERAL MANAGER OF THE GENERAL ADMINISTRATION. (3) ACCORDING TO THE COMPANY'S PERFORMANCE MANAGEMENT MEASURES AND PERFORMANCE BONUS PAYMENT CRITERIA AND INTERNAL APPROVAL AUTHORITY LIMITATIONS, THE REPORT SHALL BE SUBMITTED TO THE DIRECTOR OF BUSINESS DEPARTMENT. (4) THE COMPANY'S BUSINESS DEPARTMENT IS IN CHARGE OF THE BONUS MEASURES IN 2020. (5) THE BUSINESS DEVELOPMENT DEPARTMENT OF THE COMPANY IS IN CHARGE OF THE BONUS MEASURES IN 2020. (6) THE ANNUAL SALARY ADJUSTMENT PROPOSAL OF THE COMPANY'S MANAGERS. (7) AMENDMENT TO THE COMPANY'S MEASURES ON SALARY CLASSIFICATION FOR MANAGERS. 14. CHANGE OF SPOKESPERSON AND DEPUTY SPOKESPERSON OF THE COMPANY.
BOARD OF DIRECTORS 2020.04.16	<ol style="list-style-type: none"> 1. THE LIST OF DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) NOMINATED BY THE BOARD OF DIRECTORS OF THE COMPANY. 2. TO LIFT THE RESTRICTIONS ON THE NON COMPETITION OF NEW DIRECTORS AND THEIR REPRESENTATIVES. 3. AMENDMENT OF THE COMPANY'S "OPERATING PROCEDURES FOR LOAN OF FUNDS TO OTHERS". 4. AMENDMENT OF THE COMPANY'S "INTERNAL MAJOR INFORMATION PROCESSING AND PREVENTION OF INSIDER TRADING MANAGEMENT PROCEDURES". 5. AMENDMENT OF THE COMPANY'S "ORGANIZATIONAL RULES OF THE REMUNERATION COMMITTEE". 6. AMENDMENT TO THE COMPANY'S PROCEDURES FOR THE ACQUISITION OR DISPOSAL OF ASSETS. 7. AMENDMENT OF THE COMPANY'S "ORGANIZATIONAL RULES OF THE AUDIT COMMITTEE". 8. MATTERS RELATED TO THE 2020 GENERAL MEETING OF SHAREHOLDERS (SUPPLEMENTARY PROPOSAL). 9. THE COMPANY INTENDS TO SIGN THE FIFTH SUPPLEMENTARY CONTRACT WITH LIUDU FACTORY OF TTY BIOPHARM
BOARD OF DIRECTORS 2020.05.04	<ol style="list-style-type: none"> 1. THE COMPANY'S FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2020. 2. THE CHANGE OF THE COMPANY'S CORPORATE GOVERNANCE DIRECTOR. 3. PROPOSAL OF THE REMUNERATION COMMITTEE: LIST OF DIRECTORS' REMUNERATION IN 2019.
BOARD OF DIRECTORS 2020.05.29	<ol style="list-style-type: none"> 1. MOTION FOR NOMINATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE COMPANY. 2. THE PROPOSAL FOR THE APPOINTMENT OF MEMBERS OF THE FOURTH "REMUNERATION COMMITTEE".

NAME OF MEETING/DATE	SUMMARY OF IMPORTANT RESOLUTIONS
<p>BOARD OF DIRECTORS 2020.07.31</p>	<ol style="list-style-type: none"> 1. THE COMPANY'S FINANCIAL STATEMENTS FOR THE SECOND QUARTER OF 2020. 2. TO FORMULATE THE COMPANY'S "INVESTMENT POSITION MANAGEMENT MEASURES". 3. THE COMPANY PLANS TO SIGN RNTA COMMISSIONED MANUFACTURING QUALITY AGREEMENT WITH LUPIN LIMITED. 4. THE COMPANY PLANS TO SIGN THE CONTRACT OF TECHNOLOGY TRANSFER AND RIGHT TRANSFER OF "SOTREL" DRUG LICENSE WITH ANXO PHARMACEUTICAL CO., LTD. (HEREINAFTER REFERRED TO AS ANXO). 5. THE VALIDITY PERIOD OF THE DRUG LICENSE OF OUR PRODUCTS WILL EXPIRE, AND OUR COMPANY INTENDS NOT TO EXTEND IT ANY MORE, AND TO SIGN A TERMINATION AGREEMENT WITH TTY BIOPHARM. 6. THE COMPANY PLANS TO SIGN EXCLUSIVE AUTHORIZED DISTRIBUTION CONTRACT WITH SPANISH COMPANY. 7. THE COMPANY PLANS TO SIGN EXCLUSIVE AUTHORIZED DISTRIBUTION CONTRACT WITH KOREAN COMPANY. 8. THE TRANSFER OF THE COMPANY'S INTERNAL AUDIT DIRECTOR AND THE APPOINTMENT OF THE NEW INTERNAL AUDIT DIRECTOR. 9. THE COMPANY INTENDS TO ENTER INTO A "FINANCIAL ADVISORY CONTRACT" WITH KGI SECURITIES CO., LTD. 10. IT IS PROPOSED TO FORMULATE THE COMPANY'S "SELF REGULATORY RULES FOR DISCLOSURE OF MERGER AND ACQUISITION INFORMATION". 11. THE APPOINTMENT OF AN INDEPENDENT EXPERT. 12. PROPOSAL OF THE REMUNERATION COMMITTEE.
<p>BOARD OF DIRECTORS 2020.10.30</p>	<ol style="list-style-type: none"> 1. THE FINANCIAL STATEMENTS OF THE COMPANY IN THE THIRD QUARTER OF 2020. 2. IN ORDER TO MEET THE RELEVANT REGULATIONS ON FUND LOAN AND CONTROL ISSUED BY THE SECURITIES AND FUTURES COMMISSION RECENTLY, THE AMOUNT OF RECEIVABLES OVERDUE TO BE SET UP TO NT\$5MILLION IS A CRITICAL CRITERIA FOR ASSESSING WHETHER THE FUND LOAN BE EXTENDED OR NOT. 3. PROPOSED TO AMEND THE COMPANY'S "INTERNAL AUDIT AUTHORITY LIMITATIONS". 4. TO DRAFT THE COMPANY'S "INTEGRITY OPERATION PROCEDURES AND CONDUCT GUIDELINES". 5. TO DRAFT THE COMPANY'S RISK MANAGEMENT POLICIES AND PROCEDURES. 6. THE COMPANY INTENDS TO SIGN A CONTRACT FOR COMMISSIONED MANUFACTURING WITH SIX FACTORIES OF TTY BIOPHARM. (HEREINAFTER REFERRED TO AS TTY). 7. THE COMPANY INTENDS TO SIGN AN INFORMATION SERVICE CONTRACT WITH TTY BIOPHARM (HEREINAFTER REFERRED TO AS TTY) FROM 2021 TO 2022.
<p>BOARD OF DIRECTORS 2020.12.17</p>	<ol style="list-style-type: none"> 1. THE COMPANY'S BUDGET AND KPI (KEY PERFORMANCE INDICATORS) FOR 2021. 2. THE PROPOSED APPOINTMENT OF "KPMG" AS THE COMPANY'S CERTIFIED PUBLIC ACCOUNTANTS FIRM AND THE PUBLIC FEE CASE OF VARIOUS CERTIFICATION SERVICES IN 2021. 3. THE COMPANY'S AUDIT PLAN FOR 2021. 4. THE COMPANY INTENDS TO ENTER INTO A "CONTRACT FOR ENTRUSTED SERVICES" WITH TTY BIOPHARM (HEREINAFTER REFERRED TO AS "TTY") FROM 2021 TO 2022. 5. THE COMPANY INTENDS TO ENTER INTO A HOUSE "LEASE CONTRACT" WITH TTY BIOPHARM (HEREINAFTER REFERRED TO AS TTY) FOR THE PERIOD FROM 2021 TO 2022.

NAME OF MEETING/DATE	SUMMARY OF IMPORTANT RESOLUTIONS
<p>BOARD OF DIRECTORS 2021.03.10.</p>	<ol style="list-style-type: none"> 1. PASSED THE COMPANY'S EMPLOYEE AND DIRECTOR COMPENSATION DISTRIBUTION PLAN. 2. PASSED THE COMPANY'S FINANCIAL STATEMENTS AND BUSINESS REPORT FOR 2020. 3. PASSED THE COMPANY'S EARNINGS DISTRIBUTION PLAN FOR 2020. 4. PASSED THE COMPANY'S INTERNAL CONTROL SYSTEM STATEMENT FOR 2020. 5. PASSED THE AMENDMENT OF "SELF-EVALUATION OF THE BOARD OF DIRECTORS". 6. PASSED THE AMENDMENT OF "SELF-EVALUATION OF THE FUNCTIONAL COMMITTEE". 7. PASSED THE AMENDMENT OF "CODES OF ETHICAL CONDUCT". 8. PASSED THE AMENDMENT OF "WHISTLEBLOWING SYSTEM". 9. PASSED THE AMENDMENT OF "AUDIT COMMITTEE CHARTER". 10. PASSED THE AMENDMENT OF "REMUNERATION COMMITTEE CHARTER". 11. PASSED THE AMENDMENT OF "RULES GOVERNING THE SCOPE OF POWERS OF INDEPENDENT DIRECTORS". 12. REMOVAL OF THE PROHIBITION ON COMPETITION FOR DIRECTORS AND THEIR REPRESENTATIVES. 13. ADOPTED THE AGENDA, DATE, TIME AND PLACE OF THE COMPANY'S 2021 GENERAL MEETING OF SHAREHOLDERS. 14. ADOPTED THE PROPOSAL BY THE REMUNERATION COMMITTEE: THE COMPANY'S 2020 EMPLOYEE BONUS DISTRIBUTION PLAN, THE COMPANY'S BUSINESS DIVISION DIRECTOR IN CHARGE OF 2021 BONUS MEASURES, THE COMPANY'S BUSINESS DEVELOPMENT DIVISION DIRECTOR IN CHARGE OF 2021 BONUS MEASURES, THE PROPOSAL FOR THE ANNUAL SALARY ADJUSTMENT OF THE COMPANY'S MANAGERS.

(12) IN CASE OF ANY DISAGREEMENT AND RECORD OR WRITTEN STATEMENT ON THE BOARD OF DIRECTORS' ADOPTION OF IMPORTANT RESOLUTIONS IN 2020 AND AS OF THE DATE OF PUBLICATION OF THE ANNUAL REPORT, THE MAIN CONTENT OF WHICH IS: THE COMPANY HAS NO SUCH SITUATION.

(13) SUMMARY OF RESIGNATION AND DISMISSAL OF THE BOARD CHAIRMAN, GENERAL MANAGER, ACCOUNTING DIRECTOR, FINANCIAL DIRECTOR, INTERNAL AUDIT DIRECTOR, CORPORATE GOVERNANCE DIRECTOR AND R & D DIRECTOR OF THE COMPANY IN 2020 AND UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT:

TITLE	NAME	DATE	DISMISSAL DATE	REASONS FOR RESIGNATION OR DISMISSAL
CHAIRMAN	CHI-MENG CHANG	JUNE 15, 2017	MAY 29, 2020	The term of office has expired
CORPORATE GOVERNANCE DIRECTOR	DE-ZHU SUN	MAY 9, 2019	MAY 4, 2020	AS A CONSULTANT OF THE COMPANY
INTERNAL AUDIT DIRECTOR	SHU-PING HUANG	SEP. 1, 2010	JULY 31, 2020	POST ADJUSTMENT

NOTE: THE RELEVANT PERSONS OF THE COMPANY REFER TO THE CHAIRMAN OF THE BOARD, GENERAL MANAGER, ACCOUNTING DIRECTOR, FINANCIAL DIRECTOR, INTERNAL AUDIT DIRECTOR, CORPORATE GOVERNANCE DIRECTOR AND R & D DIRECTOR, ETC.

(14) MAJOR INFORMATION PROCESSING PROCEDURES:

The company has "internal major information processing procedures" and "contingency major information processing procedures" for the processing, transfer and information disclosure of major information. The company employees of various units shall follow the procedures for handling possible major information. The operation procedures shall be informed to employees by public notice and publicity, and shall be placed on the employee website and company website for the use of the staff.

5. Information on Accountants' Fees

(1) Information on accountants' fees

CPA name	Accountant name		Audit period	Remarks
KPMG	Shin-Chin Chih	Kuo-Yang Tseng	2020/01/01-2020/12/31	-

Note: If there is a change of accountant or accounting firm in this year, please list the audit period and explain the reason for the change in the remarks column.

Amount: Thousand NT\$

Grade of amount		Items of fee	Audit fee	Non audit fee	Total
1	Below 2,000 Thousand dollars		1,400	179 (Note 1)	1,579
2	2,000 Thousand dollars(inclusive) ~4,000 Thousand dollars		-	-	-
3	4,000 Thousand dollars (inclusive) ~6,000 Thousand dollars		-	-	-
4	6,000 Thousand dollars (inclusive) ~8,000 Thousand dollars		-	-	-
5	8,000 Thousand dollars (inclusive) ~10,000 Thousand dollars		-	-	-
6	10,000 Thousand dollars (inclusive) or above		-	-	-

Note 1: The company's non audit fee includes 150 thousand dollars of agreement procedure fee and 29 thousand dollars of other fees such as report printing fee and seal certification fee.

- 1. If the non audit fee paid to the certified public accountant, the certified public accountant's firm and its affiliated enterprises is more than one fourth of the audit fee, the amount of audit and non audit fee and the content of non audit service shall be disclosed: N/A**
- 2. If the audit fee paid in the replacement year is less than that of the previous year, the amount and reasons for the audit fee before and after the replacement shall be disclosed: N/A**
- 3. If the audit fees have decreased by more than 10% over the previous year, the amount, proportion and reason of the decrease shall be disclosed: N/A**

6. Information on Change of Accountants:

There has been no change of Accountants in the most recent financial year.

7. Corporation's Chairman, General Manager, Financial Manager Or Accounting Manager Who Has Been Working In A Certified Accountant Firm Or Its Affiliated Enterprises In Last Year: None.

8. In 2020 And As Of The Publication Date Of The Annual Report, The Transfer Of Shares Of Directors, Managers And Shareholders Whose Shareholding Ratio Exceeds 10% And Changes In The Number Of Shares Pledged.

If the counterpart of the equity transfer or equity pledge is a related party, the name of the related party, the relationship with shareholders holding more than 10% of the shares of the company, directors or managers, and the number of shares acquired or pledged shall be disclosed.

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

Title (Note 1)	Name	2020		As of March 30 of the year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Director (Major shareholders holding more than 10%)	TTY Biopharm	0	0	0	0
Independent director	Chih-Li Wang	(1,000)	0	0	0
Independent director	Rwei-Syun Chen	0	0	0	0
Independent director	Yi-Min Wang	0	0	0	0
General Manager	Sze-Yuan Yang	4,000	0	0	0
Vice General Manager of General Administration	Xin-Yang Liu	0	0	0	0
Business Development Division Director	Chao-Jen Liao	0	0	0	0
Sales Division Director	Jian-Rong Huang	0	0	0	0
AVP of Administration Department of General Administration	De-Zhu Sun	0	0	0	0
Manager of Finance and Accounting Department of General Administration	Chen-Ju Kan	0	0	0	0

Note 1 : TTY Biopharm holds more than 10% of the total shares of the company.

Note 2 : Where the counterpart of the transfer or pledge of equity is a related party: none.

(2) Equity transfer information : N/A

(3) Information of equity pledge: N/A

9. Information Of Top Ten Shareholders Whose Relationship Are Related Persons, Spouses And Relatives Within The Second Degree Of Kinship, Etc.

Name (Note 1)	Self-owned equity		Shares held by spouse and minor children		Holding shares in the name of others		The names and relationships of the top ten shareholders who have relationship with each other as stated in the statement of Financial Accounting Standards No. 6 or who are spouses or relatives within the second degree (Note 3) *		Remarks
	No. of shares	Shareholding Ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding Ratio %	Name	Relationship	
TTY Biopharm Representative: Chuan Lin	21,687,177	56.48	0	0	0	0	None	None	-
Chuan Lin	0	0	0	0	0	0	None	None	-
Ding-Wei Hong	3,153,730	8.21	0	0	0	0	None	None	-
Ya-Chi Pan	1,324,000	3.45	0	0	0	0	None	None	-
Ying-Jun Wang	1,128,000	2.94	0	0	0	0	None	None	-
Dawan Technology Co., Ltd. Representative: Ying-Jun Hsiao	805,941	2.10	0	0	0	0	None	None	-
Chung Tian Biotechnology Co., Ltd. Representative: Shan-Nei Huang	386,240	1.01	0	0	0	0	None	None	-
Rong-Jin Lin	350,194	0.91	0	0	0	0	None	None	-
Mei-Ying Chien	291,000	0.76	0	0	0	0	None	None	-
Ying-Chang Liu	264,300	0.69	0	0	0	0	None	None	-
Wen-Xing Lee	224,000	0.58	0	0	0	0	None	None	-

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

Note 2 : The calculation of shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, spouse, child or other person.

Note 3 : The shareholders listed above, including legal person and natural person, shall disclose their relationship in accordance with the financial reporting standards of issuers.

10. The Number Of Shares Held By The Company, Its Directors, Managers, And Businesses Directly Or Indirectly Controlled By The Company In The Same Reinvested Enterprise, And The Consolidated Shareholding Ratio Is Calculated.

The company has no such situation.

IV. Fund Raising

1. Capital And Shares

(1) Source of equity

Unit: Thousand shares ; Thousand NT\$

Year/month	Issue Price	Approved share capital		Paid in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of equity	Using property other than cash to offset the share proceeds	Others
2010.09	10	50,000	500,000	15,000	150,000	Divided and transferred to issue new shares of 150,000 thousand dollars	Nil	Note 1
2010.11	30	50,000	500,000	25,000	250,000	Cash capital increase of 100,000 thousand dollars	Nil	Note 2
2011.10	10	50,000	500,000	28,000	280,000	Surplus transferred to capital increase of 30,000 thousand dollars	Nil	Note 3
2012.04	88	50,000	500,000	31,734	317,340	Cash capital increase of 37,340 thousand dollars	Nil	Note 4
2012.09	10	50,000	500,000	34,907	349,074	Surplus converted to capital increase of 31,734 thousand dollars	Nil	Note 5
2013.09	10	50,000	500,000	38,398	383,981	Capital reserve converted to capital increase of 34,907 thousand dollars	Nil	Note 6

Note 1 : It was approved and put on record by the government on September 21, 2010 per letter FCYZ No. 09987636410.

Note 2 : It was approved and put on record by the government on November 29, 2010 per letter FCYSZ No. 09989789610.

Note 3 : It was approved and put on record by the government on September 22, 2011 per letter FCYSZ No. 10087837410.

Note 4 : It was approved and put on record by the government on May 25, 2012 per letter FCYSZ No. 10183748410.

Note 5 : It was approved and put on record by the government on September 19, 2012 per letter FCYSZ No. 10187530210.

Note 6 : It was approved and put on record by the government on September 24, 2013 per letter No. 10288087900.

Types of shares

Unit: share

Types of shares	Approved share capital			Remarks
	Outstanding shares (Note 1)	Unissued shares	Total	
Registered common stock	38,398,140	11,601,860	50,000,000	-

Note 1 : It was listed as an OTC company shares on April 30, 2012.

Note 2 : General information on the declaration system: Nil

General information on the declaration system: Nil

(2) Shareholder structure

March 30, 2021 (Unit: person; share)

Shareholder structure Qty	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
No. of persons	0	0	15	3,919	13	3,947
No. of shares held	0	0	23,042,003	15,197,535	158,602	38,389,140
Shareholding percentage	0.00%	0.00%	60.01%	39.58%	0.41%	100%

Note: The first listed (OTC) Company and emerging OTC company shall disclose the shareholding ratio of mainland capital; mainland capital refers to the people, legal persons, organizations, other institutions in mainland China or the company invested in the third region as stipulated in Article 3 of the measures for the people's investment permission in Taiwan.

(3) Equity dispersion

1. Common stock

Face value of 10 dollars per share

March 30, 2021

Shareholding classification (share)	No. of shareholders (person)	No. of shares held	Shareholding ratio (%)
1 to 999	2,145	266,828	0.70
1,000 to 5,000	1,496	2,742,355	7.14
5,001 to 10,000	166	1,274,449	3.32
10,001 to 15,000	49	615,763	1.60
15,001 to 20,000	18	319,659	0.83
20,001 to 30,000	18	433,905	1.13
30,001 to 40,000	12	410,813	1.07
40,001 to 50,000	12	543,604	1.42
50,001 to 100,000	14	946,066	2.46
100,001 to 200,000	5	803,116	2.09
200,001 to 400,000	7	1,942,734	5.06
400,001 to 600,000	0	0	0.00
600,001 to 800,000	0	0	0.00
800,001 to 1,000,000	1	805,941	2.10
1,000,001 or above	4	27,292,907	71.08
Total	3,947	38,398,140	100.00

2. Special shares: The company does not issue special shares, inapplicable.

(4) List of major shareholders

Name of major shareholders	Shares	No. of shares held	Shareholding ratio (%)
TTY Biopharm		21,687,177	56.48
Hong Dingwei		3,153,730	8.21
Pan Yachi		1,324,000	3.45
Wang Junying		1,128,000	2.94
Dawan Technology Co., Ltd.		805,941	2.10
Zhong Tian Biotechnology Co., Ltd.		386,240	1.01
Lin Rongjin		350,194	0.91
Chien Mei Ying		291,000	0.76
Liu Ying Chang		264,300	0.69
Li Wen Xing		224,000	0.58

Note: The equity in this table refers to the name, amount and proportion of the top ten shareholders.

(5) Market price per share, net worth, earnings, dividends and related information in the last two years

Unit: dollar; share; NT\$

Year		2019	2020	As of March 31, 2021	
Market price per share	Highest	82.50	82.10	N/A	
	Lowest	65.10	58.10	N/A	
	Average	71.76	68.46	N/A	
Net worth per share	Before distribution	29.30	29.33	N/A	
	After distribution	27.50	27.53	N/A	
Earnings per share	Weighted average number of shares (thousand shares)	38,398	38,398	N/A	
	Earnings per share	Before Retrospection	2.22	1.60	N/A
		After Retrospection	2.22	1.60	N/A
Dividend per share	Cash dividend	1.8	1.8 (Note 1)	N/A	
	Allotted shares	Surplus allotment	0	0	N/A
		Capital reserve allotment	0	0	N/A
	Accumulated unpaid dividend	Nil	Nil	N/A	
Analysis of investment return	PE ratio	32.32	42.79	N/A	
	PE ratio	39.87	38.03	N/A	
	Cash dividend yield (%)	2.51	2.63	N/A	

Note 1 : Proposed earnings distribution of the board of directors on March 10, 2021.

(6) Company dividend policy and implementation status

1. Dividend policy as defined in the articles of association

The company's dividend policy is in accordance with the company law and the provisions of the Articles of Association of the company to ensure the normal operation of the company and protect the interests of investors. The details of the company's dividend policy are contained in Articles 29 to 31 as follows:

- (1) If the company has a profit in the year, it shall allocate 2% to 8% of the compensation for the employees. The board of directors shall decide to distribute the compensation in stock or cash to the employees of the company who meet certain conditions. The company may allocate not more than 2% of the above profit amount for directors' compensation. The distribution of employee and director compensation shall be reported to the shareholders meeting. However, if the company still has accumulated losses, it shall reserve the necessary amount in advance and then allocate the compensation to employees and directors in proportion to the preceding paragraph.
- (2) If the company has a surplus in its annual final accounts, it shall, after paying taxes in accordance with the law and making up the accumulated losses, appropriate another 10% to be the statutory surplus reserve, but the statutory surplus reserve shall not be appropriated when it has reached the paid-in capital of the company. If there is any remaining surplus, it shall be consolidated together with the undistributed surplus, and the board of directors shall draw up a motion for the distribution of surplus and submit it to the shareholders meeting for a resolution on the distribution of dividend.
- (3) The dividend payment procedure shall be followed at the end of each business year. The board of directors shall consider factors such as the company's profitability, capital and financial structure, future operating demand, accumulated surplus and statutory reserve, market competition, etc., and formulate a proposal for the distribution of surplus, to be handled after the resolution of the shareholders meeting.
- (4) The company shall distribute its surplus on a basis of not less than 50% of the distributable surplus of the current year, subject to financial, business and operational considerations. In order to improve the financial structure of the company and take into account the interests of investors, the company adopts a dividend equalization policy and pays a cash dividend of more than 50% of the dividends distributed during the year.

1. Implementation of dividend distribution in 2020:

Types of dividend	Dividend per share adopted at shareholders meeting (dollar)	Actual distributed amount	Source
Cash dividend	1.8	69,116,652	Undistributed profits
Total	1.8	69,116,652	-

2. Dividend distribution planned at shareholders general meeting in 2021:

Dividend distribution planned at shareholders general meeting in 2021 (2021.3.10)

Audit Committee audited and agreed and adopted by the Board of Directors)

Types of dividend	Dividend per share (dollar)	Amount	Source
Cash dividend	1.8	69,116,652	Undistributed profits
Total	1.8	69,116,652	-

(7) The impact of the proposed free rights issue on the company's 2021 operating performance and earnings per share: N/A

(8) Employee, director compensation:

1. The amount or scope of compensation of the staff and directors as set out in the articles of association:

In accordance with Article 29 of the Articles of Association of the company, if the company makes a profit during the year (the profit status refers to the profit before tax deducted from the profit distributed to the employees) , it shall allocate 2% to 8% of the profit for the employees compensation. The board of directors shall adopt resolution to distribute in shares or cash to employees of the company who meet certain conditions, and the company may set aside not more than 2% of the profit for the compensation of the directors. The distribution of employee and director compensation shall be reported to the shareholders meeting.

2. The basis for estimating the compensation of employees and directors in the current period, and the basis for calculating the number of shares of employees compensation distributed in shares, and the accounting treatment in case of any discrepancy between the actual amount distributed and the estimated amount:

The board of directors of the company approved the distribution of employee and director compensation on March 10, 2021. The above compensation is calculated on the basis of the company's net profit before tax in the current year after deducting the compensation of its employees and directors. The amount of 2% shall be set aside as the operating expenses in 2020 in proportion to the company's articles of association. There is no difference between the amount of employee compensation and director's compensation assigned in the above-mentioned board resolution and the amount estimated in the company's 2020 financial report.

3. Distribution of compensation approved by the board of directors:

- (1) The company's board of directors resolved on March 10, 2021 to distribute employee compensation and director compensation in cash or stocks. If there is a difference from the annual estimated amount of recognized expenses, the difference, the reason and the handling situation shall be disclosed: The board of directors resolved to distribute employee cash compensation of NT\$1,609 thousand, employee stock compensation of NT\$0, and director compensation of NT\$1,609 thousand. There is no difference between the annual estimated amount of the

approved compensation and recognized expenses.

(2) Stock-based employee compensation distributed and its ratio to the total amount of net profit after tax and total employee compensation in the current period: The current employee compensation is paid in cash and therefore does not apply.

4. The actual distribution of compensation of employees and directors (including the number of shares distributed, the amount and the price of shares distributed) and the difference between the compensation of employees and directors recognized in 2020 are as follows: No difference

(9) Company's repurchase of its shares: Nil

2. The Handling Of Corporate Bonds, Special Shares, Overseas Depository Receipts And Employee Stock Warrants And New Shares For Employee Restricted Stocks

(1) Handling of corporate bonds (including overseas corporate bonds) : Nil

(2) Handling of preferred shares: Nil

(3) Participation in the issue of overseas certificates of deposit: Nil

(4) Handling of employee stock subscription certificates:

1. The unexpired employee stock option certificates shall disclose the status as at the publication date of the annual report and the impact on shareholders equity. Private Equity Employee warrants shall be noticeably identified: Nil

2. The names, acquisition and subscription of the top 10 employees who have obtained employee share warrants up to the date of publication of the annual report and the top 10 employees who have obtained employee share warrants: Nil

(5) Restrictions on the handling of employees' rights for new shares:

1. Any new shares which do not fully meet the required conditions shall disclose the transaction as at the publication date of the annual report and the impact on shareholders equity: Nil

2. The name of the manager who acquired the restricted employee rights IPO and the name of the top 10 employees who acquired the shares up to the date of the annual report: None

3. Issuance Of New Shares For Merging And Transferring The Stocks Of Other Companies

(1) An appraisal opinion issued by the principal securities underwriter who recently acquired or accepted the rights to issue new shares in another company in the latest quarter shall be disclosed: Nil

- (2) In addition to the companies specified in the previous period, the implementation of the latest quarter should be disclosed. If the implementation progress or benefits have not reached the expected target, the impact on the shareholders' equity and the improvement plan should be specified: Nil
- (3) If the board of directors has made a decision to issue new shares through the acquisition or transfer of shares of another company in the latest year or up to the date of publication of the annual report, it shall disclose the implementation situation and the basic data of the acquired or transferred company. The acquisition or acceptance of new shares issued by other companies in the process of acquisition shall disclose the situation of implementation and its impact on shareholders equity: Nil

4. Implementation of Fund Utilization Plan

As of the quarter prior to the publication date of the annual report, there is no prior issue or private placement of the security has not been completed or completed in the last three years and the planned benefits have not yet shown, and is inapplicable.

V. Operation Overview

1. Business Contents

(1) Business scope

1.The main contents of the business of the company

- (1) C199990 Unclassified other food manufacturing
- (2) C802060 Animal drug manufacturing
- (3) F102170 Food and sundries wholesale
- (4) F108021 Western Medicine wholesale
- (5) F108031 Medical equipment wholesale
- (6) F208021 Western medicine retail
- (7) F208031 Medical equipment retail
- (8) F401010 International trading
- (9) F601010 Intellectual property rights
- (10) IC01010 Drug testing
- (11) IG01010 Biotechnology services
- (12) ZZ99999 In addition to licensed business, may carry on business not prohibited or restricted by law

2.Percentage of business

Unit: Thousand NT\$

Item \ Year	2019		2020	
	Amount	Percentage of business	Amount	Percentage of business
Cardiovascular medicine	271,561	53.49%	313,191	69.93%
Gastroenterological medicine	98,470	19.40%	80,748	18.03%
Central nervous medicine	79,609	15.68%	30,912	6.90%
Others	4,492	0.88%	0	0%
Testing	20,943	4.13%	20,898	4.67%
Income from services rendered	32,591	6.42%	2,113	0.47%
Total	507,666	100.00%	447,862	100.00%

3.The company's current merchandise (service) items

The company's current products for cardiovascular medicine, gastrointestinal medicine, central nervous medicine and precision medical testing. The main products and their important uses are as follows:

Drugs--major products and their important uses

Products	Important uses	Representative products
Cardiovascular medicine	High blood pressure	Amtrel
Cardiovascular medicine	Cardiac dysrhythmia	Rhynorm
Cardiovascular medicine	Hypolipidemic	Linicor
Cardiovascular medicine	Angina pectoris	Rancad 、 Isormol
Cardiovascular medicine	Antiplatelet agglutination	Licodin
Gastroenterological medicine	Discomfort caused by abnormal peristalsis of the digestive organs	Mopride
Central nervous medicine	Epilepsy	Aleviatin
Central nervous medicine	Osteoarthritis	Lonine
Central nervous medicine	Rheumatoid Arthritis	Lacoxa SR

Precision medical testing-major products and their important uses

Testing technology	Testing object and target	Chinese/English names of tested items	
CTC	Suitable for 18 kinds of solid cancer patients, regular follow-up after surgery, monitoring the efficacy of treatment.	Tumor tracking	PanCa Monitor
CTC	Patients with cancer (except osteosarcoma/leukemia) assessed as suitable for immunotherapy.	Apoptosis of Circulating Tumor Cells-Ligand 1 Detection	PD-L1 CTC test
CtDNA (NGS sequencing)	It only needs to be done once in a lifetime (can be done during pregnancy). Early health management, to understand whether you or your family members are at risk of hereditary cancer genes, analyze 98 genetic genes, including 25 cancer risk assessments.	Genetic test for hereditary cancer risk (blood/saliva)	Assure
CtDNA (NGS sequencing)	For lung cancer patients, analyze 10 genes + MSI to determine the appropriate medicine.	Lung cancer detection	Lung LBx
CtDNA (NGS sequencing)	For solid cancer patients (except brain tumors), analyze 74 genes + MSI, find the right target or immune drugs, seize the opportunity for treatment, and increase the choice of drugs for clinical trials.	Aikeming (blood)	LBx
CtDNA (NGS sequencing)	For solid cancer patients, analyze 73 genes + MSI, find the right target or immune drugs, seize treatment opportunities, and increase the choice of drugs for clinical trials.	Aikeming (tissue)	TBx
Gene methylation	For patients with abnormal uterine bleeding, the risk of endometrial cancer is assessed by taking a sample of the cervix, as a basis for doctors to conduct invasive examinations.	Anbe gene	MPap
CtDNA (NGS sequencing)	For solid cancer patients (except brain tumors), analyze 106 genes + MSI, find the right target or immune drugs, seize treatment opportunities, and increase the choice of drugs for clinical trials.	Aiyezhun (blood)	Alpha-liquid 100

1. New Products to be developed

- (1) In line with the development of new drugs and the expansion of marketing channels, and actively promote the company's marketed and upcoming products to the world. For example, Amtrel has completed the certification in

Thailand and is undergoing registration in China.

- (2) Committed to drug development, in the fields of cardiovascular and autoimmune diseases, develop high barrier and patentable new drugs.
- (3) Invest in clinical research and drug treatment of diseases, in order to become a provider of drugs for special chronic diseases with high economic benefits.
- (4) Continue to develop international partners and businesses.

(2) Industry overview

1. Current status and development of the pharmaceutical industry

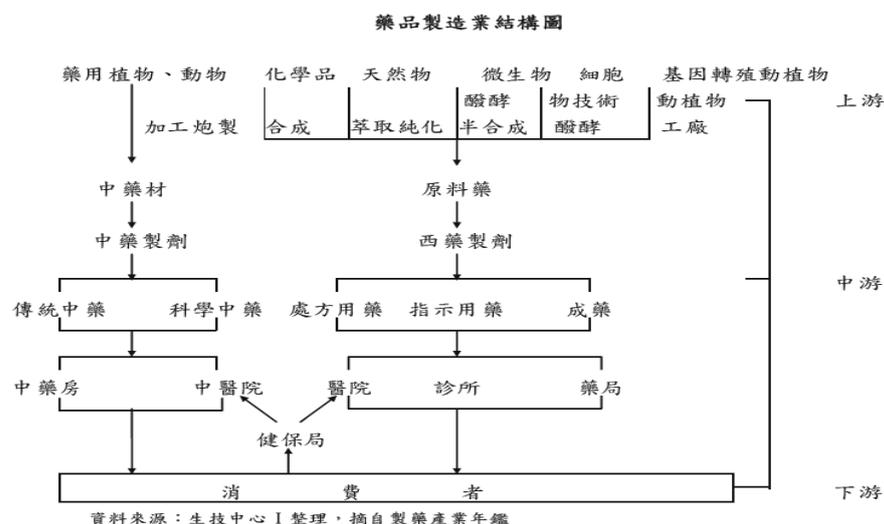
Pharmaceutical industry has the characteristics of high-tech, high value-added, low pollution, low energy consumption and long development period and life cycle. Its products are mainly used in the treatment of human diseases, and closely related to the health of the people, so its safety and effectiveness worth special attention. Its development is also a symbol of a country's degree of progress, the higher the national income of the country, the more developed the pharmaceutical industry, such as USA, Europe and Japan are typical examples.

The outlook for the future of the global pharmaceutical industry is as follows:

- (1) In order to meet the basic requirements of drug safety, the environmental requirements of pharmaceutical regulations have become more and more stringent, which has increased the cost of new drug research and development, lengthened research and development time, and greatly increased research and development costs, but the research and development results were not good. In order to maintain research and development competitiveness and to control the growth of research and development costs, many pharmaceutical companies adopt a cooperative development policy, authorize the pre-development of drugs to partners, and share research and development costs and share results.
 - (2) Both Europe and the United States have legislated to encourage the development of innovative drugs. Under the pressure of competition, more pharmaceutical companies will adopt the strategy of developing niche drugs, selling niche products in different markets, or focusing on the research and development of medicines for certain types of diseases. In order to enhance the value of drugs, in recent years, orphan drugs have accounted for a certain proportion of new drugs approved by the USA as an evidence.
 - (3) China's pharmaceutical laws and regulations are actively in line with international standards, and the globalization of the pharmaceutical industry has gradually formed a global pharmaceutical industry network from laws and regulations, markets, supply chains to marketing. Therefore, how manufacturers use global resources and distinguish the roles of the industrial supply chain will help these manufacturers in their future development.
- ### **2. Upstream, midstream and downstream relevance in the pharmaceutical industry**
- The structure of the pharmaceutical manufacturing industry can be distinguished from the upstream, midstream and downstream. The upstream and midstream

are the search and manufacture of raw materials; the downstream is the manufacture of preparations and various sales channels. Drugs can be simply divided into three types: Original, imported or domestically-developed Innovative Generics, and Pure Generics. At present, Taiwan's pharmaceutical industry is generally located in the downstream, and most of them are only engaged in the manufacturing and sales of Pure Generics, as shown below:

Drug Manufacturing Structure



Upstream: The raw material stage of drug preparation and processing. Western medicine raw materials include general chemicals, natural plants, animals, minerals, microbial strains and related tissue cells, etc., of which general chemicals make up the majority of raw materials. The upstream Chinese herbal medicine, mainly plants and a small part of animals, minerals as raw materials. As a result of advances in biotechnology, scientists have obtained many successful examples of transgenic animals and plants by means of gene transfer, so that in the future, direct cultivation of plants or animals for the production of drugs may be possible, this is a major breakthrough in upstream drug production technology.

Midstream: mainly for the raw material medicine industry and the Chinese medicinal materials processing industry, the API industry consists of organic chemical synthesis, extraction and purification of natural substances, fermentation or post-fermentation synthesis of microorganisms, and cell purification and recycling modified by genetic engineering technology. The processing of Chinese medicinal materials is mainly the processing of medicinal plants.

Downstream: It is the pharmaceutical manufacturing industry. It mainly processes the raw materials plus preparation of auxiliary materials, such as excipients, disintegrating powders, adhesives, lubricants, etc., into convenient dosage forms. According to the production at this stage, Taiwan needs to meet the requirements of high-quality pharmaceutical manufacturing and standard (PIC/S GMP) requirements, and then sell patients through marketing channels such

as hospitals, clinics, and pharmacies.

3. Various development trends of pharmaceutical products

The trends in global pharmaceutical product development over the next few years can be summarized as follows:

- (1) The world's population is concentrated in cities, where lifestyles and diets are refined. The world's elderly population is growing rapidly, and diseases such as high blood pressure, high cholesterol, diabetes, obesity, depression and cancer are growing rapidly, it has also stimulated demand for drugs for chronic diseases and cancer.
- (2) In recent years, in addition to new strains leading to outbreaks of infectious diseases such as SARS and avian flu, the trend of globalization has made the spread of infectious diseases easier, the future of research and development in the pharmaceutical industry will also focus on research and development of drugs related to infectious diseases.
- (3) Research on gene-related and protein drug treatments is still the focus of competition in the R&D departments of many pharmaceutical companies. Due to the significant impact on the development of pharmaceuticals and the profits it is expected to bring, it is considered a major development in the pharmaceutical industry.
- (4) As far as the cardiovascular drug market is concerned, since no new drugs have been successfully developed for blood pressure lowering drugs in recent years, the current development of new combination drugs for the treatment of cardiovascular diseases with two or more different drug complementary mechanisms will become the future trend. .
- (5) At present, many autoimmune drugs such as lupus erythematosus and Alzheimer's disease can only treat symptoms but fail to effectively treat the disease. Therefore, there is still considerable medical demand.

4. Drug competition

According to the Taiwan Drugs Manufacturing Association, due to the small domestic market and the large number and small scale of pharmaceutical manufacturers, it is difficult for individual manufacturers to compete with large international pharmaceutical companies. There are 148 western pharmaceutical manufacturers that have passed the PIC/S GMP specifications.

The sales channels of medicines in Taiwan are mainly divided into three categories: hospitals, pharmacies and clinics (excluding government medical stations, special medical hospitals and dental clinics). Most of the company's products are sold in hospitals, accounting for more than 80% of the turnover. The sales channels cover major domestic hospitals, such as: National Taiwan University Hospital, Veterans General Hospital, Mackay Hospital, General Hospital of the Tri-Services, etc.

The company's products are mainly characterized by oral lozenges and small injections in western medicine preparations. In order to expand the product range and reduce business risks, cardiovascular and gastroenterology preparations have been developed successively and have achieved remarkable

results. Products such as Mopride, Amtrel, and Linicor have been launched successively. TSH Biopharm also successfully marketed Rancad this year. In addition, in response to the impact of the annual price reduction of health insurance, we will strive to develop products in the fields of cardiovascular, autoimmune and gastrointestinal diseases, and actively explore the international market. In order to strengthen the market and international competitiveness, we will develop high barriers and patentable drugs in the future. Mainly, it is now more actively developing towards the field of biotechnology pharmaceuticals.

5. Current status and development of precision medical testing industry

Precision medicine, which has emerged in recent years, plays a key role in the four aspects of cancer risk assessment (Risk Assessment), treatment (Therapeutics), prognosis and disease monitor, among which liquid biopsy registers the fastest growth in the field of oncology. Since liquid biopsy requires only body fluid sampling (such as blood, saliva, or urine) for analysis, it is less invasive and can be applied to early detection of other major diseases in addition to cancer screening. Therefore, liquid biopsy shows great market potential.

Current clinical cancer screening methods, such as traditional biochemical Tumor Index (CEA, CA153, CA125) or traditional tissue slicing, are susceptible to individual health status and physical fitness, with low sensitivity and specificity. They may not be available for early cancer screening because of restrictions on the number of inspections, quantity, or organ tissue. For high-dose radiation instruments such as positron emission Tomography (pet) , computed tomography (CT) and magnetic resonance imaging (MRI) , they can only be used for diagnosis of diseases, and their sensitivity cannot be used for early screening of cancers, nor can they be used for postoperative follow-up because of their high radiation doses. There are also many cancers that cannot be detected early because of the lack of effective detection methods. They are often detected as terminal cancers such as colorectal cancer, lung, liver and stomach cancers, most cannot be initially examined by appearance or palpation. The company has forged cooperation with a number of domestic and foreign companies to promote a variety of different liquid Biopsy technology testing services, these include the next generation sequencing (NGS) of Circulating Tumor DNA (ctDNA), which is used for comprehensive analysis of drug efficacy to assist physicians in Treatment Selection, and the use of another generation sequencing in genetic cancer risk assessment, target Gene methylation and MITOCHONDRIAL DNA analysis are two different techniques used in non-invasive cancer risk assessment for specific cancers and Circulating Tumor Cells (CTCs) for cancer prognosis and disease monitoring. TSH Biopharm provides cancer detection services for healthy, sub-healthy and sick people in different ethnic groups with different liquid biopsy techniques.

At present, most of the cancer testing companies on the market are single technology or sell traditional test reagent groups. The strategy of TSH Biopharm is to focus on technical and clinical benefits, either by commercializing the technology of the domestic team or by licensing leading foreign technology products to the Taiwan market, the goal is to provide doctors and patients with more information when they need it for risk assessment or treatment to improve

the efficiency of cancer treatment. In order to ensure the quality of testing services, TSH Biopharm's partners have international certification of the laboratory and team. In the future, we also plan to extend such technology and service products, together with the access and experience of TSH Biopharm in the field of chronic diseases and cancer for many years, to domestic cooperative hospitals and laboratories, in addition to being the basis of medical clinical examination, to speed up and enhance clinical value and services, more patients will benefit from early screening and follow-up treatment.

(3) Technology and R&D Overview

1. Technical level and research and development of the business

The company mainly aims to improve new drug development as the focus of research and development direction, such as: controlled release, compound dosage form products, biological pharmaceutical research and development.

- Controlled release, compound dosage form products

The company currently has considerable technology and results in the research of sustained-release dosage forms. Taiwan's first long-acting cough suppressant Regrow and rheumatoid arthritis long-acting drug Locoxa SR have been marketed, and compound dosage forms such as Amtrel and Linicor have been put on market; and we will continue to invest in the development of compound drugs for the treatment of chronic diseases.

- Research on biopharmaceuticals

Biopharmaceuticals is an emerging pharmaceutical field. The source of biopharmaceuticals is cell sources. Different cell sources will lead to different effects. Therefore, biological drugs cannot be fully replicated. As a result, the entry barrier is high and the product cycle is relatively prolonged.

Based on the previous experience in research and development of new biological drugs, the company chooses to research and develop biologically similar drugs with relatively low risk and high probability of success, and develops through the model of cooperation with domestic and foreign manufacturers as the basis for future expansion into the global market.

2. Expenditure on research and development in 2020 and up to the first quarter of 2021

Unit: Thousand dollars

Item	2020	Q1 in 2021
Research and development costs	28,681	N/A
Net operating income	447,862	N/A
Percentage of net revenue	6.40%	N/A

3. Successfully developed technology or product

September 2010	Obtained the patent for the preparation of the compound blood pressure lowering drug "Amtrel".
September 2022	Obtained the Linicor compound medicine certificate for lowering blood lipids.
February 2015	Obtained the patent of DMTA combination preparation in Mainland China.

July 2017	TuNEX passed the inspection and registration audit of the Ministry of Health and Welfare of Taiwan.
March 2020	Rancad® Extended Release (Norexinine medicinal tablets) passed the review of the Ministry of Health and Welfare to obtain marketing approval.

4. Unfinished R&D plan and implementation progress

R&D Projects	R&D Progress	R&D expenses to be reinvested (thousand dollars)	Estimated time to market	The main factors affecting the success of research and development in the future
1. RNTA06	The clinical trial was completed and the GCP check was completed on August 13, 2019. On November 26, 2019, the Food and Drug Administration (TFDA) of the Ministry of Health and Welfare notified the GCP to be approved in principle, and on August 30, 2019, the "New Drug Inspection Registration (NDA)" was filed with TFDA, " and obtained the Taiwan Medicine Certificate on March 16, 2020.	0	Certification approved in Q1 of 2020	Nil
2. TRIA11	Planning to enter the global market, European EMA Scientific advice has been completed, and the process validation test is in progress.	130,000	Q4 2022	Comparative trials and clinical trials
3. LBCA19	It is expected that the pre-test of bioequivalence will be completed in Q1, 2022.	30,000	Q4 2023	Prescription development and bioequivalence test
4. RETA19	On March 31, 2022, a "New Drug Application (NDA)" was submitted to TFDA.	0	Q4 2021	Application for registration
5. ACTA20	It is expected that the pre-test of bioequivalence will be completed in Q2 of 2022.	30,000	Q4 2024	Prescription development and bioequivalence test

(4) Long-term and short-term business development plans

1. Development direction of short-term plan

- (1) Marketing Strategy: execute the domestic target marketing strategy through the established domestic marketing network, and execute the operation plan.
- (2) Production Strategy: Through Strategic Alliance or commissioned agent, commissioned to professional pharmaceutical plants meeting the PIC/S GMP

certification. We will focus on the production of competitive high economic value drugs, and on the core of the preparation and clinical R&D capabilities.

- (3) R&D strategy: Focus on the development of special dosage forms of drugs and meet the quality of international norms in preparation for internationalization.
- (4) Business Planning: By deepening the Taiwan chronic disease field customers, optimize the existing product portfolio life cycle management, continue to improve profitability to maintain new product development energy. Continue to select the most suitable partner in the target market, establish a long-term relationship with CMC/CTD format, ICH data and all products produced by PIC/S GMP manufacturers, to implement the International Business Plan.

2. Direction of long-term projects

- (1) Marketing Strategy: Take the core disease field as the marketing backbone, improve the channel competitiveness, become the best drug development and marketing partner of Greater China Biotechnology Technology Innovation Company in the Chinese market.
- (2) Production Strategy: With the development of new drugs and the expansion of international marketing channels, to produce products in line with PIC/S certification standards to enhance international marketing.
- (3) R&D strategy
 - A. To develop semi-new drugs or new drugs with international market potential and specifications, to license them internationally after Phase I or II and to market them in Taiwan. Based on the local clinical trial experience in Taiwan, we will complete new drugs development and International Patent deployment in combination with international clinical trials.
 - B. To integrate the Taiwan and Chinese mainland markets with the rapid marketing, and most effective and accurate clinical trial capabilities.
 - C. Participate in the early research and development of international biotech companies and share the global patent achievements of new drugs.
- (4) Business Planning:

Corporate Vision: Committed to improve the quality of life of patients with unmet medical needs.

Corporate Missions :

 1. "Becoming an international innovative biotech manufacturer and the best new drug development and marketing partner in Asia."
 2. " Creating a medical product portfolio for patients with unmet medical needs."
 3. " Developing new ingredients, special formulations, chronic disease treatments, genetic testing, cancer testing, and joint development of innovative therapy."

2. Overview On Market, Production And Sales

(1) Market analysis

1. Sales (provided) regions and market share of the company's main products (services)
The sales area of the company's main products is mainly domestic sales; sales channels include hospitals and clinics, which account for more than 80% of net revenue.
2. Future supply and demand and growth of the market

2-1. Chronic Disease Market

According to statistics from the Ministry of the Interior, affected by the decline in the fertility rate and the increase in the age of survival in recent years, the proportion of the population over 65 in Taiwan is currently over 16% (according to the statistics announced by the Ministry of the Interior in December 2020) and is classified as an aging society (The aging society index set by the United Nations Health Organization is that the total number of elderly people reaches more than 7% of the national population). According to the population estimation system of the National Development Commission, Taiwan will formally enter a super-aged society in 2025, which shows that the rate of population aging in Taiwan is accelerating. Therefore, as the elderly population continues to increase, the demand for drugs for cardiovascular and autoimmune diseases is expected to increase.

The Global Cardiovascular Drugs market will reach \$141.1 billion in 2017, according to BCC Research "Cardiovascular Drugs: Global Markets to 2022". The market is forecast to expand by 1.2% in a compound half-year growth rate to \$149.4 billion by 2022. However, the majority of the current best-selling drug patents in the global cardiovascular drug market have long expired. In response to the impact, pharmaceutical companies have continued to develop new products as well as to adopt a product life-cycle management strategy, including the introduction of different dosage forms, new indications and multi-component of drugs and so on. However, in the situation that most cardiovascular diseases are common diseases, it is necessary to take multiple drugs at the same time. Multi-component combination drugs are the main drug development axes of many major pharmaceutical companies, focus on its low cost, short time horizon, combined with the advantages of existing products, in a bid to maintain market share. Many combinations emphasize the ability to achieve multiple effects with a single pill, such as lowering blood lipids and blood pressure at the same time, or combining more than two components to reduce blood lipids or blood pressure into a new combination, the emergence of these drugs will bring about a new shift in the composition of the cardiovascular drug market.

Looking ahead, the global pharmaceutical industry will continue to grow and develop steadily in the future, along with population growth, aging structure, increased vigilance to health and increased demand for drugs.

2-2. The market for precision medicine

According to the BIS Research report, the global precision medicine market will gradually grow from USD78.9 billion in 2018 to USD216.8 billion in 2028, with a compound annual growth rate of 10.64%. In addition, Netscribes data also shows that the growth of the Asia-Pacific precision medicine market will be higher than that of the world, with an estimated annual compound growth rate of 16.63%. Based on this estimate, the economic scale of the Asia-Pacific market will reach 20.9 billion US dollars

in 2023.

In recent years, global governments have actively invested in precision medicine. For example, in January 2015, former President Obama of the USA actively promoted the "Precision Medicine Initiative"; in 2016, he also proposed the "MoonShot Project" with Vice President Biden, looking forward to the shortest possible time to conquer cancer. At the end of 2016, the US Congress passed the "21st Century Cures Act" to accelerate the FDA's review of drugs and medical materials, encourage medical research and innovation, and accelerate the United States' investment in the field of precision medicine. The global biotech industry also promotes the "precision medicine" policy in major countries.

In accordance with the policy of "Complete Ecosystem-Creating a Vigorous Biotechnology Industry Environment" and the recommendations of the 2016 Biotechnology Industry Strategy Advisory Committee, the Ministry of Economic Affairs has started with the "Biomedical Industry Innovation Promotion Plan" approved by the Executive Yuan in 2016, and in December 2016 amended the "Regulations on the Development of Biotechnology and New Drug Industry" to add precision medicine, gene therapy and cell therapy to accelerate the development of the industry. The Executive Yuan also proposed the "Five Plus Two Industry Innovation Program". Among them, the biomedical industry innovation promotion program will develop niche precision medicine. Ministries and committees will work together to promote various precision medicine plans. In particular, the integrated "Precision Oncology" flagship project, looking forward to turning Taiwan into a unique "Asia-Pacific cancer medical center".

3. Competitive niche

(1) As far as the company's core competence in pharmaceuticals is concerned:

- A. The company is well positioned.
- B. Complete value chain of pharmaceutical industry.
- C. Sustainable development of core competitive drugs for chronic diseases.

(2) In terms of market competitiveness in precision medicine:

- A. The group is deeply involved in the cancer field and is familiar with key customer groups.
- B. Has a complete product line of tissue/liquid biopsy and risk assessment.
- C. Continue to introduce the domestic and foreign characteristics of the relevant testing products.

4. Favorable, unfavorable factors to the Development Prospect and countermeasures

(1) Favorable factors

A. The Taiwan market shows a growing trend

(a). Pharmaceutical market

In September 2020, the total drug market in Mat Taiwan reached NT\$208.86 billion, an increase of 3.7% over the same period last year. According to the public health viewpoint, with the aging of society, the total medical expenses should increase by about 6% year by year. In order to avoid excessive increases in overall medical costs of the national health system, annual reduction of medicine prices is adopted. However, as far as the overall long-term trend is concerned, the medical expenditure in Taiwan will increase gradually in the future, estimated to be about 3% per year, so that the overall pharmaceutical industry has room for sustained growth.

(b). The market for precision medicine

Based on disease category analysis, global pharmaceutical development is still dominated by cancer, so cancer is also the main focus in research and development for precision medicine industry. The CAGR for precision medicine for cancer in 2017-2026 is 10.4% . Other chronic diseases, such as central nervous system disease and cardiovascular disease, are another focus of research and development for precision medicine.

B. Excellent R&D and marketing capabilities

- (a) The company is committed to the cultivation of talent and investment in research and development, and in line with the GMP norms of the company, to enable the company implement from pre-clinical trials, drafting human trial plan to the implementation of Human Trial Program Summary Report and application of new drug market so as to ensure the speed and plan of new product launch.
- (b) The marketing team has been deeply involved in the Taiwan market for many years. They have a good grasp of the key channels and important customers of the main products for sustained growth in sales.

(2) Unfavorable factors and countermeasures

A. The reform of drug price payment system

In Taiwan, the total payment system has been implemented for many times to adjust drug prices. Through the total payment system, the drug prices and drug quantity of domestic drug factories are controlled, affecting the selling prices and sales of some drugs, resulting in the reduction of the drug factories' revenue and profits.

Countermeasures :

In addition to establishing a complete sales network throughout the province, the company is able to provide immediate services to medical institutions in order to increase the breadth of sales, and to increase sales channels and customers for drugs with a certain market size and value, to continuously enhance the confidence of hospitals and doctors in prescription drugs. Furthermore, to strengthen the research and introduction of new drugs and competitive new products to avoid the implementation of drug price adjustment, resulting in the company's declining profitability. On the other hand, through the introduction of genetic testing-related products, to increase sales volume step by step to reduce the financial impact from national health care price cuts.

B. Manufacturers are small in scale and face upgrade pressure

Most of the domestic pharmaceutical companies are traditional small and medium-sized pharmaceutical companies that mainly produce generic drugs and act as agents for the sales of foreign drugs. However, in terms of export sales, domestic pharmaceutical companies are restrained in growth from insufficient professional information on foreign markets and international regulations and lack international marketing experience. In addition, after Taiwan's accession to the World Trade Organization (WTO), foreign competitors have been added to occupy Taiwan's pharmaceutical market at lower prices, which will deal a big blow to most small and medium-sized pharmaceutical companies that rely on the domestic market. In order to respond to the trend of international regulations and improve the quality of drugs, Taiwan has implemented the Drug Master File (DMF) management since 2013, and

has fully implemented PIC/S GMP since 2015. Both domestic and imported drugs and their manufacturing plants have been required to comply with PIC/S GMP, therefore, pharmaceutical factories that do not comply with PIC/S GMP will be phased out.

Countermeasures :

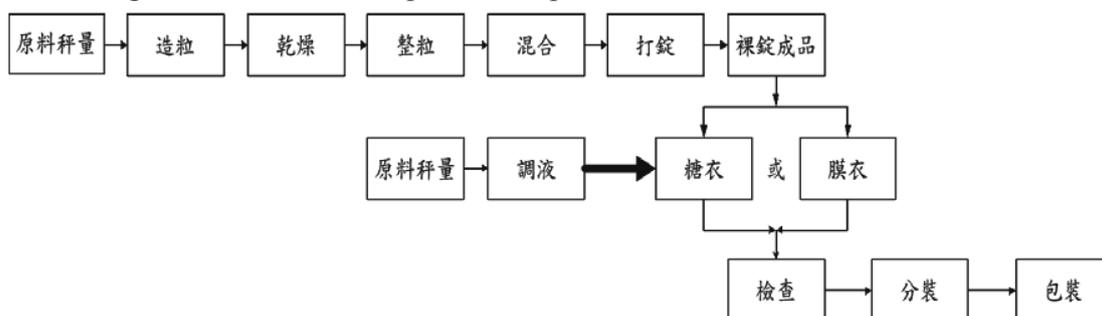
The company has now engaged in the development and sales of innovative generic drugs, deepening its operations in the field of chronic diseases, in order to maintain the capacity for new product research and development. On the other hand, it focuses on the development of specialty drugs with drug economic effects, including drugs with high barriers or the development of patentable drugs. To build a complete product development portfolio in the fields of cardiovascular (CV), gastrointestinal (GI) and auto-immune diseases (Auto-immuneDiseases), and is committed to becoming a biotech pharmaceutical factory for international drug development and marketing in Taiwan. To play the role of international partners in CV, GI and Auto-immuneDiseases drug development and marketing, and because of the investment in the above fields, the company's existence will help partners focus on the development of drugs to create more value-added benefits.

(2) Important use and production process of main products

The company's main products are prescription drugs and testing items. The usage and production process are listed as follows:

1. The important uses of prescription drugs can be divided into the following:
 - A. Cardiovascular medicine: hypertension, arrhythmia, antiplatelet, angina pectoris, lowering blood lipids.
 - B. Gastroenterology drugs: Discomfort symptoms caused by abnormal peristalsis of the digestive organs.
 - C. Central nervous system medicine: epilepsy, osteoarthritis, rheumatoid arthritis.
2. Production process:

The figure below shows the production process of the main tablets:



3. The test items are mainly divided as follows:
 - A. Risk assessment testing: genetic cancer risk testing, endometrial cancer gene methylation testing.
 - B. Next-generation gene sequencing: liquid slice gene sequencing, tissue slice gene sequencing.
 - C. Circulating tumor cell detection: Circulating tumor cell tracking detection, PDL-1 tumor cell monitoring.
4. Production process

At present, the relevant tests are all service-type products. After the relevant blood or tissue samples are obtained by the medical institutions, they are transferred to the testing laboratory, and after the relevant tests are completed, the testing laboratory provides the relevant test report, and the company provides to the relevant medical institutions.

(3) Supply status of major raw materials

The company currently does not have a production plant, which is mainly for merchandise sales, so it is inapplicable.

(4) Purchase and sales customers who account for more than 10% of the total purchases (sales) in any year of the last two years

1. Main purchase customers

Information of major suppliers in the last two years

Unit: Thousand NT\$

Item	2019				2020				Q1 of 2021			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer
1	TTY	128,895	66.19	Parent company	Innophar max	47,089	41.27	Nil	N/A	N/A	N/A	N/A
2	Innophar max	39,240	20.15	Nil	Taiwan Dong Yang	39,716	34.81	Parent company	N/A	N/A	N/A	N/A
3	Chuang Yi	20,520	10.54	Affiliated enterprises of the parent company	CHEM AKE LTD	14,110	12.37	Nil	N/A	N/A	N/A	N/A
4	Others	6,085	3.12	Nil	Others	13,192	11.55	Nil	N/A	N/A	N/A	N/A
	Net purchase	194,740	100.00	-	Net purchase	114,107	100.00	-	Net purchase	N/A	N/A	-

Note 1: List the names of suppliers with more than 10% of the total purchases in the last two years and their purchase amounts and proportions, but because the contract stipulates that it is not permitted to disclose the supplier's name or the transaction object is an individual and non-related person, thus a code may be used instead.

Note 2: As of the date of the publication of the annual report, companies that are listed or whose stocks have been traded in the business premises of a securities firm have the latest financial information that has been verified by an accountant or reviewed, they shall be disclosed.

1. Major sales customers

Information of major sales customers in the last two years

Unit: Thousand dollars

Item	2019				2020				Q1 of 2021 (Note 2)			
	Name	Amount	Percentage of total annual net sales	Relationship with the issuer	Name	Amount	Percentage of total annual net sales	Relationship with the issuer	Name	Amount	Percentage of total annual net sales	Relationship with the issuer
1	TOP (Note 3)	52,054	10.96	Nil	TOP (Note 3)	72,800	16.33	Nil	N/A	N/A	N/A	N/A
2	Others	423,021	89.04	Nil	Others	372,949	83.67	Nil	N/A	N/A	N/A	N/A
	Net sales	475,075	100.00	-	Net sales	445,749	100.00	-	Net sales	N/A	N/A	-

Note 1: List the names of customers with more than 10% of the total sales in the last two years and their sales amounts and proportions, but because the contract stipulates that it is not permitted to disclose the customer's name or the transaction object is an individual and non-related person, thus a code may be used instead.

Note 2: As of the date of the publication of the annual report, companies that are listed or whose stocks have been traded in the business premises of a securities firm have the latest financial information that has been verified by an accountant or reviewed, they shall be disclosed.

Note 3: The name of the principal customer for the sale of goods is: TOP Pharma & Medicalware

(5) The output value of the last two years:

Unit: Thousand dosages, thousand injections;Thousand NT\$

Output value Main products	Year		Jan. 1 to Dec. 31, 2019			Jan. 1 to Dec. 31, 2020		
	Capacity	Output	Output value	capacity	Output	Output value		
Cardiovascular medicine	N/A	77,516	100,230	N/A	72,236	105,283		
Gastroenterology medicine	N/A	93,610	44,457	N/A	74,491	33,695		
Central nervous system medicine	N/A	20,192	46,823	N/A	11,466	16,839		
Testing items	N/A	0	0	N/A	2	12,008		
Other medicines	N/A	525	3,230	N/A	0	0		
Total	N/A	191,843	194,740	N/A	158,195	167,825		

Note: The company does not have a factory, so no capacity information. In addition, the output shall be the quantity of the products outsourced or purchased.

(6) Value of sales in the last two years:

Unit: Thousand dosages, thousand injections;Thousand NT\$

Sales amount Main products	Year		Jan. 1 to Dec. 31, 2019				Jan. 1 to Dec. 31, 2020			
	Domestic sales		Export		Domestic sales		Export			
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount		
Cardiovascular medicine	64,340	267,083	1,735	4,478	72,934	308,035	2,385	5,156		
Gastroenterology medicine	88,509	98,470	N/A	N/A	75,751	80,748	N/A	N/A		
Central nervous system medicine	17,794	79,609	N/A	N/A	12,701	30,912	N/A	N/A		
Other medicines	530	4,492	N/A	N/A	0	0	N/A	N/A		
Testing items	2	20,943	N/A	N/A	2	20,898	N/A	N/A		
Total	171,175	470,597	1,735	4,478	161,388	440,593	2,385	5,156		

3. Employees

Year		2019	2020	As of March 31, 2021
No. of employees	Management	14	14	16
	R&D	7	5	5
	Other employees	52	58	53
	Total	73	77	74
Average age		40.62	39.45	39.47
Average service years		7.26	3.6	3.67
Percentage distribution of academic qualifications	Doctor	0%	0%	0%
	Master	28%	35%	35%
	College	45%	44%	45%
	Junior college	24%	19%	19%
	High school	0%	0%	0%
	Below high school	0%	0%	0%

4. Information On Environmental Protection Expenditure

For the most recent year and up to the publication date of the annual report, losses incurred due to pollution of the environment (including compensation and violation of environmental laws and regulations as a result of the environmental protection inspection, the date of disposition, the letter of disposition, the provisions of the laws and regulations, the content of the violation, and the content of the disposition) shall be specified, if it cannot be reasonably estimated, it shall explain the fact that it cannot be reasonably estimated.

Since the establishment of the company on 1 October, 2010 and up to the date of publication of the annual report, the company has no environmental pollution and shall adhere to this belief and maintain the best achievements.

5. Labor Relations

- (1) Set out the company's various employee welfare measures, further education, training, retirement system and its implementation, as well as the agreements between employers and employees and the various measures to safeguard employees' rights and interests.

1. Employee welfare measures and implementation status

In order to strengthen the relationship between the company and its colleagues, encourage their contributions, create more well-being, take care of their lives, and establish a good culture and spirit of the company, we hereby comply with the Regulations on Employee Welfare and the Organization Rules of the Welfare Committee issued by the competent authority. On November 8, 2010, the company approved the establishment of the Employee Welfare Committee with the approval of the Taipei City LZZ No. 09941864100, and the company allocated the welfare funds according to law to the committee to handle various welfare measures. It is described as follows:

- A. Birthday gift: A birthday gift of NT\$1,000 will be paid in the month of the employee's birthday.
- B. Marriage Gift: For employees who have served for three months but less than one year, a gift of NT\$3,600 will be granted; Staff with more than one year of service will receive NT\$6,000 as a gift.
- C. Birth: NT\$3,600 for each birth of a co-worker or spouse who has passed the probation period.
- D. Festival gift: NT\$1,000 for Dragon Boat Festival, mid-autumn Festival and International Workers Day.
- E. Education Grant: divided into scholarships and bursaries. Students from low-income families will be given a scholarship of NT\$1,000 to NT\$4,000 to reward their students' achievement. Students from low-income families will be given a scholarship of NT\$4,000 to NT\$10,000 subsidy in accordance with their level of education.
- F. Hospital Care: NT\$3,000 for those who have been admitted to hospital after passing the probation period; NT\$800 gift for hospital visit.
- G. Disaster Relief: In the event of a disaster, colleagues will be given NT\$5,000 to NT\$30,000 as appropriate.
- H. Condolence:
 - a. Flower baskets with NT\$3,100 and NT\$2,000 as a token of condolence for parents, children, and spouses of the deceased.
 - b. Grandparents, grandparents-in-law, siblings, grandchildren, grandchildren-in-law, great-grandparent and great-grandparent-in-law will be provided with NT\$1,500 or NT\$2,000 flower baskets when they pass away (either one).

- I. Others: Company dinners and year-end dinner of the year: The Welfare Committee organizes various activities from time to time according to budget and needs. And at the end of each year, it is responsible for planning the gifts and dinners for the end of the year.
2. Employee further education and training and their implementation
In order to enhance the professional knowledge and skills of our employees, to effectively accomplish tasks, achieve work goals and motivate their potential as well as enhance their willingness to learn, so as to meet the needs of their self-growth and organizational development, in accordance with the company's Education and Training Management Measures, the implementation of pre-service training, internal and external in-service training and domestic and foreign training and other related training courses.

Implementation status of the year as follows:

Item	No. of classes	No. of trainees	Total no. of hours	Total expense (dollars)
New employee training	13	20	18	0
Professional skills training	11	43	56.5	17,415
Supervisor training	1	3	6	1,323
General Training	5	24	15	4,178
External training	22	22	201.5	94,410
Total	52	112	297	117,326

3. The employee retirement system and its implementation

All employees of the company are covered by the Labor Pensions Ordinance (The new scheme) which came into effect on July 1, 2005, the pension shall be paid by the company at a monthly rate of not less than 6% of the monthly salary and shall be deposited in the employee pension personal account.

(1) Implementation status:

Retirement system	New scheme
Applicable law	Labor Pensions Ordinance
How to appropriate	According to the employee's insurance level, 6% is allocated to the individual account of the Labor Insurance Bureau
Amount of appropriation	Appropriated NT\$4,513 thousand in 2020
Application for retirement	No employee applied for retirement in 2020

(1) Retirement qualifications:

According to Article 24 of the Labor Retirement Ordinance, an employee who has reached the age of 60 and has worked for more than 15 years may claim a monthly pension. However, those who have not completed 15 years of service shall be eligible for a lumpsum pension.

(2) Pension payment and standard

Individual pension account system:

- Monthly pension: the amount of a worker's retirement account and accumulated income calculated on the basis of the average life expectancy and interest rate as defined in the annuity life table.
- One-time pension: the principal and the accumulated income of a lumpsum pension from an individual pension account.

4. Agreements between employers and employees and measures to safeguard employees' rights and interests
Any new or revised measures related to employer-employee relations of the company are finalized after the employer-employee meeting has been fully negotiated and communicated by both parties. In 2020, the company held employer-employee meetings regularly and set up multiple communication channels, including TSH News and TSH On-line and TSH TV to allow the opinions of both employers and employees to be effectively communicated.
5. Code of conduct or ethics for employees
In order to clarify and regulate the rights and obligations of employer and employee, the company has established "work rules" in accordance with the law and publicly disclosed them after approval by the competent authority, so that the company's colleagues can follow the rules of employment, resignation, dismissal, retirement, wages, working hours, rewards and punishments, compensation for disasters, injuries and illnesses, pensions, welfare measures, and safety and health, etc. All have clear regulations, and there is a "Code of Integrity Management" to regulate the process of employees' business conduct. Or indirectly provide, promise, request or accept any improper benefits, or make other dishonest acts that violate integrity, illegality, or breach of fiduciary obligations, in order to obtain or maintain benefits. For the relevant contents of the "Code of Integrity Management," please refer to the company's website <http://www.tshbiopharm.com>
6. Protective measures for the working environment and the personal safety of employees
 - (1) Conduct regular employee health checks every year and the company has a first aid kit for medicines.
 - (2) Drinking water equipment that meets drinking water standards is installed in the workplace, and cleaned and maintained regularly every 1 to 2 months.
 - (3) The workplace environmental sanitation management and cleaning and maintenance committee is regularly implemented by a professional cleaning company in accordance with the company's "cleaning and maintenance schedule" items in accordance with the cleaning operation benchmark book to ensure the quality of the work environment.
 - (4) Formulate "Office Security and Maintenance Measures" to maintain office security.
 - A. Do not place flammable and dangerous articles.
 - B. Colleagues who leave the office at the end of each day after get off work or overtime on holidays, must close doors and windows, air-conditioning and the lighting in front of the gate.
 - C. After get off work or when working overtime on holidays, if there are no other people in the office, please lock the door (ground lock) to prevent theft.

- D. Implement a total ban on smoking indoors and public places in accordance with the provisions of the Tobacco Hazard Control Act.
 - E. Colleagues who borrow keys for parking space and office must return them after use and must not lend the company's prohibited cards and keys to non-company personnel without authorization.
- (5) In order to maintain the working environment and the personal safety of employees, a "Safety and Sanitation Work Code" has been formulated and an occupational safety and health officer has been appointed; the company's "Safety and Sanitation Work Code" should be implemented after approval by the competent authority.
- A. In principle, the actual operator is responsible for the work related to safety and sanitation inspection; and the management, command, and supervision personnel are responsible for supervising it.
 - B. In order to prevent the stacked objects from collapsing or falling, all stacked objects should be tied with ropes, set up piles, limit the height, or change the stacking method.
 - C. Clearly prescribe first aid measures such as general first aid, traumatic bleeding, electric shock, fracture, respiratory arrest, cardiac arrest, etc.
 - D. When a death disaster occurs in a workplace, if more than three people are affected at the same time, and more than one person is affected by the disaster and requires hospitalization, and other disasters designated by the central competent authority, it is necessary to notify the labor inspection agency within eight hours
aside from taking emergency first aid, rescue, etc.
- (6) For enforcement of access control, employees and visitors entering the company are required to pass the swipe sensor verification at the elevator of the park building and the office gate.
- (7) Participate in firefighting seminars and drills organized by the Nangang Software Park Phase II Management Committee every year.
- (8) Adequate fire extinguishers should be installed in the office space.
- (9) All employees of the company are covered by labor insurance, national health insurance, and group insurance separately insured by the company; employees who are assigned by the company on business trips shall be insured by the administration department including travel safety insurance, and increase the insurance coverage according to the situation to protect the safety of employees who are on business trips.
- (10) The Zhongxiao Branch of Taipei United Hospital has an outpatient department outside the hospital in the second phase of Nangang Software Park where the company is located.

- (2) List the losses suffered due to labor disputes in the most recent year and as of the publication date of the annual report, and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, it shall state the fact accordingly.

The company's employer-employee relationship is harmonious. In the most recent year and as of the publication date of the annual report, there was no loss due to labor disputes.

6. Important Contracts

Contractual nature	Related party	Date of contract (beginning~end)	Main content	Restriction clause
Distribution contract	CellMax Taiwan Co. Ltd.	2019/03/01-2029/02/28	Testing product service distribution right	Exclusive authorization in Taiwan
Investment agreement	CellMax Ltd.	From 2019/02/13	Equity investment	According to the contract
Overseas authorization	Innopharmax	From 2019/02/20	Product overseas authorization	Confidentiality clause
Transfer contract	ANXO Biotech	From 2020/08/04	Transfer of drug license rights	According to the contract
Transfer contract	Mycenax Biotech Inc.	2018/01/04-till completion of execution	Transfer of drug license rights	According to the contract
OEM	TTY Biopharm	110/01/01-114/12/31	OEM	Confidentiality clause
OEM	Genovate Biotechnology Co., Ltd.	2020/11/01-113/10/31	Commissioned development	Confidentiality clause
OEM	Genovate Biotechnology Co., Ltd.	2020/01/01-111/12/31	OEM	Confidentiality clause
Validation of commission	PharmaCore Biotech Co., Ltd.	From 2016/08/15 to Completing entrustment	Validation of commission	Confidentiality clause
Service contract	EirGenix, Inc.	From 2016/08/10-2026/08/09	Commissioned development	Confidentiality clause

VI. Financial Overview

1. Concise Balance Sheet And Statement Of Comprehensive Income For The Last Five Years

(1) Concise balance sheet and statement of comprehensive income
Concise balance sheet

Unit: Thousand NT\$

Year Item	Financial information for the last five years (Note 1)					Financial data for the year ending March 31, 2021	
	2016	2017	2018	2019	2020		
Current assets	1,053,086	997,419	895,718	885,884	943,841	N/A	
Real estate, plant, equipment	21,938	19,410	21,585	26,225	25,255	N/A	
Intangible assets	15,694	13,001	10,572	8,239	6,180	N/A	
Other assets	468,405	239,386	279,052	337,213	249,587	N/A	
Non-current assets	8,111	12,487	13,394	6,194	4,517	N/A	
Total assets	1,567,234	1,281,703	1,220,321	1,263,755	1,229,380	N/A	
Current liabilities	Before distribution	116,872	135,082	99,417	138,792	98,618	N/A
	After distribution	235,906	215,718	160,854	207,909	167,735	N/A
Non-Current	0	0	23	0	4,418	N/A	
Total liab	Before distribution	116,872	135,082	99,440	138,792	103,036	N/A
	After distribution	235,906	215,718	160,877	207,909	172,153	N/A
Equity of owner of parent company	1,450,362	1,146,621	1,120,881	1,124,963	1,126,344	N/A	
Equity	383,981	383,981	383,981	383,981	383,981	N/A	
Capital reserve	458,977	458,977	458,977	458,977	458,977	N/A	
Retained surplus	Before distribution	228,249	174,186	151,366	175,256	266,626	N/A
	After distribution	2020,215	93,550	89,929	106,139	197,509	N/A
Other equity	379,155	129,477	126,557	106,749	16,760	N/A	
Treasury stock	0	0	0	0	0	N/A	
Non-controlling equity	0	0	0	0	0	N/A	
Total equity	Before distribution	1,450,362	1,146,621	1,120,881	1,124,963	1,126,344	N/A
	After distribution	1,331,328	1,065,955	1,059,444	1,055,846	1,057,227	N/A

Note 1 : The 2020 earnings distribution proposal has not yet been approved by the shareholders meeting.

Concise statement of comprehensive income

Unit: Thousand NT\$

Year Item	Financial information for the last five years					Financial Information for the year ended March
	2016	2017	2018	2019	2020	
Operating income	492,465	486,277	515,646	507,666	447,862	N/A
Operating gross profit	321,106	317,308	334,386	314,730	285,192	N/A
Operating profit and	30,834	70,922	61,964	56,198	74,304	N/A
Non-operating	127,757	3,220	3,943	47,157	2,928	N/A
Net profit before tax	158,591	74,142	65,907	103,355	77,232	N/A
Continued business unit Net profit for the period	141,203	64,971	57,784	85,327	61,570	N/A
Loss of failed	0	0	0	0	0	N/A
Net profit (loss) for the period	141,203	64,971	57,784	85,327	61,570	N/A
Other comprehensive gains and losses for the period (Net after tax)	27,306	(249,678)	(2,888)	(19,808)	8,928	N/A
Total	168,509	(184,707)	54,896	65,519	70,498	N/A
Net profit to the owner of the parent	168,509	(184,707)	54,896	65,519	70,498	N/A
Net profit attributable to non-controlling	0	0	0	0	0	N/A
The total comprehensive profit	168,509	(184,707)	54,896	65,519	70,498	N/A
Total comprehensive profit and loss	0	0	0	0	0	N/A
Earnings per share	3.67	1.69	1.50	2.22	1.60	N/A

(2) Concise balance sheet and income statement-Taiwan's financial accounting standards

1. Concise balance sheet-Taiwan's financial accounting standards

Unit: Thousand NT\$

Item		Year	Financial data for the last five years				
			2016	2017	2018	2019	2020
Current assets			—	—	—	—	—
Funds and investments			—	—	—	—	—
Fixed assets			—	—	—	—	—
Intangible assets			—	—	—	—	—
Other assets			—	—	—	—	—
Total assets			—	—	—	—	—
Current liabilities	Before distribution		—	—	—	—	—
	After distribution		—	—	—	—	—
Long-term liabilities			—	—	—	—	—
Other liabilities			—	—	—	—	—
Total liabilities	Before distribution		—	—	—	—	—
	After distribution		—	—	—	—	—
Equity			—	—	—	—	—
Capital reserve			—	—	—	—	—
Retained earnings	Before distribution		—	—	—	—	—
	After distribution		—	—	—	—	—
Unrealized gains and losses on financial commodities			—	—	—	—	—
Cumulative conversion adjustment			—	—	—	—	—
Net loss not recognized as pension cost			—	—	—	—	—
Total shareholders' equity	Before distribution		—	—	—	—	—
	After distribution		—	—	—	—	—

Note: The company was established on September 1, 2010

5. Concise Income Statement-Taiwan's Financial Accounting Standards

Unit: Thousand NT\$

Item \ Year	Financial data for the last five years (Note 1)				
	2016	2017	2018	2019	2020
Operating income	—	—	—	—	—
Operating gross profit	—	—	—	—	—
Operating profit & loss	—	—	—	—	—
Non-operating income and benefits	—	—	—	—	—
Non-operating expenses and losses	—	—	—	—	—
Pre-tax profit and loss of continuing business department	—	—	—	—	—
Continued business department profit and loss	—	—	—	—	—
Profit and loss of discontinued unit	—	—	—	—	—
Irregular profit and loss	—	—	—	—	—
Cumulative impact of changes in accounting principles	—	—	—	—	—
Current profit and loss	—	—	—	—	—
Earnings per share (dollars) (before retrospective)	—	—	—	—	—
Earnings per share (dollars)(After retrospective)	—	—	—	—	—

Note: The company was established on September 1, 2010.

(3) The name of the certified public accountant in the last five years and their review opinions

Year	Name of certified public accountant	Review opinion
2016	KPMG: Shin-Chin Chih, and Kuo-Yang Tseng	Unqualified opinion
2017	KPMG: Shin-Chin Chih, and Kuo-Yang Tseng	Unqualified opinion
2018	KPMG: Shin-Chin Chih, and Kuo-Yang Tseng	Unqualified opinion
2019	KPMG: Shin-Chin Chih, and Kuo-Yang Tseng	Unqualified opinion
2020	KPMG: Shin-Chin Chih, and Kuo-Yang Tseng	Unqualified opinion

Note: The company was established on September 1, 2010.

2. Financial Analysis For The Last Five Years

(1) Financial analysis

Year Analysis items (Note 1)		Financial Analysis for the last five years					As of March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure %	Ratio of liabilities to assets	7.46	10.54	8.15	10.98	8.38	N/A
	Ratio of long-term capital to real estate, plant and equipment	6,611.19	5,907.37	5,192.98	4,289.66	4,477.38	N/A
Solvency %	Current ratio	901.06	738.38	900.97	638.28	957.07	N/A
	Quick ratio	865.06	691.22	852.88	576.75	849.58	N/A
	Interest coverage ratio	N/A	N/A	N/A	1,261.43	2,861.44	N/A
Operating capacity	Turnover rate of accounts receivable (times)	3.42	3.29	3.95	4.30	3.91	N/A
	Average cash collection days	107	111	92	85	93	N/A
	Inventory turnover rate (times)	4.16	3.22	3.28	3.63	2.38	N/A
	Turnover of accounts payable (times)	5.15	3.24	3.47	4.94	6.70	N/A
	Average days of sales	88	113	111	101	154	N/A
	Turnover rate of real estate, plant and equipment (times)	21.88	23.52	25.16	21.24	17.40	N/A
	Turnover rate of total assets (times)	0.33	0.34	0.41	0.41	0.36	N/A
Profitability	Return on assets (%)	9.33	4.56	4.62	6.88	4.94	N/A
	Return on equity (%)	10.04	5.00	5.10	7.60	5.47	N/A
	The ratio of net profit before tax to paid-in capital (%)	41.30	19.31	17.16	26.92	20.11	N/A
	Net profit rate (%)	28.67	13.36	11.21	16.81	13.75	N/A
	Earnings per share (dollars)	3.68	1.69	1.50	2.22	1.60	N/A
Cash flow	Cash flow ratio (%)	36.66	60.06	62.98	63.87	11.77	N/A
	Allowable cash flow ratio (%)	96.62	81.61	71.83	77.93	63.02	N/A
	Cash reinvestment ratio (%)	-2.62	-3.31	-1.44	2.13	-4.82	N/A
Leverage	Operating leverage	3.04	1.84	1.94	2.19	1.83	N/A
	Financial leverage	1.00	1.00	1.00	1.00	1.00	N/A

Reasons for changes in various financial ratios during the last two years (20% change in increase or decrease)

- (1) The debt-to-assets ratio of 2020 was affected by the epidemic and some activities were cancelled or postponed, resulting in a reduction in annual costs. The mode of purchase was changed from the mode of purchase of finished goods to the mode of supply by customers. Depending on the payment terms of various manufacturers, the ratio declined at the end of 2020 as the amount of liabilities decreased from the end of 2019.
- (2) Current ratio and quick ratio: Reasons such as (1) are the decrease in the amount of debt. In addition, due to the change in the purchase mode of finished products, the company purchases API by itself, which increases the amount of inventory and increases the related ratio.
- (3) Interest coverage multiple: The reduction in after-tax benefits in the biennium is less than the reduction in interest expenses, resulting in an increase in the ratio.
- (4) Inventory turnover rate and average number of days of sales: Due to the change in the purchase model of finished products, the company switched to purchasing API by itself. The overall inventory amount increased, resulting in a decrease in inventory turnover rate and an increase in the number of sales days.
- (5) Turnover rate of payables: The purchase of finished products is changed to a customer-supplied mode. Depending on the payment terms of each manufacturer, the payables at the end of 2020 have decreased compared with the same period last year, resulting in an increase in the rate.
- (6) Profitability related ratio: Due to the end of the agency of some drugs and the impact of the epidemic in 2020, the implementation of the R&D milestone caused the labor income to be lower than expected, so the net profit for 2020 is lower than the net profit for 2019, and the relevant profitability ratio also decreases simultaneously.
- (7) Cash flow related ratio: As the net profit for 2020 is lower than the net profit for 2019, the related ratio is down.

Note 1 : Calculation formula:

1. Financial structure
 - (1) Liabilities to assets ratio = total liabilities/total assets.
 - (2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities)/net of real estate, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (current assets – inventory - prepaid expenses) / current liabilities.
 - (3) Interest coverage multiple = Net profit before income tax and interest expense/Interest expense in the current period.
3. Operating capability
 - (1) Turnover of accounts receivable (including accounts receivable and notes receivable from business) = net sales/average accounts receivable (including accounts receivable and notes receivable from business) balance.
 - (2) Average number of days for cash collection = 365/ turnover rate of accounts receivable.
 - (3) Inventory turnover rate = cost of goods sold/average inventory value.
 - (4) Accounts Payable (including accounts payable and notes payable for business purposes) turnover = cost of sales/average accounts payable for each period (including accounts payable and notes payable for business purposes) balance.
 - (5) Average sales days=365/inventory turnover rate.
 - (6) Turnover rate of real estate, plant and equipment = net sales/average net real estate, plant and equipment.
 - (7) Turnover rate of total assets = net sales / total average assets.
4. Profitability
 - (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)] / average total assets.
 - (2) Return on equity = after-tax profit and loss/average total equity.
 - (3) Net profit rate = after-tax profit and loss/net sales.
 - (4) Earnings per share = (Profit and loss attributable to owners of the parent company-special stock dividends)/weighted average number of issued shares. (Note 3)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years/the last five years (capital expenditure + inventory increase + cash dividends).
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage:
 - (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 6).
 - (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 2 : The above earnings per share formula should pay special attention to the following when measuring:

1. Based on the weighted average number of common shares, rather than the number of shares outstanding at the end of the year.
2. Where there is cash capital increase or treasury stock trading, should take into account their circulation period, the weighted average number of shares.
3. Where there is a capital increase from surplus or a capital increase from capital reserves, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made based on the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the annual dividend (whether paid or not) shall be deducted from the net profit after tax or increased the net loss after tax. If the special share is non-cumulative, the special share dividend shall be deducted from the net profit after tax in the case of net profit after tax; if it is a loss, it need not be adjusted.

Note 3 : For cash flow analysis, it is necessary to pay special attention to the following when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends for common shares and special shares.
5. Gross real property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 4 : The issuer shall distinguish the operating costs and operating expenses according to their nature into fixed and variable, and where estimates or subjective judgments are involved, care shall be taken that they are reasonable and consistent.

Note 5 : If the company's shares have no denomination or the denomination per share is not NT\$10, the previous calculation of the ratio of paid-in capital will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

(2) Financial Analysis-Taiwan's Financial Accounting Standards

Analysis		Year	Financial Analysis for the last five years				
		2016	2017	2018	2019	2020	
Financial structure	Debt to assets ratio	—	—	—	—	—	
	Ratio of long-term funds to fixed assets	—	—	—	—	—	
Solvency	Current ratio (%)	—	—	—	—	—	
	Quick ratio (%)	—	—	—	—	—	
	Interest coverage multiple	—	—	—	—	—	
Operating capability	Turnover rate of accounts receivable (times)	—	—	—	—	—	
	Average cash collection days	—	—	—	—	—	
	Inventory turnover rate(times)	—	—	—	—	—	
	Accounts payable turnover rate (times)	—	—	—	—	—	
	Average sales days	—	—	—	—	—	
	Turnover rate of fixed assets (times)	—	—	—	—	—	
	Turnover rate of total assets (times)	—	—	—	—	—	
Profitability	Return on assets (%)	—	—	—	—	—	
	Return on equity (%)	—	—	—	—	—	
	Percentage of paid-in capital (%)	Operating profits	—	—	—	—	—
		Net profit before tax	—	—	—	—	—
	Net profit rate (%)	—	—	—	—	—	
	Earnings per share (d o l l a r)	—	—	—	—	—	
Cash flow	Cash flow ratio (%)	—	—	—	—	—	
	Allowable cash flow ratio (%)	—	—	—	—	—	
	Cash reinvestment ratio(%)	—	—	—	—	—	
Leverage	Operating leverage	—	—	—	—	—	
	Financial leverage	—	—	—	—	—	

Please explain the reasons for the changes in various financial ratios in the last two years: Nil

Note 1 : The company was established on September 1, 2010.

Note 2 : Calculation formula:

1. Financial structure

(1) RATIO OF LIABILITIES TO ASSETS = total liabilities/total assets.

(2) Ratio of long-term funds to fixed assets = (net stockholders equity + long-term Liabilities)/net fixed assets.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.

(3) Interest coverage multiple = net profit before income tax and interest expense/interest expense in the current period.

3. Operating capability

(1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales/average accounts receivable for each period (including accounts receivable and notes receivable due to business) balance.

(2) Average number of days for cash collection = 365/ turnover rate of accounts receivable.

(3) Inventory turnover rate = cost of goods sold/average inventory value.

- (4) Accounts payable (including accounts payable and bills payable due to business) turnover rate = cost of goods sold/average of each period (including accounts payable and bills payable due to business) balance.
- (5) Average sales days=365/inventory turnover rate.
- (6) Turnover rate of fixed assets = net sales/net fixed assets.
- (7) Turnover rate of total assets = net sales/total assets.

4. Profitability

- (1) Return on assets = [After-tax profit and loss + interest expense x (1-tax rate)] / average total assets.
- (2) Return on shareholders' equity = after-tax profit and loss/average net shareholders' equity.
- (3) Net profit rate = after-tax profit and loss/net sales.
- (4) Earnings per share = (net profit after tax-special stock dividend)/weighted average number of issued shares.
(Note 3)

5. Cash flow

- (Note 5) (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Net cash flow allowable ratio = net cash flow from operating activities in the most recent five years/the most recent five years (capital expenditure + inventory increase + cash dividends).
- (3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross fixed assets + long-term investment + other assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (net operating income-variable operating costs and expenses) / operating profit (Note 6).
- (2) Financial leverage = operating profit/(operating profit-interest expense).

Note 3 : For above calculation formula of earnings per share, it is necessary to pay attention to the following while measuring:

- 1. Based on the weighted average number of common shares, rather than the number of issued shares at the end of the year.
- 2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated in consideration of the circulation period.
- 3. Where there is a capital increase from surplus or a capital increase from capital reserves, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.
- 4. If the special shares are non-convertible cumulative special shares, the dividend for the current year (regardless of whether it is paid out) shall be deducted from the net profit after tax, or net loss after tax shall be increased. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 4 : For cash flow analysis, it is necessary to pay attention to the following while measuring:

- 1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
- 2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
- 3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be counted as zero.
- 4. Cash dividends include cash dividends for ordinary shares and special shares.
- 5. Gross fixed assets refers to the total fixed assets before deduction of accumulated depreciation.

Note 5 : The issuer should classify the various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

3. Audit Committee Review Report Of The Most Recent Annual Financial Report

TSH Biopharm Corporation, Ltd. Audit Committee's Review Report

The Board of Directors has prepared the year 2020 business report, financial statements, and profit distribution table, Shin-Chin Chih CPA and Kuo-Yang Tzeng CPA of KPMG Taiwan were retained to audit TSH Biopharm Corporation Ltd.'s financial statements and have issued an audit report relating to the financial statements. The aforementioned reports and statements prepared by the Board of Directors has been reviewed by Audit Committee and believed that there is no incompatibility, and thus reported as above in pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Attention to

TSH Biopharm, Shareholders' Meeting 2021

Audit Committee Convener:

Chih-Li Wang

March 10, 2021

- 4. The Most Recent Annual Financial Report, Including The Accountant Review Report, The Biennial Comparative Balance Sheet, The Statement Of Comprehensive Income, The Statement Of Changes In Equity, The Cash Flow Statement, And Any Notes Or Schedules: please refer to pages 134 to 191 for details.**

- 5. Individual Financial Report Of The Company Which Has Been Verified And Certified By An Accountant In The Most Recent Year: Nil**

- 6. If The Company And Its Affiliated Enterprises Have Financial Difficulties In The Most Recent Year And Up To The Publication Date Of The Annual Report, The Impact On The Financial Position Of The Company Shall Be Specified: Nil**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of TSH Biopharm Corporation Ltd.

Opinion

We have audited the financial statements of TSH Biopharm Corporation Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 parent company only financial statements of the current period. 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, and we do not provide a separate opinion on these matters. Key audit matters for the parent company only financial statements in the current period are stated as follow:

1. Valuation of Inventories

Please refer to notes 4(7), 5 and 6(6) of the notes to the parent company only financial statement for

the accounting policies on measuring inventory, assumptions used and uncertainties considered in determining net realizable value, allowances for impairment loss and obsolescence and balances of impairment loss and obsolescence, respectively.

Description of key audit matter:

Inventories are stated at of cost and net realizable value. Due to fierce competition in pharmaceutical industry and the declining prices of health insurance drugs every year, which will affect the sales prices of related products, resulting in a risk that the cost of inventories to exceed its net value. Therefore, inventory evaluation is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our audit procedures for the above key audit matters included assessing the Company's inventory allowance amount based on the nature of the inventories; performing audit to check the correctness of the inventory age report; reviewing the company's past inventory allowances and assessing whether the estimation methods and assumptions are appropriate; observe the inventory count and check the inventory status to assess whether the inventory is expired or damaged; sampling the latest sales prices of inventory and assessing the reasonableness of net realizable value; assessing whether disclosure items for inventory allowances are appropriate.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission 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 (including of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 auditing standards generally accepted 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 auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained 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 auditor's 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 auditor's 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.

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 identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditor's 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.

The engagement partners on the audit resulting in this independent auditor's report are Shin-Chin Chih and Kuo-Yang Tseng.

KPMG
Taipei, Taiwan (Republic of China)
March 10, 2021

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 report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
TSH Biopharm Corporation Ltd.
Balance Sheets
December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (notes 6(1) and (20))	\$ 396,701	32	\$ 224,212	18	2130 Contract liabilities-current (notes 6(17) and (20))	\$ -	-	2,483
1120 Current financial assets at fair value through other comprehensive income (notes 6(3) 、(20) and (13))	62,216	5	149,727	12	2150 Notes payable (note 6(20))	1,469	-	495
1150 Notes receivable, net (notes 6(4) 、(17) 、(20) and 7)	15,577	1	19,637	2				
1170 Accounts receivable, net (notes 6(4) 、(17) and (20))	90,881	8	97,818	8	2160 Notes payable to related parties (notes 6(20) and 7)	-	-	5
1180 Accounts receivable from related parties (notes 6(4) 、(17) 、(20) and 7)	2,421	-	517	-	2170 Accounts payable (note 6(20))	2,835	-	7,859
1200 Other receivables (notes 6(5) 、(20) and 7)	2,981	-	1,378	-	2180 Accounts payable to related parties (notes 6(20) and 7)	3,114	-	32,749
130x Inventories (note 6(6))	77,906	6	59,055	4	2200 Other payables (notes 6(11) 、(20) and 7)	70,118	6	81,238
1476 Other financial assets—current (notes 6(1) 、(10) and (20))	266,751	22	308,660	24	2230 Current income tax liabilities	15,651	1	8,798
1479 Other current assets (notes 6(10) and 7)	28,407	2	24,880	2	2280 Current lease liabilities (notes 6(12) 、(20) 、(23) and 7)	4,365	-	4,216
	943,841	76	885,884	70	2300 Other current liabilities	1,066	-	949
Non-current assets:								
1510 Non-current financial assets at fair value through profit or loss (notes 6(2) 、(20) and (13))	-	-	5,874	1				
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(3) 、(20) and (13))	240,804	20	327,148	26	Non-current liabilities:	98,618	7	138,792
1600 Property, plant and equipment (note 6(7))	25,255	2	26,225	2	Non-current lease liabilities (notes 6(12) 、(20) 、(23) and 7)	4,418	-	-
1755 Right-of-use assets (note 6(8))	8,783	1	4,191	-				
1780 Intangible assets (note 6(9))	6,180	1	8,239	1	Total liabilities	103,036	7	138,792
1840 Deferred income tax assets (note 6(14))	1,256	-	1,773	-	Equity (note 6(15)) :			
1920 Refundable deposits paid (notes 6(10) 、(20) and 7)	2,636	-	3,375	-	Capital stock	383,981	31	383,981
1984 Other non-current financial assets (notes 6(10) and (20))	625	-	1,046	-	Capital surplus	458,977	38	458,977
					Retained earnings :			
					Legal reserve	97,016	8	88,483
					Unappropriated retained earnings	169,610	14	86,773
					Other equity	16,760	2	106,749
					Total equity	1,126,344	93	1,124,963
Total assets	\$ 1,229,380	100	\$ 1,263,755	100	Total liabilities and equity	\$ 1,229,380	100	\$ 1,263,755

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

TSH Biopharm Corporation Ltd.
Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2020		2019	
	AMOUNT	%	AMOUNT	%
4000 Operating revenue (notes 6(17) and 7)	\$ 447,862	100	\$ 507,666	100
5000 Operating costs (notes 6(6) and 7)	162,670	36	192,936	38
Gross profit	285,192	64	314,730	62
6000 Operating expenses (notes 6(4)、(13)、(18)、7 and 12):				
6100 Selling expenses	124,836	28	142,627	28
6200 Administrative expenses	57,474	13	63,119	13
6300 Research and development expenses	28,681	6	52,781	10
6450 Expected credit loss (gain)	(103)	-	5	-
	210,888	47	258,532	51
Operating income	74,304	17	56,198	11
Non-operating income and expenses (notes 6(12)、(19) and 7):				
7100 Interest income	2,238	-	2,843	-
7010 Other income	57	-	60	-
7020 Other gains and losses	660	-	44,336	9
7050 Finance costs	(27)	-	(82)	-
	2,928	-	47,157	9
Profit before tax	77,232	17	103,355	20
7950 Income tax expense (note 6(14))	(15,662)	(3)	(18,028)	(3)
Profit for the year	\$ 61,570	14	\$ 85,327	17
8300 Other comprehensive income				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8316 Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	8,928	2	(19,808)	(4)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	8,928	2	(19,808)	(4)
8300 Other comprehensive income	8,928	2	(19,808)	(4)
Total comprehensive income	\$ 70,498	16	\$ 65,519	13
Earnings per share (note 6(16))				
9750 Basic earnings per share	\$ 1.60		\$ 2.22	
9850 Diluted earnings per share	\$ 1.60		\$ 2.22	

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

TSH Biopharm Corporation Ltd.
Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
 (Expressed in Thousands of New Taiwan Dollars)

	Retained earnings			Other equity interest		Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance as of January 1, 2019	\$ 383,981	\$ 458,977	\$ 82,705	\$ 68,661	\$ 126,557	\$ 1,120,881
Net income for the year	-	-	-	85,327	-	85,327
Other comprehensive income for the year	-	-	-	-	(19,808)	(19,808)
Total comprehensive income for the year	-	-	-	85,327	(19,808)	65,519
Appropriation and distribution of retained earnings:						
Appropriation for legal reserve	-	-	5,778	(5,778)	-	-
Cash dividends of ordinary share distributed	-	-	-	(61,437)	-	(61,437)
Balance as of December 31, 2019	383,981	458,977	88,483	86,773	106,749	1,124,963
Net income for the year	-	-	-	61,570	-	61,570
Other comprehensive income for the year	-	-	-	-	8,928	8,928
Total comprehensive income for the year	-	-	-	61,570	8,928	70,498
Appropriation and distribution of retained earnings:						
Appropriation for legal reserve	-	-	8,533	(8,533)	-	-
Cash dividends of ordinary share distributed	-	-	-	(69,117)	-	(69,117)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	98,917	(98,917)	-
Balance as of December 31, 2020	\$ 383,981	\$ 458,977	\$ 97,016	\$ 169,610	\$ 16,760	\$ 1,126,344

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

TSH Biopharm Corporation Ltd.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Profit before tax	\$ 77,232	\$ 103,355
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	7,127	7,138
Amortization	2,522	2,474
Expected credit (gain) loss	(103)	5
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	1,558	(378)
Interest expense	27	82
Interest income	(2,238)	(2,843)
Dividend income	(6,420)	(6,315)
Loss on disposal of property, plant and equipment	-	8
Impairment loss from non – financial assets	4,583	-
Gain on lease modification	-	(2)
Total adjustment to reconcile profit (loss)	<u>7,056</u>	<u>169</u>
Changes in operating assets and liabilities:		
Decrease in notes receivable	4,060	252
Decrease (increase) in accounts receivable (including related parties)	5,136	(2,305)
Increase in other receivables	(1,603)	(113)
Increase in inventories	(18,851)	(11,680)
Increase in other current assets	(8,110)	(23,574)
(Decrease) increase in contract liabilities	(2,483)	494
Increase (decrease) in notes payable (including related parties)	969	(864)
(Decrease) increase in accounts payable (including related parties)	(34,659)	5,030
(Decrease) increase in other payables	(11,171)	24,233
Increase in other current liabilities	117	210
Total changes in operating assets and liabilities	<u>(66,595)</u>	<u>(8,317)</u>
Total adjustments	<u>(59,539)</u>	<u>(8,148)</u>
Cash flows from operations	17,693	95,207
Interest received	2,238	3,379
Interest paid	(27)	(82)
Income tax paid	(8,293)	(9,856)
Net cash flows from operating activities	<u>11,611</u>	<u>88,648</u>

(Continued)

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

TSH Biopharm Corporation Ltd.
Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 90,567)
Proceeds from disposal of financial assets at fair value through other comprehensive income	182,784	-
Proceeds from disposal of financial assets at fair value through profit or loss	4,316	(-)
Acquisition of property, plant and equipment	(1,916)	(2,997)
Decrease in guarantee deposits paid	739	1,124
Acquisition of intangible assets	(463)	(141)
Decrease in other financial assets - current	41,909	71,268
Decrease in other financial assets - non-current	421	-
Dividends received	6,420	6,315
Net cash flows from (used in) investing activities	<u>234,210</u>	<u>(14,998)</u>
Cash flows used in financing activities:		
Payments of lease liabilities	(4,215)	(4,371)
Cash dividends paid	(69,117)	(61,437)
Net cash flows used in financing activities	<u>(73,332)</u>	<u>(65,808)</u>
Net increase in cash and cash equivalents	172,489	7,842
Cash and cash equivalents at beginning of year	224,212	216,370
Cash and cash equivalents at end of year	<u>\$ 396,701</u>	<u>\$ 224,212</u>

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

TSH BIOPHARM CORPORATION LTD.

Notes to the Parent Company Only Financial Statements

December 31, 2020 and 2019

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

1. History and organization

TSH Biopharm Corporation Ltd. (the “Company”) was incorporated on September 21, 2010. The Company's registered office address is 3F-1, No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.). The shares of the Company have been listed on the Taipei Exchange (“TPEX”) since April 2012. The main activity of the Company is in sale of a variety of pharmaceuticals, chemical drugs and engaged in biotechnology services.

2. Approval date and procedures of the financial statements

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 10, 2021.

3. Application of new standards, amendments and interpretations

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

The Company believes that the adoption of the following IFRSs would not have any material impact on its parent-company-only financial statements.

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16, “Covid-19-related rent concessions”

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

The Company assesses that the adoption of the following standards would not have any material impact on its parent-company-only financial statements.

- Amendments to IFRS 4, “Extension of the temporary exemption from applying IFRS 9”
- Amendments to IFRS 9, IAS39 , IFRS7 , IFRS4 and IFRS16 “Interest Rate Benchmark Reform- Phase 2”

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

As of the date, the following IFRSs have been issued by IASB, but have yet to be endorsed by the FSC:

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

New Standards and Amendments	Main revised content	Effective Date by International Accounting Standards Board
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendment stipulates that the costs incurred in fulfilling the contract should include the following costs directly related to the contract: 1. The incremental cost of fulfilling the contract, such as direct labor and raw materials; and 2. The apportionment of other costs directly related to the performance of the contract—such as the apportionment of the depreciation expenses of the real property, plant and equipment items used in the performance of the contract, etc.	January 1, 2022

The Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes the evaluation.

The Company believes that the adoption of the following IFRS would not have any material impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these parent company only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(1) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

A. Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income are measured at fair value.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand unless otherwise stated.

(3) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- A. an investment in equity securities designated as at fair value through other comprehensive income;
- B. a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- C. qualifying cash flow hedges to the extent that the hedges are effective.

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

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

(5) Cash and cash equivalents

Cash comprise cash and cash in bank. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(6) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(A) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(B) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(C) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(D) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(E) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

Company considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features)

(F) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment, as well as forward looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company' s procedures for recovery of amounts due.

(G) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instrument

(A) Classification of debt or equity

Debt and or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(B) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(C) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(D) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings and structures	14 ~20 years
(b) Machinery and equipment	3 ~ 10 years
(c) Furniture and fixtures	3 ~ 10 years
(d) Other equipment	3 ~ 10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(9) Leases

A. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

- (A) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (B) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (C) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (A) fixed payments, including in-substance fixed payments;
- (B) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (C) amounts expected to be paid under a residual value guarantee; and
- (D) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

- (A) there is a change in future lease payments arising from the change in an index or rate; or
- (B) there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee; or
- (C) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (D) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or
- (E) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, transportation equipment, furniture and fixtures equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. As a lessee

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(10) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company including patents, computer software and drug permit licenses and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

(A) Patents and drug permit licenses	3~10 years
(B) Computer software cost	3~10 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

A. Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Testing revenue

The company provides blood tests and other related services. This service is priced separately. When the service is provided according to the contract and has the right to collect the consideration unconditionally, the Company recognized revenue and accounts receivable.

C. Services revenue

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company.

The Company provides consulting and related management services to its customers. Revenue from providing services is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided. The proportion of services provided is determined based on the rendered services to date as a proportion of the total estimated rendered services of the transaction.

(13) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are provided by employees.

B. Defined benefit plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(14) Income taxes

Income taxes include both current taxes and deferred taxes. Except for items related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable profits (losses) for the year calculated using the statutory tax rate on the reporting date, tax payables that are calculated based on the part of the prior-year's earnings that have been decided during the shareholders' meeting in the current year which have not been distributed to the shareholders using the statutory tax rate, as well as and the tax adjustments related to prior years.

Deferred taxes will be recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial purposes and their tax base, and will not be recognized for:

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

- A. temporary differences on the initial recognized of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or losses;
- B. temporary differences related the investments in subsidiaries, associates and joint arrangement to the extent that the Company is able to control the timing of the reverse of the temporary differences and its probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which is the tax rate that had been enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (A) the same taxable entity; or
 - (B) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(15) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

(16) Operating segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets,

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows: None

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. Please refer to note 6(6) for further description of the valuation of inventories.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Petty cash	\$ 230	\$ 386
Cash in banks	396,471	214,817
Time deposits	-	9,009
	<u>\$ 396,701</u>	<u>\$ 224,212</u>

A. The above cash and cash equivalents were not pledged as collateral.

B. Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets-current. As of December 31, 2020 and 2019, the amount of time deposits were \$266,751 and \$308,660, respectively.

C. Please refer to note 6(20) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets designated at fair value through profit or loss :		
Non-current		
Domestic index fund – preferred stock	<u>\$ -</u>	<u>\$ 5,874</u>

A. Please refer to note 6(19) for the gains (losses) on financial assets at fair value through profit or loss.

B. Please refer to note 6(20) for credit and market risk information.

C. The above financial assets were not pledged as collateral.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

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

Items	December 31, 2020	December 31, 2019
Equity instruments at fair value through other comprehensive income :		
Current		
Listed common stock		
Domestic Company - Lumosa Therapeutics Co., Ltd.	\$ 62,216	\$ 144,446
Domestic Company - Cathay Financial Holdings	-	5,281
Non - current		
Listed common stock		
Domestic Company - Handa Pharmaceuticals, Inc.	-	78,278
Domestic Company - Chuang Yi Biotech Co., Ltd.	14,563	3,009
Domestic Company - Fubon Financial Holdings	-	13,920
Listed preferred stock		
Domestic Company - Fubon Financial Holdings	156,250	160,750
Domestic Company - Union Bank Of Taiwan	20,720	21,920
Unlisted preferred stock		
Foreign Company - CellMax Ltd.	49,271	49,271
	<u>\$ 303,020</u>	<u>\$ 476,875</u>

A. Equity instruments at fair value through other comprehensive income

The Company holds such equity investments as long-term strategic investment that is not held for trading purposes; thus, they are designated as equity investment measured at fair value through other comprehensive income.

The Company sold some financial assets at fair value through other comprehensive income for the year ended December 31, 2020. The shares sold had a fair value of \$182,784 and the Company realized a gain of \$98,917, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

No strategic investments were disposed and there were no transfers of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2019.

B. The Company acquired the common stock of other related party – Chuang Yi Biotech Co., Ltd., for the year ended December 31, 2019, including 178,808 new issued ordinary shares were acquired at NTD 25 per share in December 2019.

C. Please refer to note 6(20) for credit and market risk information.

D. The above financial assets were not pledged as collateral.

(4) Notes receivable and accounts receivable (including related parties)

	December 31, 2020	December 31, 2019
Notes receivable	\$ 15,577	\$ 19,637
Accounts receivable-measured at amortized cost	94,403	99,539
Less: Allowance for expected credit losses	(1,101)	(1,204)
	<u>\$ 108,879</u>	<u>\$ 117,972</u>

The Company applies the simplified approach to provide for its expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

and the days past due, as well as forward looking information. The loss allowance provision was determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 109,312	1%	\$ 1,093
Past due 1~60 days	612	1%	6
Past due 61~120 days	24	1%	-
Past due 121~180 days	31	2%	1
Past due 181~365 days	-	2%	-
Past due more than 365 days	1	100%	1
	\$ 109,980		\$ 1,101

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 117,267	1%	\$ 1,174
Past due 1~60 days	1,896	1%	19
Past due 61~120 days	1	1%	-
Past due 121~180 days	1	2%	-
Past due 181~365 days	-	2%	-
Past due more than 365 days	11	100%	11
	\$ 119,176		\$ 1,204

The movement in the allowance for notes and accounts receivable was as follows:

	For the years ended December 31,	
	2020	2019
Balance on January 1	\$ 1,204	\$ 1,199
Impairment losses recognized	-	5
Impairment losses reversed	(103)	-
Balance on December 31	\$ 1,101	\$ 1,204

As of December 31, 2020 and 2019, the accounts receivable and notes receivable for the Company were not pledged as collateral.

(5) Other receivables

	December 31, 2020	December 31, 2019
Other receivables - Tax receivables	\$ 700	\$ 754
Other receivables - Interest receivables	561	534
Others	1,720	90
Less: Allowance for expected credit losses	-	-
	\$ 2,981	\$ 1,378

A. On February 14, 2020, Belviq was considered to have a higher risk of getting cancer, according to the result of a clinical trial conducted by the US Food and Drug Administration (hereinafter FDA). Therefore, the US FDA requested that Eisai Taiwan Inc., the owner of Belviq drug permit license voluntarily withdraw the drug from the U.S. market. Taiwan FDA also requested the Company to cease the sales of Belviq drug on June 16, 2020.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

According to the terms of the contract signed by the Company and Belviq supplier, Chuangyi Biotech Co., Ltd., the Company have the right to return the goods due to the abovementioned events, and the amount can reliably measure. Other receivables arising from the returned goods have been collected on September 25, 2020.

B. For further credit risk information, please refer to note 6(20).

(6) Inventories

	December 31, 2020	December 31, 2019
Merchandise	\$ 38,325	\$ 61,481
Raw materials and supplies - drug	41,234	-
- testing materials	869	592
Less: Allowance for inventory market decline and obsolescence	(2,522)	(3,018)
	\$ 77,906	\$ 59,055

The cost of inventories recognized as operating cost for the years ended December 31, 2020 and 2019 amounted to \$162,670 and \$192,936, respectively. The cost of inventory for the year ended December 31, 2020 included the amount of \$496, resulting from the sale of goods or an increase of net realizable value. The cost for the year ended December 31, 2019 included the amount of \$2,672, which the company wrote down from cost to net realizable value.

As of December 31, 2020 and 2019, the aforesaid inventories were not pledge as collateral.

(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019, were as follows:

	Land	Building and construction	Machinery equipment	Office equipment	Other equipment	Total
Cost						
Balance on January 1, 2020	\$ 5,846	\$ 13,843	\$ 10,538	\$ 3,858	\$ 6,974	\$ 41,059
Additions	-	95	501	1,370	-	1,966
Disposals	-	-	(1,131)	-	-	(1,131)
Balance on December 31, 2020	\$ 5,846	\$ 13,938	\$ 9,908	\$ 5,228	\$ 6,974	\$ 41,894
Balance on January 1, 2019	\$ 5,846	\$ 7,145	\$ 11,519	\$ 3,510	\$ 6,974	\$ 34,994
Additions	-	2,307	274	416	-	2,997
Disposals	-	-	(1,255)	(68)	-	(1,323)
Reclassifications	-	4,391	-	-	-	4,391
Balance on December 31, 2019	\$ 5,846	\$ 13,843	\$ 10,538	\$ 3,858	\$ 6,974	\$ 41,059
Accumulated depreciation:						
Balance on January 1, 2020	\$ -	\$ 2,242	\$ 5,488	\$ 2,407	\$ 4,697	\$ 14,834
Depreciation for the year	-	837	909	506	684	2,936
Disposals	-	-	(1,131)	-	-	(1,131)
Balance on December 31, 2020	\$ -	\$ 3,079	\$ 5,266	\$ 2,913	\$ 5,381	\$ 16,639

	Land	Building and construction	Machinery equipment	Office equipment	Other equipment	Total
Balance on January 1, 2019	\$ -	\$ 1,845	\$ 5,486	\$ 2,083	\$ 3,995	\$ 13,409

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

Depreciation for the year	-	397	1,257	384	702	2,740
Disposals	-	-	(1,255)	(60)	-	(1,315)
Balance on December 31, 2019	<u>\$ -</u>	<u>\$ 2,242</u>	<u>\$ 5,488</u>	<u>\$ 2,407</u>	<u>\$ 4,697</u>	<u>\$ 14,834</u>
Carrying amounts:						
Balance on December 31, 2020	<u>\$ 5,846</u>	<u>\$ 10,859</u>	<u>\$ 4,642</u>	<u>\$ 2,315</u>	<u>\$ 1,593</u>	<u>\$ 25,255</u>
Balance on January 1, 2019	<u>\$ 5,846</u>	<u>\$ 5,300</u>	<u>\$ 6,033</u>	<u>\$ 1,427</u>	<u>\$ 2,979</u>	<u>\$ 21,585</u>
Balance on December 31, 2019	<u>\$ 5,846</u>	<u>\$ 11,601</u>	<u>\$ 5,050</u>	<u>\$ 1,451</u>	<u>\$ 2,277</u>	<u>\$ 26,225</u>

As of December 31, 2020 and 2019, the property, plant and equipment were not pledged as collateral.

(8) Right-of-use assets

The movements in the cost and depreciation of the leased buildings and transportation equipment were as follows:

	<u>Building and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Costs:			
Balance on January 1, 2020	\$ 8,218	\$ 183	\$ 8,401
Additions	8,783	-	8,783
Reductions	(8,218)	(183)	(8,401)
Balance on December 31, 2020	<u>\$ 8,783</u>	<u>\$ -</u>	<u>\$ 8,783</u>
Balance on January 1, 2019	\$ 8,218	\$ 819	\$ 9,037
Additions	-	183	183
Reductions	-	(819)	(819)
Balance on December 31, 2019	<u>\$ 8,218</u>	<u>\$ 183</u>	<u>\$ 8,401</u>
Accumulated depreciation:			
Balance on January 1, 2020	\$ 4,109	\$ 101	\$ 4,210
Depreciation for the year	4,109	82	4,191
Other reductions	(8,218)	(183)	(8,401)
Balance on December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance on January 1, 2019	\$ -	\$ -	\$ -
Depreciation for the year	4,109	289	4,398
Reductions	-	(188)	(188)
Balance on December 31, 2019	<u>\$ 4,109</u>	<u>\$ 101</u>	<u>\$ 4,210</u>
Carrying amounts :			
Balance on December 31, 2020	<u>\$ 8,783</u>	<u>\$ -</u>	<u>\$ 8,783</u>
Balance on December 31, 2019	<u>\$ 4,109</u>	<u>\$ 82</u>	<u>\$ 4,191</u>
Balance on January 1, 2019	<u>\$ 8,218</u>	<u>\$ 819</u>	<u>\$ 9,037</u>

(9) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2020 and 2019, were as follows:

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

	Computer software	Patent and drug permit license	Total
Costs:			
Balance on January 1, 2020	\$ 233	\$ 42,191	\$ 42,424
Additions	463	-	463
Balance on December 31,2020	\$ 696	\$ 42,191	\$ 42,887
Balance on January 1, 2019	\$ 288	\$ 42,191	\$ 42,479
Additions	141	-	141
Reclassifications	(196)	-	(196)
Balance on December 31,2019	\$ 233	\$ 42,191	\$ 42,424
Accumulated amortization and impairment loss:			
Balance on January 1, 2020	\$ 50	\$ 34,135	\$ 34,185
Amortization for the year	105	2,417	2,522
Balance on December 31,2020	\$ 155	\$ 36,552	\$ 36,707
Balance on January 1, 2019	\$ 189	\$ 31,718	\$ 31,907
Amortization for the year	57	2,417	2,474
Disposals	(196)	-	(196)
Balance on December 31,2019	\$ 50	\$ 34,135	\$ 34,185
Carrying amounts :			
Balance on December 31, 2020	\$ 541	\$ 5,639	\$ 6,180
Balance on January 1, 2019	\$ 99	\$ 10,473	\$ 10,572
Balance on December 31, 2019	\$ 183	\$ 8,056	\$ 8,239

A. Amortization expenses

Amortization expenses for intangible assets for the years ended December 31, 2020 and 2019 were recognized in the statement of comprehensive income, were as follows:

	For the years ended December 31	
	2020	2019
Operating expenses	\$ 2,522	\$ 2,474

B. Collateral

As of December 31, 2020 and 2019, the aforementioned intangible assets were not pledged as collateral.

(10) Other current assets and other non-current assets

	December 31, 2020	December 31, 2019
Other current financial assets	\$ 266,751	\$ 308,660
Other non-current financial assets	625	1,046
Other current assets	28,407	24,880
Refundable deposits	2,636	3,375
	\$ 298,419	\$ 337,961

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

- A. Other current financial assets were time deposits which did not meet the definition of cash equivalents. For further credit and market risk information, please refer to note 6(20).
- B. Major of other current assets were prepayments. As the testing business was not as expected, the Company took the future cash flow and recoverable amount into account, and recognized an impairment loss amounting to \$4,583 for the year ended December 31, 2020.

(11) Other payables

The nature of other payables was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries	\$ 22,297	\$ 30,419
Research expenses	25,033	26,894
Commission	1,465	1,869
Others	21,323	22,056
	<u>\$ 70,118</u>	<u>\$ 81,238</u>

(12) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current	\$ 4,365	\$ 4,216
Non-current	\$ 4,418	-

For the maturity analysis, please refer to note 6(20).

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ 27	\$ 82
Variable lease payments not included in the measurement of lease liabilities	\$ 300	\$ 207
Expenses relating to short-term leases	\$ 41	\$ 206
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 172	\$ 154

The amounts recognized in the statement of cash flows for the Company were as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ 4,755	\$ 5,020

A. Real estate leases

On January 1 and July 1, 2019, the Company leased buildings for its office and plant. The leases of office and plant typically run for a period of 2 years and 13.5 years, respectively. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease payment of the plant contract is calculated on basis of the purchase quantity of the plant leased by the Company during the lease period. It is a variable lease payment that is not included in the measurement of the lease liability. Therefore, the Company will pay the relevant lease payment during the lease period to recognize the expense.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

B. Other leases

The Company leases transportation equipment, with lease term of 1.5 years.

In addition, the Company leases some of transportation equipment and office equipment, with lease terms of 1 to 5 years, these leases are leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(13) Employee benefits

Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	2019
Selling expenses	\$ 2,970	\$ 2,374
Administrative expenses	1,223	709
Research and development expenses	320	382
	\$ 4,513	\$ 3,465

(14) Income taxes

A. Income tax expense

The components of income tax in the years 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	2019
Current income tax expense		
Current period	\$ 15,786	\$ 15,898
Adjustment for prior periods	(641)	14
	15,145	15,912
Deferred income tax expense		
Origination and reversal of temporary differences	517	2,116
Income tax expenses	\$ 15,662	\$ 18,028

There was no income tax recognized directly in equity and other comprehensive income for 2020 and 2019.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	For the years ended December 31	
	2020	2019
Profit before income tax	\$ 77,232	\$ 103,355
Income tax using the Company's domestic tax rate	\$ 15,446	\$ 20,671
Tax-exempt income	(1,284)	(1,209)
Tax incentives	(1,032)	(3,142)
Change in provision in prior periods	(641)	14
Surtax on unappropriated retained earnings	384	-
Income basic tax	467	-
Others	2,322	1,694
	\$ 15,662	\$ 18,028

B. Deferred tax assets

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Impairment loss	Loss from inventory devaluation	Others	Total
Deferred tax assets:				
Balance on January 1, 2020	(\$ 706)	(\$ 604)	(\$ 463)	(\$ 1,773)
Recognized in profit or loss	212	99	206	517
Balance on December 31, 2020	(\$ 494)	(\$ 505)	(\$ 257)	(\$ 1,256)
Balance on January 1, 2019	(\$ 919)	(\$ 69)	(\$ 2,924)	(\$ 3,912)
Recognized in profit or loss	213	(535)	2,461	2,139
Balance on December 31, 2019	(\$ 706)	(\$ 604)	(\$ 463)	(\$ 1,773)

C. Deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2020 and 2019 were as follows:

	Impairment loss	Loss from inventory devaluation	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2019	\$ -	\$ -	\$ 23	\$ 23
Recognized in profit or loss	-	-	(23)	(23)
Balance on December 31, 2019	\$ -	\$ -	\$ -	\$ -

D. Assessment of tax

The Company's tax returns for the years through 2018 were assessed by the Taipei National Tax Administration.

(15) Capital and other equity

As of December 31, 2020 and 2019, the authorized capital of the Company amounted to \$1,000,000 and \$5,000,000, with par value of \$10 per share, which consisting of 100,000 thousand shares and 50,000 thousand shares of ordinary stock, respectively. The paid-in capital was

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

\$383,981 which consisting of 38,398 thousand shares. All proceeds from shares issued have been collected.

A. Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019 were as following:

	December 31, 2020	December 31, 2019
Share Capital	\$ 458,977	\$ 458,977

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

B. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the proposal by the Board of Directors and submitted to the stockholders' meeting for approval.

To enhance the Company's financial structure and maintain investors' equity, the Company adopts a stable dividends policy in which earnings distribution cannot be less than 50% of distributable earnings, and cash dividends payment has to be 50% of the distribution.

(A) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(B) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on May 29, 2020 and June 18, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31,			
	2019		2018	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.80	\$ 69,117	\$ 1.60	\$ 61.437

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

C. Other equity interests

	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance on January 1, 2020	\$ 106,749
Unrealized gains on financial assets measured at fair value through other comprehensive income	8,928
Disposal of equity instruments measured at fair value through other comprehensive income	(98,917)
Balance on December 31, 2020	\$ 16,760
Balance on January 1, 2019	\$ 126,557
Unrealized losses on financial assets measured at fair value through other comprehensive income	(19,808)
Balance on December 31, 2019	\$ 106,749

(16) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	For the years ended December 31,	
	2020	2019
Basic earnings per share		
Net income attributable to ordinary shareholders	\$ 61,570	\$ 85,327
Weighted-average number of ordinary shares	38,398	38,398
	\$ 1.60	\$ 2.22
Diluted earnings per share		
Net income attributable to ordinary shareholders (after adjustment of dilutive potential ordinary shares)	\$ 61,570	\$ 85,327
Weighted-average number of ordinary shares	38,398	38,398
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	32	32
Weighted-average number of ordinary shares (after adjustment of dilutive potential ordinary shares)	38,430	38,430
	\$ 1.60	\$ 2.22

(17) Revenue from contracts with customers

A. Disaggregation of revenue

	For the years ended December 31,	
	2020	2019
Major products/service lines:		
Pharmaceuticals	\$ 424,851	\$ 454,132
Test	20,898	20,943
Services	2,113	32,591
	\$ 447,862	\$ 507,666

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

B. Contract balances

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Notes receivable	\$ 15,577	\$ 19,637	\$ 19,889
Accounts receivable (included related parties)	94,403	99,539	97,234
Less: Allowance for expected credit losses	(1,101)	(1,204)	(1,199
Total	<u>\$ 108,879</u>	<u>\$ 117,972</u>	<u>\$ 115,924</u>
Contract liabilities	<u>\$ -</u>	<u>\$ 2,483</u>	<u>\$ 1,989</u>

For details on notes receivable, accounts receivable and allowance for expected credit losses, please refer to note 6 (4)

The amounts of revenue recognized for the years ended December 31, 2020 and 2019 that were included in the contract liability balance at the beginning of the period were \$2,483 and \$1,989, respectively.

Contract liabilities are mainly caused by receipts in advance due to sales contracts. Revenue will be recognized when the products are delivered to customers.

(18) Remuneration to employees and directors

According to the Company's articles of incorporation, the Company should contribute 2% to 8% of annual profits as employee compensation and no more than 2% of annual profits as directors' remuneration when there is profit for the year. Directors' remuneration can only be settled in the form of cash. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of employee compensation and directors' remuneration is reported to shareholders' meeting. The recipients of employee compensation may include the employees of the Company's affiliated companies who meet certain conditions.

For the year ended December 31, 2020 and 2019, the Company estimated its employee compensation amounting to \$1,609 and \$1,609 and directors' remuneration amounting to \$2,153 and \$2,153, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These compensation and remunerations recognized as operating expenses during 2020 and 2019. There was no difference between the amount of employees' and directors' remuneration resolved at the Board of Directors meeting and the amount stated in the parent company only financial statements for 2020 and 2019. Related information is available on the Market Observation Post System website.

(19) Non-operating income and expenses

A. Interest income

The details of interest income for the years ended December 31, 2020 and 2019 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	<u>\$ 2,238</u>	<u>\$ 2,843</u>

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

B. Other income

The details of other income for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Rent income	\$ 57	\$ 60

C. Other gains and losses

The details of other gains and losses for the years ended December 31, 2020 and 2019 were as follows:

	For the year ended December 31,	
	2020	2019
Foreign exchange gains (losses)	\$ 406	(\$ 1,748)
Dividend income	6,420	6,315
Losses on disposals of property, plant and equipment	-	(8)
Losses (gains) on financial assets at fair value through profit or loss	(1,558)	378
Impairment loss	(4,583)	-
Others	(25)	39,399
	\$ 660	\$ 44,336

D. Finance costs

The details of finance costs for the years ended December 31, 2020 and 2019 were as follows:

	For the year ended December 31,	
	2020	2019
Other finance costs - Interest expenses	\$ 27	\$ 82

(20) Financial instruments

A. Credit risk

(A) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(B) Concentration of credit risk

The Company's concentration of credit risk on the top one customer accounted for 16% and 12% of the total receivables as of December 31, 2020 and 2019, respectively. The concentration of credit risk accounted for 19% and 11% from the other top 10 customers of the Company of total receivables, respectively.

(C) Credit risk of accounts receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6 (4).

Other financial assets at amortized cost includes other receivables and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (6). There were no recognition and reversal of impairment losses for the years ended December 31,

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

2020 and 2019. The balance as of December 31, 2020 and 2019 are both zero.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>2~3 years</u>	<u>4~5 years</u>
December 31, 2020					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 7,418	\$ 7,418	\$ 7,418	\$ -	\$ -
Other payables	70,118	70,118	70,118	-	-
Lease liabilities	8,783	8,892	4,446	4,446	-
	<u>\$ 86,319</u>	<u>\$ 86,428</u>	<u>\$ 81,982</u>	<u>\$ 4,446</u>	<u>\$ -</u>
December 31, 2019					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 41,108	\$ 41,108	\$ 41,108	\$ -	\$ -
Other payables	81,238	81,238	81,238	-	-
Lease liabilities	4,216	4,242	4,242	-	-
	<u>\$ 126,562</u>	<u>\$ 126,588</u>	<u>\$ 126,588</u>	<u>\$ -</u>	<u>\$ -</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(A) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	<u>December 31, 2020</u>			<u>December 31, 2019</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD	\$ 251	28.48	\$ 7,135	\$ 371	30.03	\$ 11,153
CNY	2,247	4.377	9,788	2,200	4.330	9,527
EUR	104	35.02	4,061	1,187	33.79	40,092

(B) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents that is denominated in foreign currency. A strengthening (weakening) 1% of the TWD against the USD, CNY, and EUR as of December 31, 2020 and 2019 would have increased (decreased) the net profit after tax by \$168 and \$608, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

(C) Foreign exchange gain and loss on monetary items

Information on the foreign exchange gains or losses, including these realized and unrealized by significant foreign currency, were as follows:

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

	For the years ended December 31,			
	2020		2019	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
USD	(458)	-	(402)	-
CNY	109	-	(40)	-
EUR	755	-	(1,303)	-
GBP	-	-	(3)	-

D. Interest rate analysis: None

E. Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

	For the years ended December 31,			
	2020		2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 10%	<u>\$ 30,302</u>	<u>\$ -</u>	<u>\$ 47,688</u>	<u>\$ 470</u>
Decreasing 10%	<u>(\$ 30,302)</u>	<u>\$ -</u>	<u>(\$ 47,688)</u>	<u>(\$ 470)</u>

F. Fair value of financial instruments

(A) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 176,970	\$ 176,970	\$ -	\$ -	\$ 176,970
Domestic OTC stocks	62,216	62,216	-	-	62,216
Domestic emerging stocks	14,563	-	-	14,563	14,563
Foreign unlisted stocks	49,271	-	-	49,271	49,271
Subtotal	<u>303,020</u>	<u>239,186</u>	<u>-</u>	<u>63,834</u>	<u>303,020</u>

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

December 31, 2020					
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 396,701	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable (including related parties)	108,879	-	-	-	-
Other receivables	2,981	-	-	-	-
Other financial assets	267,376	-	-	-	-
Refundable deposits	2,636	-	-	-	-
Subtotal	<u>778,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,081,593</u>	<u>\$ 239,186</u>	<u>\$ -</u>	<u>\$ 63,834</u>	<u>\$ 303,020</u>
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 7,418	\$ -	\$ -	\$ -	\$ -
Other payables	70,118	-	-	-	-
Lease liabilities	8,783	-	-	-	-
Subtotal	<u>86,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 86,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2019					
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
	\$ 5,874	\$ 5,874	\$ -	\$ -	\$ 5,874
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 201,871	\$ 201,871	\$ -	\$ -	\$ 201,871
Domestic OTC stocks	144,446	144,446	-	-	144,446
Domestic emerging stocks	81,287	78,278	-	3,009	81,287
Foreign unlisted stocks	49,271	-	-	49,271	49,271
Subtotal	<u>476,875</u>	<u>424,595</u>	<u>-</u>	<u>52,280</u>	<u>476,875</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 224,212	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable (including related parties)	117,972	-	-	-	-
Other receivables	1,378	-	-	-	-
Other financial assets	309,706	-	-	-	-
Refundable deposits	3,375	-	-	-	-
Subtotal	<u>656,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,139,392</u>	<u>\$ 430,469</u>	<u>\$ -</u>	<u>\$ 52,280</u>	<u>\$ 482,749</u>
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 41,108	\$ -	\$ -	\$ -	\$ -
Other payables	81,238	-	-	-	-
Lease liabilities	4,216	-	-	-	-
Subtotal	<u>126,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 126,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

(B) Fair value hierarchy

The table below analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

- a. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(C) Valuation techniques for financial instruments not measured at fair value

The Company estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

Cash and cash equivalents, accounts receivables, other financial assets, notes payable and accounts payable are either close to their expiry date, or their future receivable or payable are close to their carrying value; thus, their fair value are estimated from the book value of the balance sheet date.

(D) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the financial instruments held by the Company are determined by reference to the market quotation.

If the financial instruments held by the Company have no active market, their fair values are listed as follows according to their categories and attributes:

- Equity instruments without public quotation: The fair value is estimated by using a discounted cash flow model. The main assumption is that the expected future cash flow of the investee will be discounted at the rate of return that reflects the time value of money and investment risk.
- Equity instruments without public quotation: The fair value is measured by using the transaction prices of the stocks of companies engaged in the same or similar businesses in the active market, the value multipliers implied by these prices, and related transaction information to determine the value of the financial instruments, as well as adjusted for considering liquidity discount.

(E) Transfer between level 1 and level 3

The Company holds an investment in emerging stock of Chuang Yi Biotech Co., Ltd., which

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

is accounted for under financial assets at fair value through other comprehensive income. As the fair value of the investment without an active market and use of significant unobservable inputs, which was categorized as Level 3 as of December 31, 2019. And the fair value measured was transferred from level 1 to level 3 as of December 31, 2019. There were no transfers in 2020 and 2019.

(F) Reconciliation of level 3 fair values:

	Fair value through other comprehensive income
	Equity instruments without quoted price
Balance as of January 1, 2020	\$ 52,280
Recognized in other comprehensive income	11,554
Balance as of December 31, 2020	\$ 63,834
Balance as of January 1, 2019	\$ -
Recognized in other comprehensive income	(37,243)
Purchased	49,271
Reclassified	40,252
Balance as of December 31, 2019	\$ 52,280

(G) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through other comprehensive income - equity investments.

The significant unobservable inputs of the equity investments without an active market are individually, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income — equity investments without an active market	Discounted cash flow method	<ul style="list-style-type: none"> • Weighted average cost of capital (as of December 31, 2020 and 2019, the rate were 13.32% and 14.27%, respectively) • Discount for lack of market liquidity (as of December 31, 2020 and 2019, the rate were both 20.6%) • Discount for lack of market liquidity (as of December 31, 2020 and 2019, the rate were 30% and 17.5%, respectively) 	<p>The estimated fair value would decrease if:</p> <ul style="list-style-type: none"> • WACC was higher; • The discount for lack of market liquidity was higher
Financial assets at fair value through other comprehensive income — equity investments without an active market	Comparable companies method	<ul style="list-style-type: none"> • Discount for lack of market liquidity (as of December 31, 2020 and 2019, the rate were 30% and 17.5%, respectively) 	<p>The estimated fair value would decrease if the discount for lack of market liquidity was higher.</p>

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

(H) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable. However, use of different valuation models or assumptions may lead to different results. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

	<u>Input value</u>	<u>Degree of variation</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>
December 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	341 (341)
December 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	683 (683)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(21) Financial risk management

A. Overview

The Company is exposed to the following risks from its financial instruments:

- (A) Credit risk
- (B) Liquidity risk
- (C) Market risk

The following likewise discusses the Company's objectives, policies, and processes for measuring and managing the above mentored risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

B. Structure of risk management

The objective of the Company's financial risk management is to manage foreign exchange risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce adverse effects on the financial performance, the Company identifies, evaluates and hedges market uncertainties.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

The important financial activities of the Company are reviewed in accordance with relevant regulations and internal control systems approved by the Board of Directors. When performing financial plan, the Company must comply with the overall financial risk management and the authorized procedure of financial operating.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

(A) Accounts receivable and other receivables

The Company's credit policy is to transact with creditworthy customers and to obtain collateral to mitigate risks arising from financial loss due to default. The Company transacts with customers with credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Company continuously monitor the exposure to credit risk and counterparty credit ratings, and to evaluate the customers' credit ratings and credit limits via annual review and approval by the finance department to manage the credit exposure.

The Company did not have any collateral or other credit enhancement to avoid credit risk of the financial assets.

(B) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

(C) Guarantees

As of December 31, 2020 and 2019, the Company did not provide any endorsement or guarantee.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

F. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

(22) Capital management

Based on the characteristics of the current operating industry and the future development of the Company, and considered changes in the external environment, the Company plans the requirement of working capital, research and development expenses, and dividend payments in the future to ensure that the Company to continue to operate, to provide a return on shareholders, to maintain the interests of other stakeholders and to maintain an optimal capital structure to enhance shareholder value.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, issue new shares, reduce the capital for redistribution to shareholders, or buy back the stocks of the Company.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total amount of capital represents all the equity components (that is, share capital, capital surplus, retained earnings, and other equity) plus net debt.

The Company's debt-to-equity ratio as of December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total liabilities	\$ 103,036	\$ 138,792
Less: cash and cash equivalents	(396,701)	(224,212)
Net debt	(293,665)	(85,420)
Total capital	1,126,344	1,124,963
Adjusted capital	<u>\$ 832,679</u>	<u>\$ 1,039,543</u>
Debt to equity ratio	<u>(35.27%)</u>	<u>(8.22%)</u>

(23) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019, were as follows:

A. Acquisition of right-of-use assets under leases, please refer to note 6(8).

B. The Company's investing activities from acquisition of property, plant and equipment which did not affect the current cash flow for the years ended December 31, 2020 and 2019, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Additions of property, plant and equipment	\$ 1,966	\$ 2,997
Net changes on other payable	(50)	-
Cash payment for acquisition of property, plant and equipment	<u>\$ 1,916</u>	<u>\$ 2,997</u>

C. Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1,</u>		<u>Non-cash</u>		<u>December 31,</u>
	<u>2020</u>	<u>Cash flow</u>	<u>changes</u>	<u>Others</u>	<u>2020</u>
Lease liabilities	<u>\$ 4,216</u>	<u>(\$ 4,216)</u>		<u>\$ 8,783</u>	<u>\$ 8,783</u>

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

	January 1, 2019	Cash flow	Non-cash changes Others	December 31, 2019
Lease liabilities	\$ 9,037	(\$ 4,371)	\$ 450	\$ 4,216

7. Related-party transactions

(1) Parent company and ultimate controlling company

TTY Biopharm Company Limited is both the parent company and the ultimate controlling party of the Company.

(2) Names and relationship with related parties

The followings are entities that have transactions with related party during the periods covered in the financial statements.

Name of related parties	Relationship with the Company
TTY Biopharm Company Limited	Parent company
American Taiwan Biopharm(Thailand)	Other related party
Chuangyi Biotech Co., Ltd.	Other related party

(3) Significant related-party transactions

A. Operating revenue

The amounts of significant sales by the Company to its related parties were as follows:

	For the years ended December 31,	
	2020	2019
Parent company- TTY Biopharm Company Limited	\$ 1,947	\$ 1,466
Other related parties	5,239	4,667
	\$ 7,186	\$ 6,133

The selling price and payment terms to related parties were not significantly different from those of sales to third parties. The collection terms for sales to related parties were month-end 60 days, or 14 days after the date of shipment. The collection terms for commission were month-end 30 to 90 days.

B. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31,	
	2020	2019
Parent company- TTY Biopharm Company Limited	\$ 39,716	\$ 128,895
Other related parties	(25,908)	20,520
	\$ 13,808	\$ 149,415

Note: The reason of negative purchase amount with Chuangyi Biotech Co., Ltd for the year ended December 31, 2020, please refer to note 6(5).

The pricing and payment terms with related parties were not materially different from those of purchases with third parties. The payment terms for purchases from related parties were month-

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

end 30 and 90 days.

C. Receivables from related parties

The amounts of receivables from related parties were as follows:

<u>Items</u>	<u>Related Party Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	Parent company	\$ 438	\$ 502
Accounts receivable	Other related parties	1,983	15
Other receivables	Other related parties	65	-
		<u>\$ 2,486</u>	<u>\$ 517</u>

D. Payables to related parties

The amounts of payables to related parties were as follows:

<u>Items</u>	<u>Related Party Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable- related parties	Parent company	\$ 3,114	\$ 17,658
Accounts payable- related parties	Other related parties	-	15,091
Notes payable- related parties	Other related parties	-	5
Other payables	Parent company	1,731	5,558
		<u>\$ 4,845</u>	<u>\$ 38,312</u>

F. Lease

The Company leases offices and equipments from the parent company, and the refundable deposits both amounted to \$693 as of December 31, 2020 and 2019.

In January, 2019, the Company signed a period of 2 years lease contract with the parent company for office and equipment, with a total contract amount of \$8,320. In addition, the Company and the parent company signed a new two-year lease contract of \$8,892 on December 17, 2020 to lease office and equipment. The interest expenses of \$27 and \$75 were recognized for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, the balances of lease liabilities were \$ 8,783 and \$4,134, respectively.

G. Others

- (A) For the years ended December 31, 2020 and 2019, the operating expenses paid by the Company to the parent company or other related parties due to the operating and business transactions amounted to \$6,430 and \$7,279, respectively.
- (B) Details of the purchase of ordinary shares of Chuangyi Biotech Co., Ltd., the Company's other related party, for the year ended December 31, 2019, please refer to note 6 (3).
- (C) The processing expense paid by the Company to the parent company for the processing of drugs amounted to \$58,043, which was recognized as operating cost for the year ended December 31, 2020.

(4) Key management personnel compensation

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 15,200	\$ 17,726
Post-employment benefits	536	502
	<u>\$ 15,736</u>	<u>\$ 18,228</u>

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

8. Pledged assets: None.

9. Significant commitments and contingencies

As of December 31, 2020 and 2019, the unrecognized contractual commitments of the Company were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contract with other units for research and development	\$ 122,787	\$ 128,441
Acquisition of intangible assets	3,000	-
Purchase of raw materials	\$ 185,600	\$ 215,800

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Others

(1) The followings are the summary of employee benefits, depreciation, and amortization by function for the years ended December 31, 2020 and 2019:

By function By item	For the years ended December 31,					
	2020			2019		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	-	93,968	93,968	-	113,143	113,143
Labor and health insurance	-	6,914	6,914	-	6,548	6,548
Pension	-	4,513	4,513	-	3,465	3,465
Director's remuneration	-	4,397	4,397	-	3,797	3,797
Others	-	3,222	3,222	-	9,214	9,214
Depreciation	-	7,127	7,127	-	7,138	7,138
Amortization	-	2,522	2,522	-	2,474	2,474

Additional information on the number of employees and employee benefits of the Company for the years ended December 31, 2020 and 2019 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Number of employees	76	83
Number of directors who were not employees	7	7
Average of employees benefits	\$ 1,574	\$ 1,742
Average of salary	\$ 1,362	\$ 1,489
Average adjustment of salary	(8.53%)	17.34%
Supervisor's remuneration	\$ -	\$ -

The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

A. The Company has constructed a salary structure table of different job attributes and ranks based

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

on market standards and salary conditions in the same industry, and reviewed it based on the industry salary adjustment reports from time to time.

B. Annual salary adjustment

When the Company adjusted the annual salary, the main factors considered by the Company were as follows:

- (A) Price index rate: The price index rate announced by the government is considered when the annual salary is adjusted.
- (B) Industry salary adjustment: The industry salary adjustment of market surveys, which was also one of the main indicators to determine the average salary adjustment.
- (C) Company's operating conditions: This is an important indicator to determine the average salary adjustment.
- (D) The market salary level of important positions in the Company.

(2) Others:

The Company donated \$6,485 and \$6,715 to related medical foundation and associations to support non-profit organizations developing drugs, promoting disease prevention and correct dosages for the year ended December 31, 2020 and 2019, respectively.

(3) The impact of the COVID-19:

The Company was affected by the COVID-19 this year, and its testing business was not as expected. After evaluation, the Company recognized impairment losses on prepayment. Please refer to note 6(10) 2.

13. Other disclosures

(1) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2020 (excluding those investments in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
TSH Biopharm Corporation Ltd.	Lumosa Therapeutics Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	1,765	62,216	1.50 %	62,216	
"	Fubon Financial Holding Co., Ltd. Preferred stock B	-	Non-current financial assets at fair value through other comprehensive income	2,500	156,250	0.38 %	156,250	
"	Union Bank of Taiwan Preferred stock A	-	"	400	20,720	0.20 %	20,720	
"	CellMax Ltd. Preferred stock	-	"	1,593	49,271	2.03 %	49,271	
"	Chuangyi Biotech Co., Ltd.	-	"	1,320	14,563	4.89 %	14,563	

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

D. Individual securities acquired or disposed of with an accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter party	Relationship with the company	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
TSH Biopharm Corporation Ltd.	Lumosa Therapeutics Co., Ltd.	Current financial assets at fair value through other comprehensive income	-	-	4,199	144,446	-	-	2,434	111,433	110,940	493	1,765	62,216

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
TSH Biopharm Corporation Ltd.	TTY Biopharm Company Limited	Parent company	Purchases	97,759	53%	30 days	Normal	-	(3,114)	(42)%	

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

(2) Information on investees: None.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: None.

B. Limitation on investment in Mainland China: None.

C. Significant transactions: None.

(4) Major shareholders:

Shareholder's name	Shareholding Total shares owned	Percentage of ownership (%)
TTY Biopharm Company Limited	21,687,177	56.47%
Hong, Ding-Wei	3,205,730	8.34%
Pan, Ya-Chi	2,825,000	7.35%

14. Segment information

The Company has one reportable segment. The information of segment revenue, profit or loss and assets are in line with the parent company only financial statements. Please refer to the balance sheets and statements of comprehensive income.

(1) Geographic information

The Company's main revenue is from domestic.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

(2) Information on products

The Company's operating revenue is mainly from pharmaceuticals, chemical drugs and biotechnology services.

(3) Major customer

Major customer information of the Company for the years ended December 31, 2020 and 2019 were as follows :

	For the years ended December 31,	
	2020	2019
A403001	\$ 72,800	\$ 52,054

TSH Biopharm Corporation Ltd.
Statement of Cash and Cash Equivalents

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash		\$ 230
Cash in banks	Checking accounts	129
	Demand deposits	392,474
	Foreign currency deposits	3,868
		396,471
		<u>\$ 396,701</u>

TSH Biopharm Corporation Ltd.

Statement of Notes Receivable

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
A403001		\$ 9,359	
G351001F		3,099	
HBAC002		2,905	
G330043D		2,810	
HAAF001		2,716	
HBAU001		2,329	
FTH0001		1,983	
HAAB001		1,716	
HBAC002K		1,698	
G433003		1,599	
Other		64,189	
Less: Allowance for expected credit losses		(1,101)	
Net amount		<u>\$ 93,302</u>	

TSH Biopharm Corporation Ltd.
Statement of Other Financial Assets - Current
December 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other financial assets - current	Time deposits over 3 months	<u>\$ 266,751</u>	

TSH Biopharm Corporation Ltd.

Statement of Financial Assets at Fair Value Through Other Comprehensive Income - Current

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Name of investee	Beginning Balance			Additions		Reduction		Ending Balance			Collateral
	Shares	Percentage of ownership (%)	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership (%)	Amount	
Lumosa Therapeutics Co., Ltd.	4,199,000	3.57%	\$ 144,446	-	\$ -	2,434,000	\$ 82,230	1,765,000	1.50%	\$ 62,216	None
Cathay Financial Holdings	124,126	-%	5,281	-	-	124,126	5,281	-	-%	-	"
			<u>\$ 149,727</u>		<u>\$ -</u>		<u>(\$ 87,511)</u>			<u>\$ 62,216</u>	

TSH Biopharm Corporation Ltd.

Statement of Financial Assets at Fair Value Through Other Comprehensive Income –Noncurrent

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Name of investee	Beginning Balance			Additions		Decrease		Ending Balance			Collateral
	Shares	Percentage of ownership (%)	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership (%)	Amount	
Handa Pharmaceuticals, Inc.	2,625,000	2.27%	\$ 78,278	-	\$ -	2,625,000	\$ 78,278	-	-%	\$ -	None
Fubon Financial Holdings	300,000	-%	13,920	-	-	300,000	13,920	-	-%	-	"
Fubon Financial Holdings Co., Ltd. Preferred Stock B	2,500,000	0.38%	160,750	-	-	-	4,500	2,500,000	0.38%	156,250	"
Union Bank of Taiwan Preferred Stock A	400,000	0.20%	21,920	-	-	-	1,200	400,000	0.20%	20,720	"
Chuangyi Biotech Co., Ltd.	1,319,808	4.89%	3,009	-	11,554	-	-	1,319,808	4.89%	14,563	"
CellMax Ltd.	1,592,516	2.03%	49,271	-	-	-	-	1,592,516	2.03%	49,271	"
			\$ 327,148		\$ 11,554		\$ 97,898			\$ 240,804	

TSH Biopharm Corporation Ltd.
Statement of Others Payables
December 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to note 6(11)

TSH Biopharm Corporation Ltd.
Statement of Operating Revenue
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue:			
Lozenges	161,711,887	\$ 425,587	
Capsules	2,258,400	6,939	
Injections	66,110	3,786	
Sales revenue subtotal		436,312	
Testing revenue		21,058	
Service revenue		2,113	
Total		<u>459,483</u>	
Less: Sales returns and allowances		(11,621)	
Net revenue		<u><u>\$ 447,862</u></u>	

TSH Biopharm Corporation Ltd.
Statement of Operating Costs
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Raw materials and supplies	
Add: Raw material, beginning of the year	\$ 592
Add: Purchase	96,108
Gain on physical inventory	137
Less: Raw materials, end of the year	(42,103)
Return on raw material	(31,166)
Reclassification	(40)
Transferred to expenses and losses	(374)
Raw materials consumed	23,154
Add: Outsourcing testing expenses	69,225
Cost of testing service	92,379
Merchandise	
Add: Merchandise, beginning of the year	\$ 61,481
Purchased	49,089
Reclassification	40
Less: Merchandise, end of the year	(38,325)
Transferred to expenses and losses	(1,792)
Cost of Merchandise sold	162,872
Add: Gain from price recovery of inventory	(496)
Gain on physical inventory	(137)
Scrap	431
Operating costs	\$ 162,670

TSH Biopharm Corporation Ltd.
Statement of Operating Expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Salaries	\$ 60,423	\$ 30,797	\$ 7,145	\$ 98,365
Meal expenses	1,488	453	206	2,147
Pension	2,970	1,223	320	4,513
Insurance expense	4,895	1,867	587	7,349
Royalty expense	198	-	-	198
Rent expense	-	214	300	514
Traveling expenses	1,531	89	48	1,668
Freight	460	855	48	1,363
Advertising expense	5,557	757	10	6,324
Post and telecommunications	408	530	63	1,001
Entertainment expenses	6,827	436	-	7,263
Donation	6,267	80	138	6,485
Depreciation	398	5,600	1,129	7,127
Amortization	2,452	70	-	2,522
Commission expenses	9,121	-	-	9,121
Professional service fees	2,507	3,333	509	6,349
Sample cost	1,516	4	50	1,570
Research expense	1,184	-	16,750	17,934
Meeting expense	5,603	219	11	5,833
Transportation expense	4,570	541	45	5,156
Employee welfare	-	903	-	903
Others	6,461	9,503	1,322	17,286
Total	\$ 124,836	\$ 57,474	\$ 28,681	\$ 210,991

VII. Review And Analysis Of Financial Status And Financial Performance And Risk Issues

- 1. Financial Status: The main reasons for the major changes in assets, liabilities and equity in the last two years and their effects. If the impact is significant, the future response plan should be explained.**

Unit: Thousand NT\$

Year (Item)	2019	2020	Difference	
			Amount	%
Current assets	885,884	943,841	57,957	7%
Real estate, plant and equipment	26,225	25,255	(970)	-4%
Intangible assets	8,239	6,180	(2,059)	-25%
Other assets	337,213	249,587	(87,626)	-26%
Non-current assets	6,194	4,517	(1,677)	-27%
Total assets	1,263,755	1,229,380	(34,375)	-3%
Current liabilities	138,792	98,618	(40,174)	-29%
Total liabilities	138,792	103,036	(35,756)	-26%
Share capital	383,981	383,981	0	0%
Capital reserve	458,977	458,977	0	0%
Retained earnings	175,256	266,626	91,370	52%
Other equity	106,749	16,760	(89,989)	-84%
Equity	1,124,963	1,126,344	1,381	0%

1. Main reasons for major changes

- (1) Intangible assets: decrease. Due to the annual amortization of computer software, patents and pharmaceutical licenses.
- (2) Other assets: decrease. Mainly due to the disposal of financial assets in 2020 and the fair value evaluation at the end of the period.
- (3) Non-current assets: decrease. With the conclusion of the hospital bidding, part of the deposits was returned one after another. The new bidding operation is still in progress, so it is lower than the same period last year.
- (4) Decrease in current liabilities and total liabilities. Due to pandemic in 2020, some activities were cancelled or postponed, resulting in lower annual costs; the purchase mode changed from finished goods to customer-supplied mode, and the amount of liabilities at the end of 2020 was lower than that at the end of 2019, depending on the payment terms of various manufacturers, resulting in a decrease in percentage.
- (5) Retained surplus: increase. Mainly due to the disposal of financial assets in 2020 and the increase in disposal income.
- (6) Reduction in other interests. In 2020, some of the financial assets have been disposed of, while the financial assets that have not been disposed of are valued at the fair value at the end of the period.

2. The impact of major changes and future response plans : Nil

2. Financial Performance: the main reasons for the major changes in operating income, operating net profit and pre-tax net profit in the last two years, the expected sales volume and its basis, the possible impact on the company's future financial business and the corresponding plan.

Item	2019	2020	Increase (decrease) amount	Percentage Change (%)
Operating income	507,666	447,862	(59,804)	-12%
Operating gross profit	314,730	285,192	(29,538)	-9%
Operating profit and loss	56,198	74,304	18,106	32%
Non-operating income and expenditure	47,157	2,928	(44,229)	-94%
Net profit before tax	103,355	77,232	(26,123)	-25%
Net profit (loss) for the period	85,327	61,570	(23,757)	-28%

- The main reasons for the major changes:
Operating profit and loss: The decrease in revenue was due to the termination of the agency of some drugs and the delayed practice of R&D milestones due to the impact of the epidemic. Due to the impact of the epidemic in 2020, some activities were postponed, and management, marketing and research expenses were reduced, resulting in an increase in operating profit and loss compared with the same period last year. Non-operating income and expenses: In 2019, non-operating income increased due to a payment of income from the termination of agency and market transfer.
- Expected sales volume and its basis: The company expects to sell 161,893 thousand oral preparations in 2021; 60 thousand injections. The company's expected sales volume is mainly based on the IMS statistical report, and takes into account possible future market supply and demand changes, the speed of new product development and the national health insurance policy.
- The possible impact on the company's future financial business and the corresponding plan: The company's current business operations are showing a stable profitability, and the export of self-made products and the overseas authorization of early research and development products are accelerated in the same period. In addition to the maintenance of the original research and development product international certification progress. In addition, it will also introduce international early new drugs for joint research and development and value-added, using the "dual engine" strategy to develop, and commit to international drug development and international marketing to improve performance. In addition, the new business model of the biotechnology industry will be introduced to test items for personalized medicine, which will have a positive impact on the company's future financial business.

3. Cash Flow: An analysis of the changes in cash flow in the last year, an improvement plan for liquidity deficiency, and an analysis of cash flow in the coming year.

- Cash flow changes analysis in 2020:

Unit: Thousand NT\$

Beginning cash balance	Annual net cash flow from operating activities	Annual net cash flow from investment and financing activities	Cash surplus (less) amount	Remedial measures for cash shortage	
				Investment plan	Wealth management plan
224,212	110,0611	160,878	396,701	—	—

(1) Net cash inflow from operating activities: 11,611 thousand dollars, mainly from operating profit.

(2) Annual net cash flow from investment and fund raising activities: net inflow of 160,878 thousand dollars, mainly due to the disposal of financial asset inflows measured at fair value through other comprehensive gains and losses of 182,784 thousand dollars; decrease in other financial assets (term deposits that have expired have not been renewed) due to the inflow of 41,909 thousand dollars, the receipt of investment financial assets of 6,420 thousand dollars of share dividends and the outflow of cash dividend of 69,117 thousand dollars in 2019.

2. Insufficient liquidity improvement plan in 2020:

Our company has sufficient working capital and no shortage of liquidity.

3. Analysis of cash liquidity in the coming year:

Unit: Thousand NT\$

Beginning cash balance	Projected net cash flow from operating activities for the full year	Estimated annual net cash flow from investment and financing activities	Projected cash balance (less)	Remedial measures for expected cash shortage	
				Investment plan	Financial Management Planning
396,701	57,408	(162,757)	291,352	—	—

(1) Analysis of cash flow changes in the coming year (2021) :

- A. Cash inflow from operating activities: 57,408 thousand dollars, mainly due to the estimated revenue in fiscal year 2021, so the net cash inflow from operating activities is positive.
- B. Estimated annual cash inflow: \$162,757 thousand, cash dividends expected to be issued in the current year, dividends received on financial assets, transfer of cash on account to certificates of deposit (transfer of certificates of deposit that do not meet the contractual definition of cash to other financial assets-current) .

(2) Remedial measures and liquidity analysis of cash shortage: N/A

**4. Major Capital Expenditures In 2020 And Its Impact On Financial Business:
The company has no major capital expenditure in 2020.**

**5. 2020 Reinvestment Policy, The Main Reason For Its Profit Or Loss,
Improvement Plan And Investment Plan For The Next Year:**

1. Reinvestment policy:

The company complies with the "Acquisition or Disposal of Assets Processing Standards for Public Offering Companies" set by the competent authority, and formulates the "Processing Procedures for Acquisition or Disposal of Assets" of the company as the basis for the company's reinvestment business.

- (1) Invest in new drug development companies to participate in the early research and development of biotech companies to share the results of global patents on new drugs. For example: Shun Tian Pharmaceutical Biotechnology Co., Ltd. (hereinafter referred to as Shunyao Company).
- (2) Activating funds to increase non-operating income. For example: Union Bank A special stock (stock code: 2838A), Fubon Financial Holding B special stock (stock code: 2881B).

(3) Obtain product agency rights and channels to make it a strategic investment with synergy effect. For example: CellMax Ltd., Guzip Biomarkers Corporation

2. The main reasons for the profit or loss of reinvestment and the improvement plan:

(1) New drug development company:

The current research and development progress of Shun Yao, including

A. LT3001 new drug for acute ischemic stroke

(a) Phase II clinical trials will be conducted with approval from Taiwan's Ministry of Health and Welfare. The first Phase II human clinical trial was completed in 2020.

(b) To expand the use of LT3001 in stroke treatment, a Phase I clinical trial will be conducted in the United States in healthy subjects with multiple doses and concurrent drug interactions to see if there is any interaction between LT3001 and the drugs used in the acute phase of stroke, after increasing the frequency of administration, safety data and pharmacokinetics parameters were obtained.

(c) Signed a mainland China authorization contract with Shanghai Pharmaceuticals Holding Co., Ltd., and will receive up to a highest contract amount and R&D fund of RMB260 million.

(d) It has obtained patents in 14 countries including Taiwan, USA, Mainland China, Russia, Indonesia, Australia, Japan, Mexico, Philippines, Malaysia, South Africa, Vietnam, Europe, South Korea, and patent applications in 4 countries are under review.

B. LT1001 new long-acting analgesic

(a) Obtained the implicit permission of the U.S. Food and Drug Administration (US FDA) to conduct a "Comparative Bioavailability Study" in the USA.

(b) Signed an authorization contract in China with Jiangxi's Jemincare Group, and will obtain a highest contract amount of RMB130 million, as well as future sales royalties for this product.

As of December 31, 2020, it still holds 1,765 thousand shares, with a shareholding ratio of 1.50%.

(2) Activating funds to increase non-operating income: the board of directors approved and authorized to invest within the quota, and the above special stocks were selected on the basis of better than fixed deposits and taking into account the security and profitability, mainly for the purpose of participating in the dividend distribution .

3. Investment plan for the next year: Mainland China channel or drug development company is under negotiation.

6. Risks Analyzed And Evaluated For The Following Matters In The Most Recent Year And As Of The Publication Date Of The Annual Report

(1) The impact of interest rate, exchange rate changes, and inflation on the company's profits and losses and future countermeasures:

(1) Impact on company profit and loss

Item	2020 (Thousand NT\$; %)
Net interest income and expenditure	2,211
Net gain or loss on exchange	406
Net interest income and expenditure as percentage of net pre-tax profit	2.86%
Ratio of net interest income and expenditure to net revenue	0.49%
Net gain or loss on exchange as a percentage of net pre-tax profit	0.53%
Net gain or loss on exchange as a percentage of net revenue	0.09%

(2) The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss

A. Interest rate: The company's interest income and expenditure in 2020 and 2019 are 2,211 thousand dollars and 2,761 thousand dollars, respectively. Overall, changes in interest rates have no significant impact on the company's profit and loss. However, the company is still actively establishing and maintaining good relationships with banks to understand interest rate trends in order to strive for the most favorable deposit rates.

B. Exchange rate: Since most of the company's purchases of raw materials, commodities and equipment are paid in New Taiwan dollars, exchange rate changes have no significant impact on the company's profit and loss. However, the company will still pay attention to the trend of exchange rate changes from time to time to respond to potential exchange risks.

C. Inflation: Inflation has no significant impact on the company's profit and loss.

(2) Policies for engaging in high-risk, high-leverage investments, fund loans to others, endorsements and derivatives transactions, main reasons for profit or loss, and future countermeasures:

(1) Based on the conservative principle, it has not engaged in high-risk or high-leverage investments. In the future, all investments of the company will be carefully evaluated and implemented in accordance with company regulations.

(2) In the most recent year and as of the date of publication of the annual report, the company did not lend funds to others and did not endorse or guarantee for others.

(3) Derivative commodity trading policies, main reasons for profit or loss:

The company has not engaged in the trading of derivative financial products in the most recent year and as of the publication date of the annual report.

(4)Future countermeasures:

In the future, if the company needs financing, endorsement or guaranty for others, or engaging in derivative financial product transactions due to business needs, it will still handle it in accordance with the relevant operating procedures established by the company, and make timely and accurate announcements of each according to laws and regulations.

(3)Future R&D plans and estimated R&D expenses:

The company's future research and development program will focus on the development of new drugs, including cardiovascular, gastrointestinal and autoimmune diseases and other fields, actively involve in disease clinical research and drug treatment, with a view to become a provider of medicines for special chronic disease, and the drugs of high economic efficiency, and continue to develop international partners and undertakings. the annual research and development expenditure is expected to exceed \$60,000 thousand in the next two years.

● R&D expenditure and its percentage of turnover

Unit: Thousand NT\$

Year	R&D expense	Percentage of sales
2019	52,781	10.40%
2020	28,681	6.40%
As of March 31 of the year	N/A	N/A

(4). Impact of significant policy and legal changes at home and abroad on the company's financial operations and the corresponding measures:

(1) In Taiwan, the total payment system has been implemented for many times to adjust drug prices. Through the total payment system, the drug prices and drug quantity of domestic drug factories are controlled, affecting the selling prices and sales of some drugs, resulting in the reduction of the drug factories' revenue and profits.

(2) Countermeasures

In addition to establishing a complete sales network throughout the province, the company can provide immediate services to medical institutions to increase the breadth of sales, and increase sales channels and customers for drugs with a certain market scale and value, and continue to increase the confidence of medical institutions and physicians in prescription drugs. In addition, strengthen the research of new drugs and the introduction of new products, and market competitive new products to avoid the situation that the company's profitability is reduced due to the implementation of drug price adjustments. On the other hand, through the introduction of genetic testing-related products, we will step into the precision medical market and gradually increase the sales amount to reduce the financial impact from health insurance price cuts.

(5) The impact of technological changes and industrial changes on the company's financial business and corresponding measures:

The success is low due to long drug development time and high R&D expenditure. Therefore, in the short term, technological changes and industrial changes will not have an immediate and significant impact on the company's financial business, but the company is still actively learning new knowledge of technology and investing in the research and development of innovative drugs to respond to technological changes and industrial changes.

(6) The impact of corporate image change on corporate crisis management and countermeasures:

The company is committed to the research and development and sales of drugs, and has been recognized by medical institutions and manufacturers and professionals in this field; and is committed to improving the company's internal system and capital structure, which has a positive impact on the company's reputation or corporate debt.

(7) Expected benefits, possible risks and countermeasures of mergers and acquisitions:

The company currently has no plans for mergers and acquisitions.

(8) The expected benefits, possible risks and countermeasures of the expansion of the plant:

The company has no plans to expand the plant in the most recent year and as of the publication date of the annual report in 2020, so it is inapplicable.

(9) Risks of overconcentration in purchase or sales and countermeasures:

(1) Risk of overconcentration in purchases: The company's main purchasers are TTY, Genovate Biotechnology Co., Ltd. and CHEMAKE LTD.

TTY is currently the parent company that holds 56.48% of the company. The company was split from TTY on September 1, 2010, and 100% of the business of its medical and pharmaceutical business group is taken over. In the initial stage of the division, because the company has not built its own pharmaceutical factory, except for some drugs purchased from foreign original factories, the manufacturing of related drugs must still assign the production of pharmaceutical factories in Taiwan that have passed the PIC/S certification. After its manufacturing is completed, it can be purchased as a commodity. This is the result of the relevant regulations of the domestic drug certification and is also a characteristic of the pharmaceutical industry. Since 2020, in order to effectively control the cost, product quality and production timeliness of each product, the production mode of each product has been changed from commodity purchase to customer supply mode. The company is responsible for purchasing API and then submitting it to each commissioned factory for processing and production. The main items commissioned such as AMTREL, MOPRIDE, Rhynorm, etc. are commissioned to the Liudu factory of the parent company Taiwan Dong Yang for production, which has passed the PIC/S certification. Consequently, the proportion of purchases from TTY reached 34.81% (2020). In addition, the company also commissioned Genovate Biotechnology Co., Ltd. to produce lipid-lowering drug film-coated tablets (LINICOR) and the proportion of purchases in 2020 rose to 41.27% as sales

increased year after year.

At present, in addition to commissioning TTY and Genovate Biotechnology Co., Ltd. to produce products, the company has also assigned some products to be produced by domestic PIC/S GMP-compliant pharmaceutical factories. We hope to maintain the flexibility of supply and ensure that the supply of goods is not interrupted and we can maintain the advantage of bargaining. In addition, the company has actively planned to invest in product research and development and find strategic partners to respond to the future market demand for new products. Therefore, it is expected that the proportion of future purchases from the parent company will gradually decrease, and the purchase suppliers will be gradually reduced. The number of merchants will also be gradually increased to reduce the overconcentration risk of purchases.

- (2) Risk of overconcentration in sales: The company's main customers are medical centers, local hospitals and regional hospitals, and the source of customers is scattered. However, as the company's cardiovascular pharmacological lipid film-coated tablets (Linicor), Rhynorm film-coated tablets (Rhynorm), and various testing products were launched on the market, the sales volume gradually increased, which caused the company's distributor, Gaofeng Pharmaceutical Materials Co., Ltd. will grow to 16.33% in sales in 2020.
- (10) The impact, risks and countermeasures of the company's massive transfer or replacement of shares by directors, supervisors, or major shareholders holding more than 10% of the shares:
- In 2020 and as of the publication date of the annual report, the directors of the company or major shareholders holding more than 10% of the shares are not subject to substantial transfer or replacement of equity.
- (11) The impact, risks and countermeasures of the change of operating rights on the company:
Nil
- (12) For litigation or non-litigation events, the company and its directors, supervisors, general manager, substantive responsible persons, major shareholders with more than 10% shareholding, and affiliated companies shall be determined by judgment or are still in the line of major litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder rights or securities prices, should disclose the facts in dispute, the amount of the subject matter, the commencement date of the litigation, the main parties involved in the litigation, and the handling conditions as of the publication date of the annual report.
- (1) Lin Rongjin, former chairman of TTY Biopharm, was involved in a case involving aggravated breach of trust under the Securities Exchange Act. In June 2015, the Taipei District Prosecutor's Office filed a public prosecution on the ground that Lin Rongjin, the former chairman of TTY, had violated the Securities Exchange Act. The criminal lawsuit was convicted by the Taipei District Court in Taiwan on September 1, 2017 that Lin Rongjin, the former

chairman of TTY, violated the Securities Exchange Act. The case has now been appealed to the Taiwan High Court for second instance proceedings. In addition, on April 23, 2018, the Taipei Procuratorate filed an application to the Taiwan High Court for a joint trial with the above-mentioned second-instance case on Lin Rongjin, the former chairman of TTY for signing the "Risperidone Drug Commissioning Development Agreement" with Taiwan Center Laboratories, Inc. (hereinafter referred to as "Center Lab") and TTY which violated the Securities Exchange Act. The part of the criminal incidental civil lawsuit was transferred to the Civil Court of the Taipei District Court in Taiwan on September 6, 2018. On February 13, 2018, TTY filed a criminal incidental civil claim for compensation for the criminal case under trial at the second instance, and subsequently filed a petition to the Taipei District Prosecutor's Office for a consolidated trial on the "Risperidone" drug case. Held on June 29, 2018, the criminal incidental civil case in the second instance trial was further requested for compensation from Lin Rongjin, the former chairman of TTY Biopharm.

- (2) On May 31, 2016, TTY filed a lawsuit with Inopha AG of Switzerland in the District Court of Zug, Switzerland to confirm that the 13 license contracts between the two parties were invalid, and requested Inopha AG of Switzerland to return the infringement benefits. Presently, the court has accepted the case and is in the process of preparation.
- (3) On May 30, 2015, at the request of TTY, Janssen Pharmaceutica NV filed with Inopha AG of Switzerland to confirm the ownership of the contract amount at the World Intellectual Property Rights Organization (WIPO) Arbitration and Mediation Center for tri-party arbitration. Presently, the WIPO Arbitration and Mediation Center has suspended the review process.
- (4) Regarding the "Risperidone Drug Commissioning Development Agreement" signed between Center Laboratories, Inc. and TTY, Center Lab filed a civil lawsuit to the Taipei District Court on July 1, 2016 against TTY to confirm the contractual relationship. The litigation was legally related to the first-instance judgment of the Taipei District Court on March 1, 2017, and the appeal of TTY was rejected by the Taiwan High Court on March 11, 2020. TTY shall appeal upon receipt of the official judgment.
- (5) On February 28, 2020, TTY filed a civil damages lawsuit against Denis Opitz, the original substantial beneficiary of Inopha AG, Switzerland, at the Labor Court in Dresden, Germany. The court has accepted the case and the preparation process is in progress.

(13) Other important risks and countermeasures: Nil

7. Other Important Matters: Nil

VIII. Special Notes

1. Related Information Of Affiliated Enterprises:

Please refer to pages 203-207 or details.

2. In the latest year and up to the date of publication of the annual report, it is necessary to disclose the date and amount adopted by the shareholders meeting or the board of directors, on handling of the securities of private placement, the basis and rationality of the price fixing, the method chosen by the specific person, the necessary reasons for handling the private placement, the target of the private placement, the qualification conditions, the subscription amount, the relationship with the company, the operation of the participating company, the actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the impact of handling the private placement on the shareholders equities, and the completion of the plan for the use of funds from the time when the funds or the prices have been fully received, private security fund utilization, project implementation progress and performance of the project: Nil

3. The holding or disposition of the shares of the company in the latest year and up to the date of publication of the annual report: Nil

4. Other Necessary Supplementary Explanations: Nil

5. In the most recent year and up to the publication date of the annual report, any matters that have a significant impact on shareholders' equity or securities prices as specified in provision 2 of paragraph 3 of Article 36 of this law shall also be stated item by item: Nil

Accountant's Review Opinion of the Relationship Report

Recipient: TSH Biopharm Corporation Ltd.

2010 Annual Relationship Report of TSH Biopharm has been reviewed by the accountant in accordance with the former Ministry of Finance Securities and Futures Management Committee letter TZZ(6) No. 044448 dated November 30, 1999. This review is to determine whether TSH Biopharm's 2019 relationship report was prepared in accordance with the "Compilation Standards for Affiliated Enterprises Consolidated Business Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report", and the disclosed information is consistent with this accountant. A review opinion is hereby issued for any significant discrepancies in the relevant information disclosed in the notes to the financial statements for the same period checked on March 10, 2021.

According to the audit results of this accountant, it was not found that the preparation of the above-mentioned relationship report violated the provisions of the "Compilation Standards for Affiliated Enterprises Consolidated Business Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report", and there is no material discrepancy with the relevant information disclosed in the notes to the financial statements for the same period.

The engagement partners are Shin Chin Chih and Kuo Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2021

Declaration

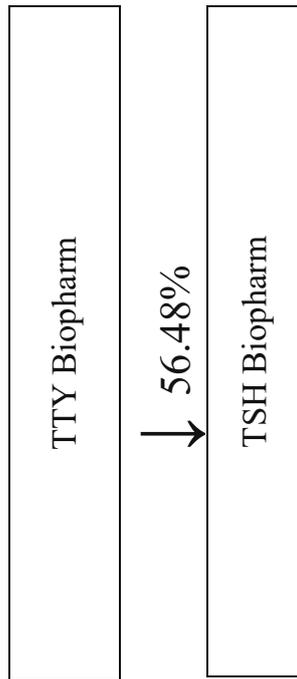
We hereby declare the Company's 2010 Relationship Report was prepared in accordance with the "Compilation Standards for Affiliated Business Consolidated Business Report, Affiliated Business Consolidated Financial Statements and Relationship Report", and there is no material discrepancy between the information disclosed and the relevant information disclosed in the notes to the financial report of the preceding period.

Company name: TSH Biopharm Corporation Ltd.
Responsible person: Chuan Lin

March 10, 2010

1. Overview of affiliated enterprises

(1) Organizational chart of affiliated enterprises



(3) Basic information of affiliated enterprises

Name of enterprise	Date of establishment	Address	Paid in capital	Major business or production items
TTY Biopharm	1950	3F, 3-1 Yuanqu Street, Nangang District, Taipei City	2,486,500 thousand dollars	Import and export business and its agents for manufacturing and sales of various pharmaceuticals, animal drugs, pesticides, chemicals, cosmetics, various pharmaceutical raw materials, chemical raw materials, medical equipment, glassware, rubber products, etc.

2. Overview of the relationship between the subsidiary company and the holding company:

Unit: Share %

Name of holding company	Cause of control	Shareholding and pledge of holding company			Directors and managers sent by holding company	
		No. of shares held	Shareholding ratio	No. of shares pledged	Title	Name
TTY Biopharm	The shareholding ratio is more than 50%	21,687,177	56.48%	0	Chairman Director Director Director	Chuan Lin Carl Hsiao Chao-I Chiang Kang-Chi Chou

3. Purchase, sales transactions:

Unit: Thousand NT\$: %

Purchase (sales)	Transactions with holding company			Transaction conditions with holding company		General transaction conditions		Cause of difference	Accounts Receivable (payable), bills			Remarks	
	Amount	Percentage of total purchases (sales)	Sales gross margin	Unit price (dollar)	Credit period	Unit price (dollar)	Credit period		Balance	Percentage of total accounts and bills receivable (payable)	Overdue accounts receivable Amount		Way of handling
Purchase	97,759	53%	N/A	-	30 days payment at end of month	(Note)	(Note)	(3,114)	(42)%	-	N/A	N/A	Purchase

Note: The purchase price with TTY is signed by both parties with reference to market conditions, and the payment term is 30 days at end of month.

4. Property transactions: Nil

5. Capital financing: Nil

6. Asset leasing:

Unit: Thousand NT\$: %

Transaction type	Subject matter		Lease period	Description
	Name	Location		
Leasing	Office building	Two places: Yuanqu Street, Taipei City, Minsheng No.1 Road, Kaohsiung City	2020.1.1-2020.12.31	In January 2019, the company signed a two-year lease contract with the parent company for lease of certain business premises and equipment, with a total contract value of 8,320 thousand dollars. In addition, the company and the parent company signed a new lease on December 17, 2020 for renting part of the business premises and equipment. The lease term is two years in total, and the total contract value is 8,892 thousand dollars. In 2020, the recognized interest expense was 27 thousand dollars, and the balance of lease liabilities as of December 31, 2020 was 8,783 thousand dollars.

7. Endorsement guarantee situation: Nil

8. Derivative commodity trading: Nil

9. Other important transactions:

Item	Amount (thousand dollars)	Description
Other costs	6,430	It is the storage management fee agreed upon by both parties with reference to the industry level, etc., and the payment terms are every other month.
Outsourcing cost	58,043	It is the processing fee paid by the company for the commissioning of processing drugs, accounting for operating costs.
Other payables	1,731	Mainly rental payable, commissioned research fees and storage management fees and other expenses.

TSH Biopharm Corporation Ltd.

Chairman : Chuan Lin

To Be Committed To Improving The Quality Of Life Of
Patients With Chronic Diseases

